

DEVELOPMENT OF CONSOLIDATED MONTHLY AGING REPORT SIGNIFICANTLY REDUCES OVERDUE RECEIVABLES

BUSINESS SITUATION

Our client's accounts receivable aging was tracked by multiple business groups with no central ownership. As a result, each group's aging report followed a different format, referred to accounts without using consistent identifiers, and focused on different metrics. This created a challenge because management was not fully able to understand the scope of overdue accounts across the company or determine the overall financial health of major customers.

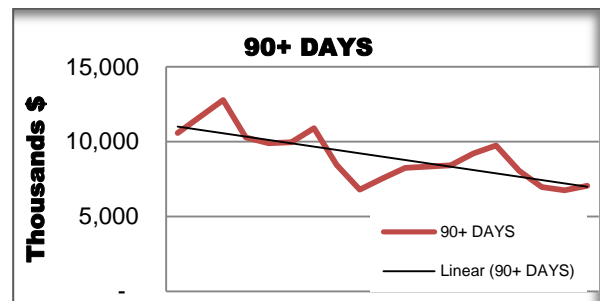
SOLUTION

To mitigate this problem, our client asked us to help develop a consolidated monthly aging report. Working with the client's national accounts' finance department, Beaird Group helped our client:

1. Determine the seven key performance indicators for accounts receivables attributed to both centrally- and locally-billed customers.
2. Develop a reporting format that consolidated these key indicators into one document.
3. Create an analytics tool to easily identify "bad actor" accounts – those accounts with balances 60+ and 90+ days overdue.
4. Standardize the account numbering system so all data for major customers aggregated into a single account.

5. Create reference tables for quick determination of customer's account manager, business segment and other key information.

The consolidated aging report and standardized numbering system was distributed and put in use companywide. The process was semi-automated, requiring only two hours per month to create the report.



IMPACT

Less than two years after implementing the consolidated aging report, our client was able to significantly reduce its amount of overdue receivables. The dollar amount of outstanding receivables 90+ days overdue decreased by 38%; the dollar amount of receivables 60+ days overdue decreased by 27%.

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