

Electronic Invoicing: The Next Step in Company, Customer Satisfaction

A business-to-business (B2B) credit relationship is like an ever-flowing story comprised of numerous transactions. Acting as the punctuation marks between each transaction are invoices, a single invoice identifying the conclusion of a purchase as well as the beginning of another potential sale. If compromised, the health of the B2B relationship is at stake.

It is common for credit managers and customers alike to review the accuracy of an invoice, but there are some additional considerations the former should also explore in the process, including cost, efficiency and customer needs. Credit professionals want to ensure they are properly sending and receiving invoices for the good of the business relationship. Has the creditor correctly billed the customer? How long did it take to complete the billing process? Are there invoice processes the customer wants but isn't getting from the creditor? As technology transforms the credit department, electronic invoicing, also known as e-invoicing, is becoming part of the larger picture, and many are taking notice.

First, let's talk money. According to the 2018 Worldwide electronic invoicing survey, an average single paper invoice costs more than \$8 whereas an e-invoice cost approximately \$0.35—a hefty sum for credit managers who are eager to balance the company's cash flow. Keep in mind e-invoicing doesn't necessarily mean credit departments are using automated systems. Instead, it could mean sending invoices through email rather than the postal service, as is the case for credit manager Tracie Gadd. Gadd, who works at KW Floorcoverings in Cincinnati, OH, said her division recently ramped up its use of emailed invoices in the past 12 months.

"We were doing probably 30% of our invoices by email over the past two years, but now, we email probably 80%," Gadd said. "The 20% that we're still sending through regular mail is for customers who do not want their invoices emailed. We have a lot of customers who say, 'Do not email our invoices,' because they're just so inundated with emails that it's just one more email they would have to pull up. I'm inundated with emails, so I understand their position."

The push for emailed invoices came from another division within her company, Gadd explained, where administrative staff were striving for efficiency. The majority of customers welcomed the new strategy, while only a few still requested hard copies but allowed the company to email statements.

However, the cost savings weren't the selling point for Gadd, who said she was more interested in the time savings. Prior to emailing invoices, Gadd had four people working to complete and mail approximately 800 to 1,000 invoices per week as part of their regular daily responsibilities.

"It doesn't sound like a lot, but if you're having to print every invoice, then stuff them in an envelope, then get the postage and walk them out to the lobby, it takes time," she said. "We can send an invoice right from our computer program. You just click three buttons: 'print,' 'email,' 'send,' and it's gone. It takes three seconds. It's a huge time saver, and I get proof of delivery."

Through email, Gadd said she is notified when the invoice is delivered and it is read by the recipient.

"That's a huge benefit knowing it's not lost somewhere," she added. "You have a lot of customers who play that number. This eliminates their ability to push back payment."

At SEKO Logistics in Itasca, IL, director of credit and collections Pete Iacobellis, CCE, CSCP, said they use electronic data interchange (EDI) to move invoices electronically. Unlike emails, EDI has the computers doing the heavy lifting. According to the EDI Basics website, “EDI documents can flow straight through to the appropriate application on the receiver’s end and processing can begin immediately.” Iacobellis said his EDI system sends invoices straight to the customer’s system or the third party handling the customer’s billing.

“Any time you can get something in front of a customer electronically, especially with EDI, it eliminates a lot of the legwork, like data entry and mistakes,” he said. “It saves time, paper and people having to manually send or open invoices.”

In addition to EDI, Iacobellis said SEKO Logistics is looking into implementing an invoice tracking system as well as a payment portal where customers can automatically send an ACH or credit card payment when an invoice is posted. Introducing these tools helps Iacobellis expand the company’s current customer base, while adapting to customers’ needs.

“These portal and presentment tools are very important, especially when you’re dealing with bigger small- to mid-sized companies, while larger organizations tend to implement EDI,” Iacobellis said. “Going forward, processes are requiring more and more technology to get information faster and accurately. That’s where everything is moving in the world.”

—Andrew Michaels, editorial associate