

4D CONTACT

A C-Suite executive's guide to

# Delivering successful order-to-cash transformation





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## About the author

Mark Smith is Co-founder and Director at 4D Contact an outsourced customer contact provider that specialises in providing contact solutions to support the finance teams of some of the world's leading businesses and brands.

A major shareholder in credit and collections automation software company Square Marble Technology, Mark has over 30 years' experience in receivables management and has supported many businesses on their order-to-cash digital or technological transformation journey.

# Introduction

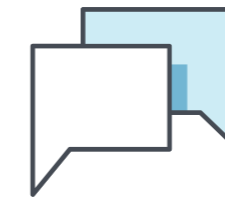
## Growth of digital transformation

Between 2018 and 2021, companies worldwide will have collectively spent nearly \$6 trillion on digital transformation initiatives, predicts technology industry watcher IDC. Indeed, C-Suite executives are becoming increasingly aware that to remain competitive in the future it is no longer a question of if to start digital transforming, but when and where to start.

All businesses have had to prioritise investment in exploiting the ever-growing digital marketplace, both in-terms of ecommerce and new marketing opportunities. However, financial operation systems are often next on the to-do list as securing the visibility and insight to optimise processes and improve operational efficiency and effectiveness can deliver major businesses benefits.

## Business benefits of order-to-cash digital transformation

Digital transformation of your order-to-cash function can provide the transparency, real-time intelligence and data-based insight to deliver truly transformational results. The right solution will provide organisations with visibility over legacy processes that have previously been either inaccessible or incredibly complex to find and enable then to make data-based decisions that drive cost efficiencies and process improvements across all areas.



**Solutions such as finance-management automation technologies help CFO's forecast cash flow accurately, integrate data into intuitive systems and gain deeper visibility into finance.**

**These solutions have compliance features that enable organisations to manage their risk profile effectively, ultimately saving money while improving productivity – and they've never been as important to the finance function than they are now**



## Key benefits of order-to-cash digital transformation

### Increase in working capital

Potential to review and adjust process efficiency to optimise cash flow

### Greater efficiency (reduced cost-to-serve)

Automation of repetitive tasks, enabling focus on high value priority projects

### Enhanced customer experience

Improved data accuracy and visibility enabling swift dispute resolution

### Improved alignment across all business areas

Access to same real-time data

Ability to identify where upstream issues impacting downstream revenue

### Mitigated risk versus opportunity

Improved visibility of customer payment patterns and behaviours

Access to real-time credit data

### Increased sales opportunities

Faster onboarding process

Ability to identify and target high profile low risk customers

Improved visibility of customer financial performance

### New marketing opportunities

Ability to capture and analyse customer transactional data and develop targeted products and promotions

## Summary

Successful digital transformation within order-to-cash will enable a company to be more efficient, more responsive to customer needs, and more adaptive to changing market conditions. But how do you ensure your digital transformation project is a success?

Within this guide we will discuss both the considerations which are critical to the success of any digital / technological transformation as well as highlight some key areas which are of specific importance within an order-to-cash technology implementation.

## What you'll learn in this guide

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# Delivering successful transformation

There are multiple factors that will influence the success of your digital or technological transformation project from conception to post delivery. Outlined below are the key factors that are identified as critical to successful transformation.

## 1 Create a clear transformation vision tied to overall business objectives

Most businesses are now aware that they need to harness new emerging technologies if they are going to remain competitive in the future. However, adopting new technology for new technologies sake is never going to deliver a successful transformation outcome. A recent Forbes article, based on a review of 450 senior executives by Celonis highlighted how:

**“Almost three quarters, 70%, intend to invest in AI, machine learning and automation. Yet, only 32% intend to invest more in getting better visibility of their processes. In addition, 79% admit they do not review their internal business processes to understand what needs to be prioritized when setting initial goals and KPIs for a transformation effort.”<sup>1</sup>**

As with all business initiatives, successful digital or technological transformation needs clear, SMART<sup>2</sup> objectives to be both set and measured in order to deliver quantifiable success.

Once you have set your transformation objectives, agreeing with all stakeholders a clear vision of what your evolved business will look like is crucial. After that, the challenge is ensuring effective communication across the business to ensure all staff at all levels are bought in and remain committed.

<sup>1</sup> [www.forbes.com/sites/joemckendrick/2019/03/23/plenty-of-digital-transformation-but-not-enough-strategy](https://www.forbes.com/sites/joemckendrick/2019/03/23/plenty-of-digital-transformation-but-not-enough-strategy)

<sup>2</sup> Specific. Measurable. Achievable. Realistic. Time specific.





# 2

## Establish the right transformation team

Whether you choose to outsource to a consulting agency or bring expertise in-house, it is critical to have the right team with the right skills in place to deliver effective transformation. Executing transformation projects requires a specific skill set and, however great your existing team, it is highly unlikely that anyone will have all the necessary skills and experience to deliver a transformation project.

Transformation often requires a fresh pair of eyes to see beyond the today, to the future potential and then outline the journey to get there.





# 3

## Engage and integrate cross-functional teams

Most business processes touch multiple functions so working on a transformation project in a functional silo is usually doomed for failure. Consider your end-to-end process and ensure all divisions which are impacted get a seat at the table during the planning and development period to ensure a frictionless project delivery.

# 4

## Ensure business continuity during the transformation period

It is important to understand from the outset that any transformation project will have a significant impact on the staff involved workloads. Making sure you have the capacity to deliver transformation whilst simultaneously running the day to day business is critical.

This is a consideration not only for senior management during the planning and implementation stages, but also for front-line users post-delivery - often the path to more efficient working practices will involve some resolution of existing issues that have been brought to light. Is there enough resource within the team to manage this additional workload?





# 5

## Change Management

The success of a business transformation will be reliant on engaging employees across the business to move to new ways of working. It is people that make change happen and how you plan to bring them with you onto the transformation journey will be critical to the project's success. This can often prove to be businesses greatest challenge with an article by McKinsey outlining how only "45 percent of respondents at larger firms, compared with 58 percent at smaller firms, say frontline employees are visibly engaged in transformations"<sup>3</sup>. So how do you ensure employee engagement?

The answer is surprisingly simple; effective communication of transformation goals to stakeholders at all levels. A study by McKinsey discovered seven key roles that needed to be fulfilled within an organization to best support transformation. The seven key influencers McKinsey identified were:

### 1. CEO

The transformation figurehead, they should set the vision and communicate a compelling story for change throughout the business

### 2. Senior Leaders

The motivators for change, they must share aligned messages, providing transparent communication across the organisation on the forthcoming changes and the desired outcomes and outline consequence for team members who are not committed to the changes.





### 3. Human-Resources Leaders

The connectors, they should ensure successful communication of the high-level objectives in relation to employees' day to day work.

### 4. Transformation Project Management Leaders

The problem solvers, they must identify barriers to change and address them, they are also critical in sharing transformation related knowledge and best practises across the organisation.

### 5. Initiative Leaders

The action owners, they must have clear ownership of their initiatives, work well with their peers leading other initiatives.

### 6. Line Managers

The team motivators, they must make transformation tangible and realistic to the front-line employees to ensure they adopt the changes in hand.

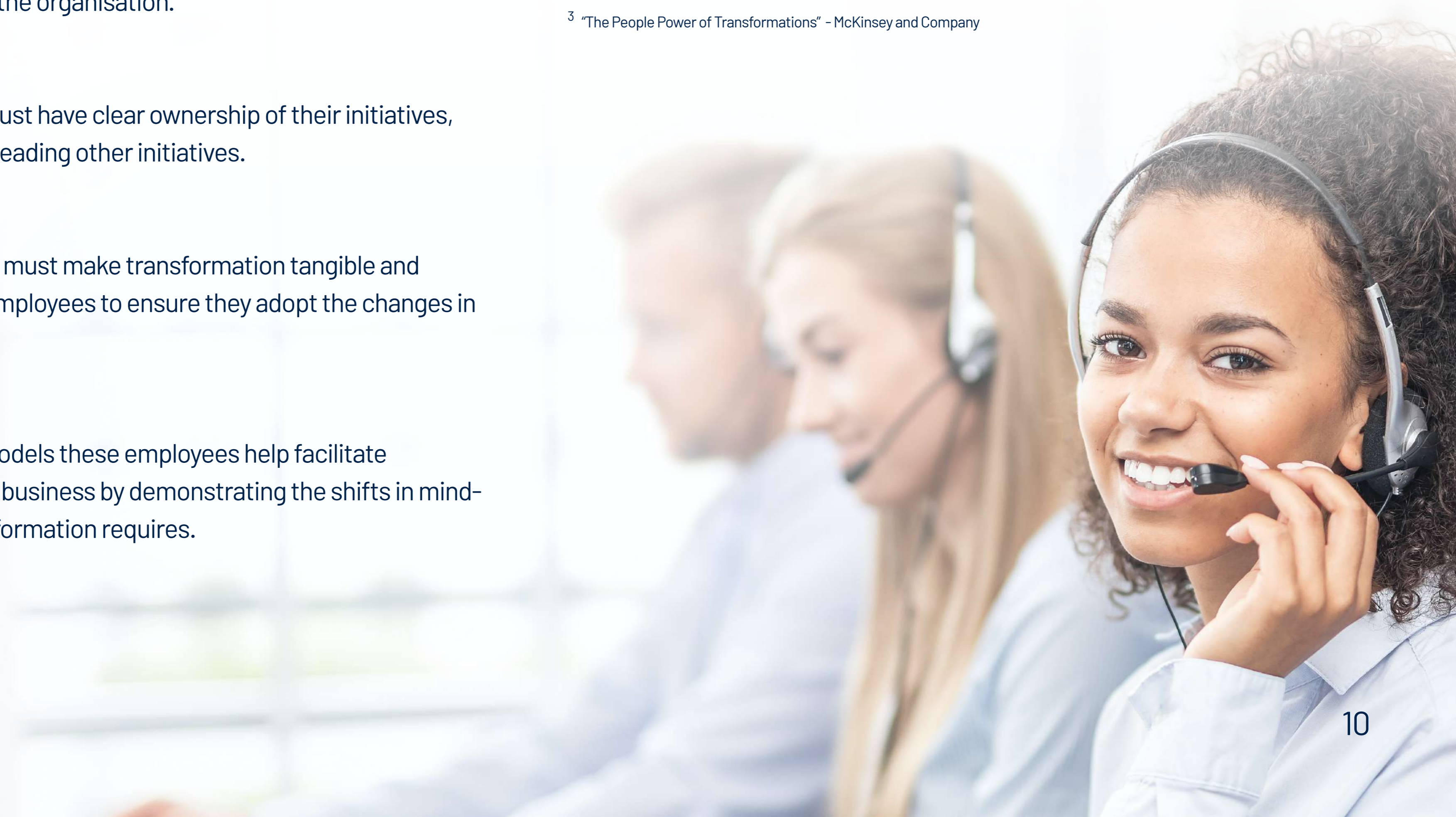
### 7. Change agents

The transformation role models these employees help facilitate transformation across the business by demonstrating the shifts in mind-sets and behaviours transformation requires.

Companies should also leverage the wealth of new digital initiatives available to help engage employees in transformation: social media, change management apps and live feedback tools can all complement and support traditional communication methods and ensure everyone from the front-line to the CEO feel listened to and supported during the transformation period.

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<sup>3</sup> "The People Power of Transformations" - McKinsey and Company





# 6

## Embedding Change

Transformation often involves getting five years of change completed in six months and it is unsurprising that people, most of whom are naturally resistant to change, will take time to adjust.

However effective your employee engagement program, there are likely to be almost as many steps backwards as there are forwards. If employees hit resistance with the new process, they are very likely to look for a historic manual work around as to see whether there is potential solution within the new process.

Being aware this will happen and putting strategies in place to manage any backward steps is key to ensuring the project continues to move forward and change becomes embedded.

# 7

## Reassessment and re-evaluation

It is well-known that the only constant is change itself and as you embark on your transformation journey, it is key to understand and accept that there will be continual changes – in scope, timelines, strategy and tactics. It is important to keep re-evaluating whether your transformation roadmap is still appropriate and on target to meet your overall business objectives.

This is particularly relevant for the post go-live period, when it is critical to ensure that, even though the project is to all intent and purposes delivered, the change management piece has been successful. If you do not review your front-end user engagement it is easy for the potential strategic wins to be lost in people simply getting the job done.



# Tactics to avoid and address common pitfalls in order-to-cash digital transformation

Was your historic collections process based on excel spreadsheets, with practically no understanding of how to manage your team's priorities on a weekly, let alone daily, basis to ensure optimum cash flow? Were there potentially more emails being sent than strictly necessary and fewer calls being made, but you couldn't easily access the data to make your team work more effectively?

So, you decide to embark on a digital transformation project to gain that much needed visibility and insight with the goal of delivering a smarter more efficient collections service that will simultaneously reduce DSO, increase working capital as well as deliver your valued customers an improved service.

Following 12 months of research, securing stakeholder buy in, project planning, development and deployment your brand-new system is in place – but is it delivering the results you expected? Outlined below are some of the common issues that businesses encounter during the early stages of the implementation process and some simple tactics that will help your business both avoid and address them.

## 1

### Expecting too much too soon

It is key to understand from the outset that it will take time to gather learnings and then make appropriate process adjustments to deliver tangible results. A digitally transformed order-to cash process will not automatically resolve existing inefficiencies, but through improved transparency enable you to identify them and, through ongoing data collection and analytics, help you make achieve optimal efficiency going forward.

Ensure both your front-line staff and senior management are aware that in the short-term there will potentially be no change in performance during this data collection and analysis stage of early implementation to avoid any chance of the project being considered a failure before it has got started. Everyone needs to understand that transformation is an ongoing journey and deployment is one stop on the road, not the final destination.



# 2

## Maintaining business continuity

It is without question that the new visibility available will uncover issues that require resolution. These can, and will, take multiple forms be it uncovering the fact that your team prefer to email rather than call, finally understanding there is just too much work for them to possibly get through, or to uncovering a ledger that has been untouched for months and is swiftly aging. It is critical to be aware that these issues will arise – if your process was problem free you are unlikely to have engaged on the transformation project in the first place – and have a plan in place on how these will be addressed. Who will take responsibility? Do they have the capacity to take on this additional workload? Is there the resource available within your existing inhouse team? Overload your team and they will definitely feel like the transformation is not a success for them and their peers.

It is therefore critical to have a strategy to maintain output whilst going through change process. This could mean budgeting for a temporary increase in headcount during the early implementation stages or looking for a flexible outsourced solution which could take on key projects as and when required. If you don't make this provision the business is very likely to remain bogged down in existing issues and your transformation will not be a success for the business or your workforce.

# 3

## Transformation won't automatically resolve existing issues

A good order to cash automation solution provides improved visibility over internal processes and the data and analysis to enable your business to identify opportunities to drive efficiencies. In real terms this mean the potential to optimise the productivity of your credit control resources with efficient and timely contact. However, the system will not fix endemic issues and if one of your key learnings is that no one is picking up the phone, unless your team are tasked and targeted on the number of phone calls made the likelihood is the issue will remain.

In order to ensure the business can move forward it is key to have a strategy to overcome any uncovered staff performance issues. This can be from changing how your team are targeted, to creating leader boards which highlight top-performing employees or even potentially using an outsourced solution to demonstrate what good looks like.



## Case Study: Travis Perkins

### Background

Like most large conglomerates, Travis Perkins had inherited multiple legacy systems and processes that did not provide the business with the data integrity and insight that would be critical to supporting the future growth of the business. Following a review of the internal processes, the executive team identified order-to-cash as an area in which digital transformation would drive substantial efficiencies, enabling them to not only deliver a smarter, more efficient collections process based on customer payment behaviours, but also to reduce their customer onboarding time and use real-time credit risk information to make flexible credit decisions, both of which would help support business growth.

Post-implementation, whilst they saw substantial gains across the function, they found their in-house credit and collections team were still not delivering the efficiencies they had hoped for. Analysis of the software data highlighted how their team were caught dealing with such a high volume of inbound calls from customers and branches alike that they simply did not have time to make the required outbound calls. It was therefore almost impossible for them to use the software correctly and when they did, bogged down in existing issues, they tended to just use it for data logging rather than to deliver the smart workflows / task management that would deliver the efficiency and results for which it was implemented.

### The Solution

Understanding that their team were already stretched, Travis Perkins decided to bring in an outsourced voice solution to deliver the outbound calls piece whilst their inhouse team continued to manage the inbound call volume. Liberated from the inbound calls, the outsourced collections team were able to use the system as it was intended, and Travis Perkins began to see the results they had expected. Over an 8 month period an additional £14.6m in high volume low value debt was collected, with the added benefit of the outbound call centre also managing to deal with issues before customers called in, thus reducing the burdensome inbound call volume.

**“Both the relationship and the transition have proved seamless, feeling like part of the TP family... (I) will definitely continue to use the service in the future”**



Michelle Maddock, Travis Perkins OTC Programme Director

For Travis Perkins, outsourcing therefore provided a flexible solution which could swiftly resolve the issue they had identified. With costs easily offset against additional monies collected and with their valued customers experiencing an improved customer service.





# 4

## Fear of change

Unsurprisingly, employees are often reluctant to utilise a new system to its full extent as they believe the automation piece will either put their jobs at risk or that the new transparency and data will highlight their shortcomings. An understanding of overcoming this fear must be built into your change management program – your team will have been expected to digest several years of change within a few months and most people find change, particularly if it is not of their personal choice, uncomfortable.

Ensure employee targets are tied to working within the new system – ultimately, they will have to adjust and those that are resistant to change may potentially need to be replaced as transformation is a business strategy, not an individuals' choice. However, this should be considered a last resort and a business should look at short and long-term tactics to support staff on their change journey,





## Case Study: Schindler UK

### The Problem

Schindler's Swiss-engineered elevators, escalators and moving walks keep the urban world moving, safely, comfortably and efficiently, 24/7 worldwide. A forward-thinking business, with a major focus on sustainability, Schindler pride themselves of being in front of the game when it comes to adopting new technologies to drive efficiency.

Aware that on average over 20% of all the finance function costs are associated with order-to-cash process, and keen to deliver optimal efficiency within this process to reduce their cost-to-serve and DSO, the Schindler UK team invested in implementing in Square Marble's credit and collections automation system Mia. The system would provide them with the data insight and analysis to make more strategic decisions on how best to manage each individual customer based on their historic payment behaviours avoiding unnecessary calls and nudging those accounts that would need it.

However, although the system was successfully implemented, Schindler, like Travis Perkins, found that post-implementation they were still not seeing the results they desired. Analysis of data from Mia uncovered how, despite a strong change management program, there was poor user adoption. The outbound voice team were still hiding behind spreadsheets and not picking up the phone when the workflows they had spent so long in planning perfecting, identified this as the next appropriate step. This meant they were still only touching their key accounts and the lower value customers remained untouched.

### The Solution

Aware that change takes time to embed and that it was key to maintain business continuity Schindler therefore decided to bring in an outsourced solution to manage the lower value accounts, allowing their in-house team to focus on the areas where they could most add value - they key accounts and dispute resolution. This meant their team would have the time and resource to use the system at its best to manage their key customers and see the results it could deliver, whilst, flexible and scalable, the outsourced solution could use the insight MIA provided to clear through the lower value accounts backlog.

**"With results-driven customer contact being their primary, not secondary, function, 4D Contact produced an increase in performance of 81% during the pilot project, as well as improving interaction with our valued customers."**

 Richard Clow, Head of Controlling, Schindler's Lifts.

Through strategically outsourcing the part of the business which they did not have the capacity to resolve inhouse, Schindler UK not only helped manage their front-line staff transition smoothly into a new way working, but also to achieve their overall objectives of improving their process efficiency and cash flow.



Schindler



# Conclusion

Digital or technological transformation of any business function will never be a one-stop train ride to ultimate efficiency. Transformation is a long car journey that stops and starts, pit-holes in the road and fraught emotions both from those driving and those just along for the ride. It is also a journey on which it is highly likely when you finally get to where you thought you wanted to go you now find there is a better destination further down the road.

In summary there are four areas which are critical to consider if transformation is to be a success:

## 1 Communication

The overall key to successful transformation is communication - although the transformation is itself digital, the people who have to deliver it, work with it once it is completed and provide the support needed for it to be a success are all human. Don't tell them you are just popping to the shops when you are in fact embarking on a road-trip from Land's End to John O'Groats. If everyone is briefed, ready and prepared for the journey ahead you are far more likely to reach your destination with less resistance.

## 2 Preparation

Whilst digital transformation within order-to-cash will provide the insight and understanding to reduce DSO, improve process efficiency and ultimately support business growth, this new visibility will, in the short-term uncover issues that require resolution. If a business is to engage on successful business transformation, they must have a plan in place to ensure they can resolve existing issues in order to move forward.



# 3

## Review and respond

Once implemented it is key to review whether your new order to cash system being used as it is intended and to understand if it is not, the reasons why. Ensure you have the strategies in place to support user adoption post-delivery – it is highly unlikely everyone is going to immediately embrace a whole new way of working but don't let your lack of knowledge over how the system is being used be the cause of your transformation failure. A system will give you that critical information of when to call the right person at the right time, but if the calls are not made your team will be no better than working off historic spreadsheets.

- Develop and implement a post-implementation user adoption review process
- Build targets tied to system adoption into employee performance review process
- Develop strategies to support adoption
- Be prepared to let people go who cannot adjust to change.

# 4

## Re-evaluate

As stated at the beginning of this conclusion, transformation is a journey not a destination, it is therefore critical as you go through the process to continue to use the new-found transparency, data insights and analysis to continue to improve your operational efficiency.

True efficiency is unobtainable - as market force and conditions continually change and evolve so must our processes in response. The world we live in now where voice is still the customers preferred method of communication may not be the world of the future. Is only through continual review and re-evaluation of the data digital transformation of order-to-cash provides, can we aim for success.





4D Contact provide outsourced customer contact solutions to support the finance divisions of many global businesses. Leveraging, their extensive experience in credit and collections digital transformation arena, they specialise in helping businesses identify and overcome issues that can, and will, arise during the transformation process in order to ensure business transformation objectives are delivered.



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