7 Signs
Your AP Department
Is Due
For An Upgrade

A MineralTree Topic Paper

How to tell when it's time to streamline your processes NOW.

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Today's businesses move at the speed of light. Decisions are made quickly, with contracts approved via email and e-signed online. Global meetings happen via video conference which you join from your car. You have product changes to review, technology improvements to implement, and Big Data to analyze. Your customers are texting you their orders, your team is processing them on iPads and integrated UPS shipments are going out the door within minutes. You have a big sales presentation coming up, so you decide to hire an outside contractor to help build your pitch.

And that's when everything comes to a screeching halt.

Putting On The Brakes

Your contractor requires a 50% deposit in advance of services. She wants to be paid. That involves invoices and approvals, payments and paperwork. You are going to have to work with your Accounts Payable person or department to get that invoice paid.

Your AP department is overworked and under-appreciated and you hesitate to add to their workload. There is no easy way to bypass the manual processes that are required for them to cover all of the bases and get all of the required approvals handled in time. You will just have to wait.

Don't let your arcane processes and procedures get in the way of closing that deal, meeting that deadline, and driving your business forward. Here are 7 signs that it is time to upgrade your AP Department and what to do about it:

Your AP team is as frustrated as a Basset Hound trying to swallow a peanut butter sandwich.

1. The AP team has confiscated the coffee pot—and labeled it with a skull and crossbones.

If everyone on your team is working long hours and fighting to stay ahead of the invoices and coding, they can't be functioning effectively. They are probably spending too much time on data entry and paper shuffling, which leads to a higher potential for errors and little job satisfaction.

With MineralTree

MineralTree offers bi-directional integration to your accounting application and the ability to store and attach scanned invoices to individual transactions. Eliminate the time wasted in looking for a paper document to support AP coding and approvals.

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And who wants to waste time printing checks, lining up the check stock and locating the key to that secured cabinet? Once payments are authorized, MineralTree will execute the payments on your behalf, eliminating the hassle of sending and reconciling your payments. That means your team will have more time to spend shopping for vendors, evaluating purchasing decisions and ordering more M&Ms in bulk.

2. Every member of the Accounts Payable team has earned a trophy in the "Button, Button, who has the Button" championship games.

If members of your team are perfecting their button-finding skills by tracking paper invoices from the Post Office to the mailroom to their desks and beyond, they are holding you back. Not only are those workers wasting time and energy in making trips to the mailbox, they are also more likely to lose a paper invoice while it is moving around the office, waiting to be approved. No one wants to be on the other end of the phone when your best customer's critical shipment is delayed due to your failure to pay a lost invoice.

With MineralTree

With MineralTree's electronic routing and approvals, you can create customized workflows that route documents to the correct approvers automatically. Rather than qualifying as top "button, button" experts, once your team stops searching for missing documents and starts sending and receiving invoice approvals electronically, they will have time to master new skills — paper-clip art, anyone?

3. Your Accounts Payable Days Outstanding is higher than the number of M&M's required to get your staff through a work week (453.7 M&Ms for a normal week, 723 at month end).

AP Days Outstanding = AP Balance / Cost of Goods Sold X 365

Metrics are important. If vendor and supplier invoices remain unpaid for more than 60-90 days, you may have a processing (or a cash flow) problem. In either case, this is a surefire indicator that your staff is overwhelmed. And that means you are likely going to experience high turnover or poor performance. As invoices pile up and the phone calls increase in intensity, morale will begin to suffer. As the ill will spreads from one department to the next, your culture starts to suffer, too.

With MineralTree

If cash flow is an issue, MineralTree allows you to precisely time and future date vendor payments for maximum control. In addition, since there is no intervening settlement account, all funds are processed directly from your bank account on the date the check clears rather than in advance. Now you can put that ruler to good use in measuring your results— no more wrist slapping needed.

4. All 7 company phone lines are on hold for incoming calls from irate vendors.

If your team can't pay invoices on time (or doesn't notify vendors when they are paid), they will certainly be devoting part of their time to answering phone calls. But the phone calls could also be the result of mismatched payments, erroneous mailing addresses, or lost invoices. They might even be due to mail fraud occurring somewhere between your office and your vendor's mail box.

With MineralTree

With MineralTree's remittance tracking, your vendors will know that a payment has been sent. Remittance details are transmitted automatically so your vendors know when, why and how they have been paid. Your phone lines are now free for scheduling that psychic reading (after hours, of course).

5. You are regularly making deposits of vendor refund checks.

While everyone likes to receive money, if those funds are the result of erroneous overpayments made to your vendors, they are a sign of mismanagement by your team. Overpayments may be happening because of manual processing, lack of attention or erroneous entry (based on a statement rather than an invoice).

With MineralTree

Mistakes happen, but that doesn't mean you can't reduce the likelihood of making them with MineralTree's automated feeds, multi-level review and customized approvals. If corrections are needed, you can be confident that they will be made in your accounting software as well, thanks to two-way integration. Leave the refund checks to the Internal Revenue Service and keep more capital in your business.

6. You issue magnifying glasses to everyone in the department.

Your team is spending so much time reading, reviewing and coding paper invoices by hand that their eyesight is shot and your Band-Aid budget is skyrocketing due to the resulting paper cuts. Exhaustion and overwork lead to more mistakes, and that leads to even more work and more eye strain.

With MineralTree

With MineralTree's automated invoice entry, you can scan invoices directly to a MineralTree mail box for automatic recognition of invoice headers and line items. In minutes, invoices are coded and ready for approval. Put those magnifying glasses to good use. Start a bonfire for all those paper files you have been hoarding.

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7. Your last AP clerk is now doing time at the State Penitentiary.

Fraud occurs when a combination of three factors are present: Opportunity, Rationalization, and Pressure. Sometimes, even a trusted employee when suffering from an outside hardship will resort to fraudulent behavior when the other two conditions exist. It might be easy enough for a frustrated, overworked employee who is dealing with a sick relative to rationalize embezzlement to cover unexpected costs. (Of course, they plan on paying it back.) Don't let lax AP policies be the opportunity they need to cover their personal expenses (or fund their next trip to Bora Bora).

With MineralTree

MineralTree offers built-in fraud prevention controls to support your internal policies. When it comes to fraud, the best policy is to trust but verify. Create single or multiple payment authorizers and segregate duties between employees for optimum internal controls. Add payment limit alerts to monitor your internal transactions and two-factor payment verification to keep watch on those outside your organization. Use positive pay to ensure that only the checks you have written are authorized for payment at your bank or eliminate paper checks completely. Use ACH transfers to manage your payments.

Should payment fraud occur, MineralTree SilverGuard provides online account fraud protection up to $100,000 per year. Now everyone can sleep better at night, except maybe that former AP clerk of yours.

Upgrade Your Accounts Payable And Upgrade Your Business

Accounts Payable is not just an overhead department. It serves a very important marketing function for your business. Your company's management of this critical area sends a clear message to your vendors and suppliers about the importance of:

- strong financial controls

- healthy relationships

- good communication

- employee morale

- bringing your vision to life

It's time to streamline your processes, empower your teams, and implement the kinds of rigorous controls that reduce the likelihood of not only errors, but internal and external fraud. It's time for MineralTree.

Take The Next Step

For more information about how MineralTree Invoice-to-Pay can help your business streamline the payment process, contact us today at 617.299.3399 or email info@mineraltree.com.

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