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The Manufacturer's Guide to Streamlining AP and AR

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Introduction

Manufacturing is in a tough spot. While revenues are up 4% from 2018, output fell throughout the first and second quarters of 2019. Facing a fair amount of obstacles, some manufacturers are struggling to remain in the black.

Manufacturers face intense pressure to meet evolving customer expectations, most notably, a growing emphasis on convenience, speed and personalization in B2B purchasing. Manufacturers are trying to reduce prices and expedite services amidst rising material costs, volatile international trade flows and an all-time low industry hiring pace. At the same time, the industry is moving toward a direct-to-customer selling model, transforming buyer-seller relationships and accelerating the need to grow and scale efficiently.

That's a lot to grapple with. Fortunately, manufacturers who embrace technology and innovate their backend processes accordingly will thrive amid these rising pressures and economic changes.
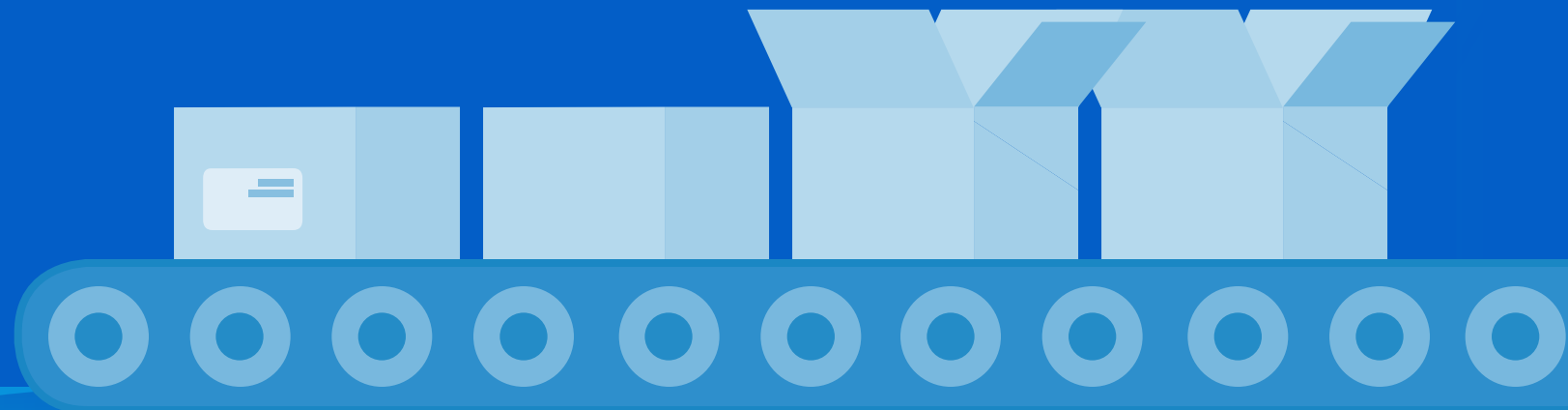
The Future of Manufacturing Depends on Frictionless Backend Processes.

Economic obstacles and the mounting pressure to exceed customer expectations make it more important than ever to rethink investments in manufacturing businesses:

What processes and technologies help organizations stand out from the crowd and perform at maximum efficiency?

Which processes are tying up working capital and delaying the sales process?

Addressing outdated and inefficient processes can be overwhelming — but revamping antiquated payment experiences should be a top priority.

Legacy payment processes with weak backend support fail to deliver a modern and robust customer experience. And, they deprive businesses of critical customer data.

Without customer data, it's extremely difficult to predict buyer needs, forecast buying trends for product development and offer purchasing controls for customized pricing. And if these types of capabilities aren't in place, manufacturers are sure to stunt business growth and prevent future scalability. Perhaps even more detrimental to business growth is the effect inefficient payment processes have on sales and accounts receivable (AR).

> **B2B digital adoption is moving at a dangerously glacial pace. Over half of B2B companies have only started implementing digital solutions in the past three years.**

The Pain Points Plaguing AP and AR Teams

Inefficient payment processes create an unstable environment for both sellers' AR teams and buyers' AP teams. Without the support of modern purchasing solutions, their daily tasks are unnecessarily complicated — and the stress trickles down to the rest of the business.

63%
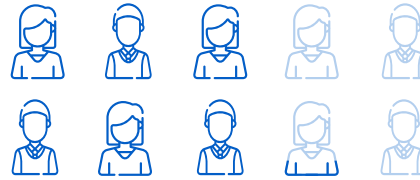
of salespeople's time is focused on activities other than selling.

If AR Is Out of Sync With Buyers, Issues Fall on the Shoulders of the Sales Team.

When forced to rely on out-of-date technology and payment processes, AR teams often struggle to keep up with the needs of buyers. Unable to rectify invoice inaccuracies and handle buyer requests themselves, AR must look to the sales team for support. As a result, 63% of salespeople's time is focused on activities other than selling. Which means, 37% of sales time is spent bringing in new business.

Without processes that support both AR and sales, customer experience takes a hit — and that impacts the bottom line. Technology limitations from outdated systems and processes

delay AR in determining things like credit risk, which can put off the customer onboarding experience by several days. And customers notice the lag.

Almost half of all B2B buyers say that it takes at least 2-3 days for a new vendor to onboard them before they can begin making online purchases for their company.

While delayed onboarding certainly wastes time, technology limitations also lead to trapped capital and ultimately, dissatisfied customers.

When onboarding processes are automated, sales teams experience fewer delays. With more time available, they can serve a larger list of prospects and focus on reaching sales goals — rather than untangling invoice issues.

With more data at their disposal, the sales team can make better strategic decisions to capture even more customers.

AP Teams Are Under Pressure to Perform, But Clunky Payment Processes Don't Set Them Up for Success.

The digital checkout experience is dated, and buyers want more payment options to complement and support their own modernized business practices. Nearly half of all B2B buyers have not completed a purchase for their company because their preferred payment method wasn't an option.

Plus, outdated and error-prone manual processes leave buyers' AP teams dissatisfied. Often times, AP departments have specifications on how invoices must be submitted and the data that needs to be included. Sellers must then have processes to support those needs, providing invoices and data in a manner the buyer's AP team wants. Without those, the buyer-seller relationship may suffer

Efficient payment processes are beneficial beyond local customers. In an increasingly global economic environment, international customers shouldn't face exorbitant remittance fees — which can easily deter buyers from following through with a transaction. Modern payment processes should include a remittance service that offers global payments with low fees, encouraging rather than deterring international business.
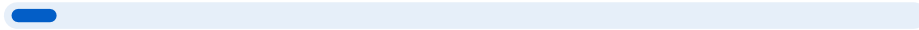
AP Inefficiencies Are All Too Common:

47%
of companies pay one in 10 invoices late
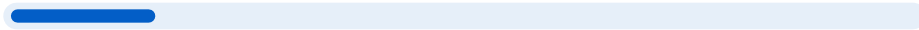
16% admit one-fifth of their payments are never on time

5% of businesses assert they always pay on time

One in 12
companies do not monitor payment processes at all

Here's What We Know:

Buyers want a frictionless payment experience that supports modern business processes.

For manufacturing to thrive, sellers need backend processes that support these changing customer expectations.

Fortunately, both of these needs are fulfilled by the right payments partner. With the support of seamless and scalable backend processes, manufacturers experience better decision-making, greater sales efficiencies and more opportunities to upsell and expand offerings, leading to a more robust customer experience and long-term buyer loyalty.

Partner With MSTS to Modernize Your Manufacturing Payment Experience

Supporting your internal teams while meeting customer purchasing expectations has never been easier. With Credit as a Service® (CaaS), manufacturers can extend risk-free credit to customers seamlessly.

The white-labeled service is easy to use for both buyers and sellers. The technology allows sellers to monitor transactions and view purchasing activity while onboarding and approving buyers in under 30 seconds.

See What Else CaaS Can Offer Your Business:

Modern Payment Options

- Consistent payment options and instant onboarding across all channels encourage repeat purchases and establish loyalty.

- Invoicing and auto-decisioning available at checkout.

- Purchase controls and dynamic pricing negotiated for each customer.

- API integrations seamlessly work with a range of POS, ERP and other business systems.

Easy AP Processes

- Invoices carry the seller's brand and are easily customized with high levels of detail.

- Purchase controls for role-based access empower your team members.

- Easy, smart integrations into legacy AP systems for a seamless experience.

Outsourced AR Solutions

- Payments are tracked down and transactions matched to outstanding invoices, freeing up AR's time.

- Instant account setup upon credit approval and easy integration into ERP, CRM or other business systems.

- Lines of credit are extended by MSTS on the seller's behalf.

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Ready to Modernize Your Purchase Experience?

Contact our sales team
or request a demo today.

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