

CREDIT MANAGEMENT BEST PRACTICE 2013

Enhancing the
Effectiveness of
your Credit
Management Team



Steve Richardson and Chris McGibbon
Rimilia



World Class Cash Allocation Software

Rimilia



Typical Cash Allocation Clerk Especially at Month end!



Background

- Acquisition

Customers increasing 35,000 to 80,000

- Two Departments

Headcount – 16

Overtime/Temp Staff = £290k in 2008

“Problem”

- **Poor Cash Allocation impacted on:**
 - *Credit Limit exceeded therefore no service to Customers*
 - *Accounts Suspended for late Payment*
 - *Customer Claim paid queries could not be resolved in a timely manner*
 - *Large amounts of unallocated cash*
- **Customer Satisfaction**

Options

The Options available:

➤ **Outsource**

- we considered this but was not solving the problem
- same problem but with cheaper manpower
- also felt that would not cope with “grey area’s” of allocation

➤ **Lockbox**

- Costly
- Only solved part of solution, i.e. Posting but not allocation of payments

➤ **In House Solution**

not viable for Veolia due to in house IT resource focusing on implementation of SAP across UK business



World Class Cash Allocation Software

**Chris McGibbon – Group Managing
Director**

Steve Richardson – Commercial Director



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**What does the future portable
computer look like**

<http://www.youtube.com/watch?v=KcUR65bj78>

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The Technology Era



Getting here today.....10 years + ago....



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The App takes over



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How Businesses used to operate



Applying Technology to Business Processes



Where is the future....



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Can you remember when.



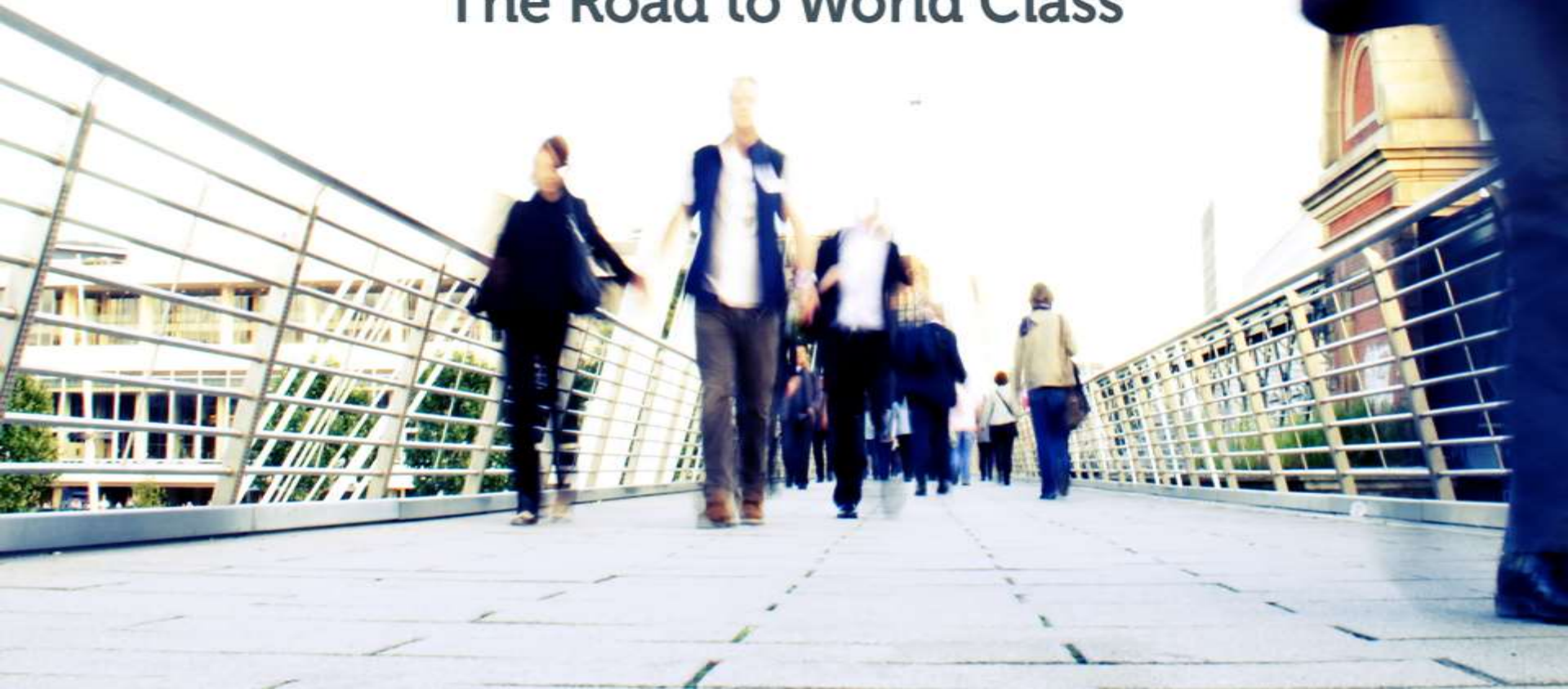
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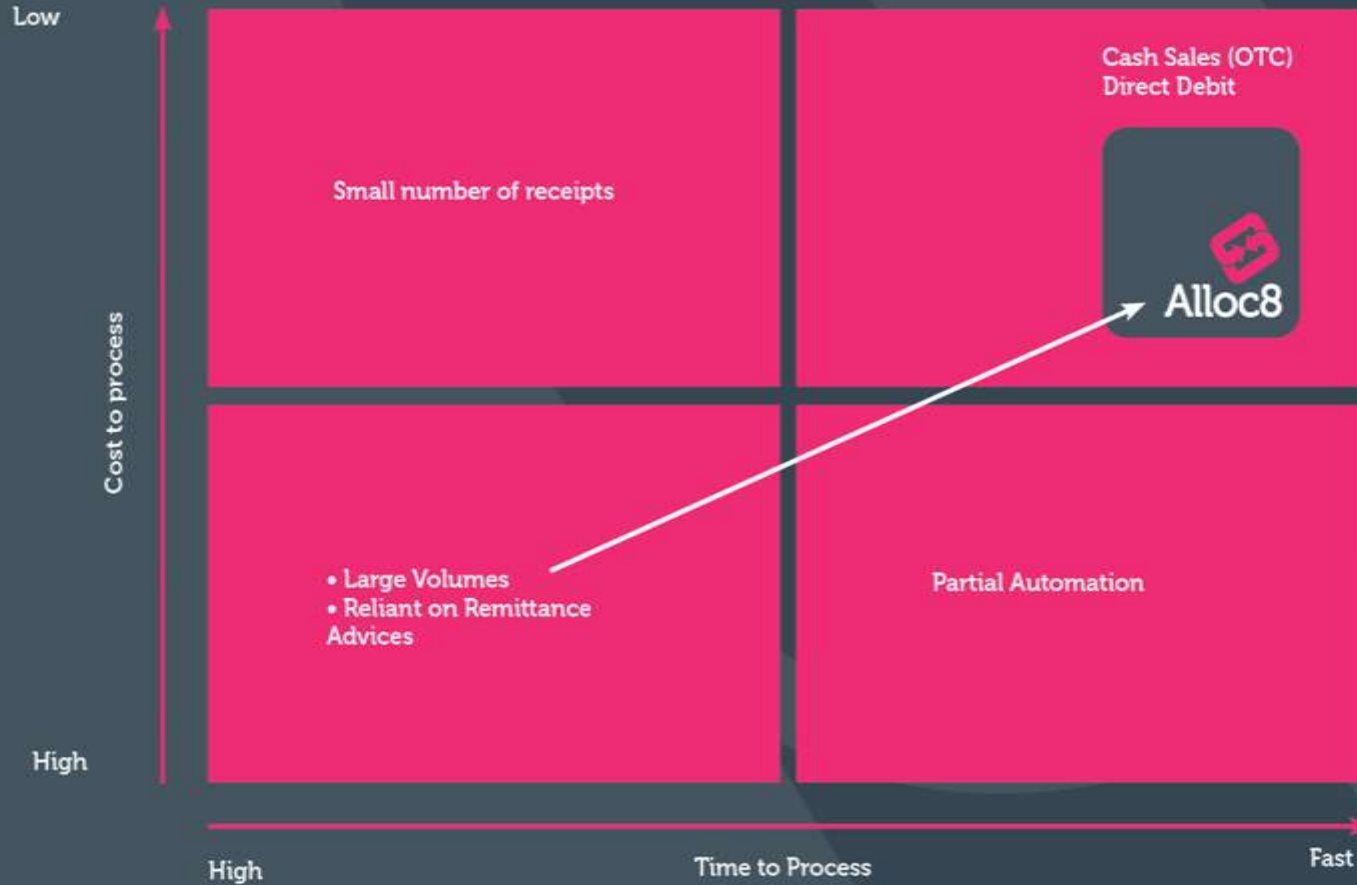
Alloc8



The Road to World Class



World Class Performance



What's the challenge...

with cash allocation?



Objective

To allocate all cash arriving to Invoice level on the day

Problems

- Month end volumes
- Lack of remittance advices
- Poor reference data
- Poor quality sales ledger data
- Daily pressures / volume / manual
- Simple allocation before problem allocation
- Allocation to account not to invoice

Effects

- ✓ Clears bank
- ✓ Keeps overall debtors correct
- ✗ Individual A/C balances incorrect

Debit

- ✗ Impact to aged debt
- ✗ Bad debt provision
- ✗ Chasing customers unnecessarily
- ✗ Credit controllers reconciling with customer and not collecting
- ✗ Collecting not efficient

Credit

- ✗ Customer reconciliation
- ✗ Loss of audit trail DSO

What's the challenge...

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Traditional ways to help the problem.....up to now



Difficult situations inspire ingenious solutions

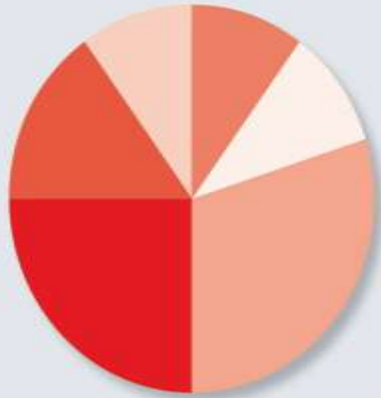
- What if you could **R**eceive **I**t, **M**atch **I**t, **L**earn **I**t and **A**utomate it
- What if continuous improvement could be built into the process
- What if the improvements in the process delivered:
 - Cost savings
 - Efficiency savings
 - Greater accuracy
 - Enhanced control
 - Reduced debt
 - Increased job satisfaction
- **And you could achieve World Class Performance in 3 months?**

Welcome to Rimilia

About Us...

- Formed 2008
- Background in utilities Senior Management
- Offices in UK
- Award winning software
- Worlds leading cash allocation software
- Alloc8 – Developed and wholly owned by Rimilia
- Unique proposition and unique value add software
- Multi-Channel and International partner network

Standard Cash Process

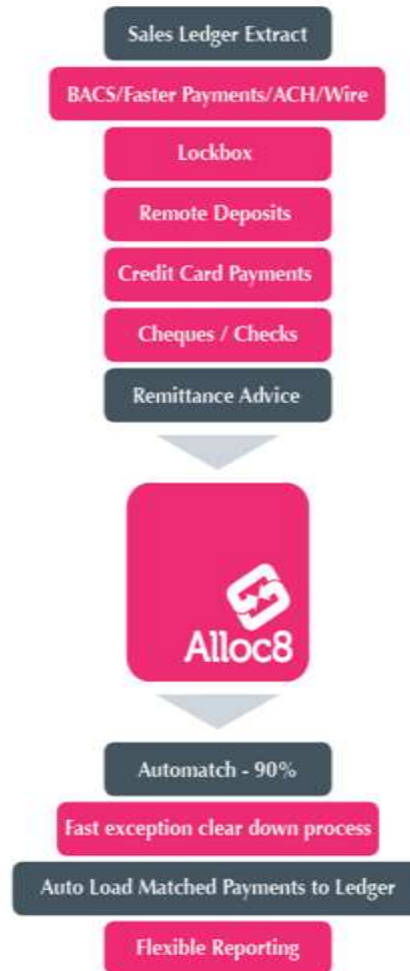


Daily Activity

Activity Time

Open Post	10%
File remittances	10%
Match remittances & receipts	30%
Key down allocations	25%
Reconcile unallocated cash	15%
Chase Customer	10%

Alloc8



The Alloc8 Way



Daily Activity

Activity Time

Open post	10%
Scan Cheques/Remittances	5%
Alloc8	80%
Chase Customer	5%

How does Alloc8 work?

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Enterprise
Sustaining the effectiveness of the UK

npis Group plc

SCC

ADN-AMRO Bank

maxell

Santander

Speedy

PLANT

BBC
Worldwide

Insight

Spire Healthcare

VEOLIA
ENVIRONMENTAL
SERVICES

BARRETT
STEEL LTD

STPA
STPA

CENTRAL MEDIA PLC

REXEL

Viridor
WASTE SOLUTIONS

City Link

Rentokil
Initial

AGGREGATE
RENTALS

BRITVIC
LIFE ACTIVE

hp

ACS
A XEROX Company

Vp
UK

Good & Beautiful

AVIS

SPECFLUE

HITACHI
Inspire the Next

VWR

Real customers, Real references

Rimilia

Seeing Is Believing



Outsource Model Overview



Flexible, local and global!

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Thank you

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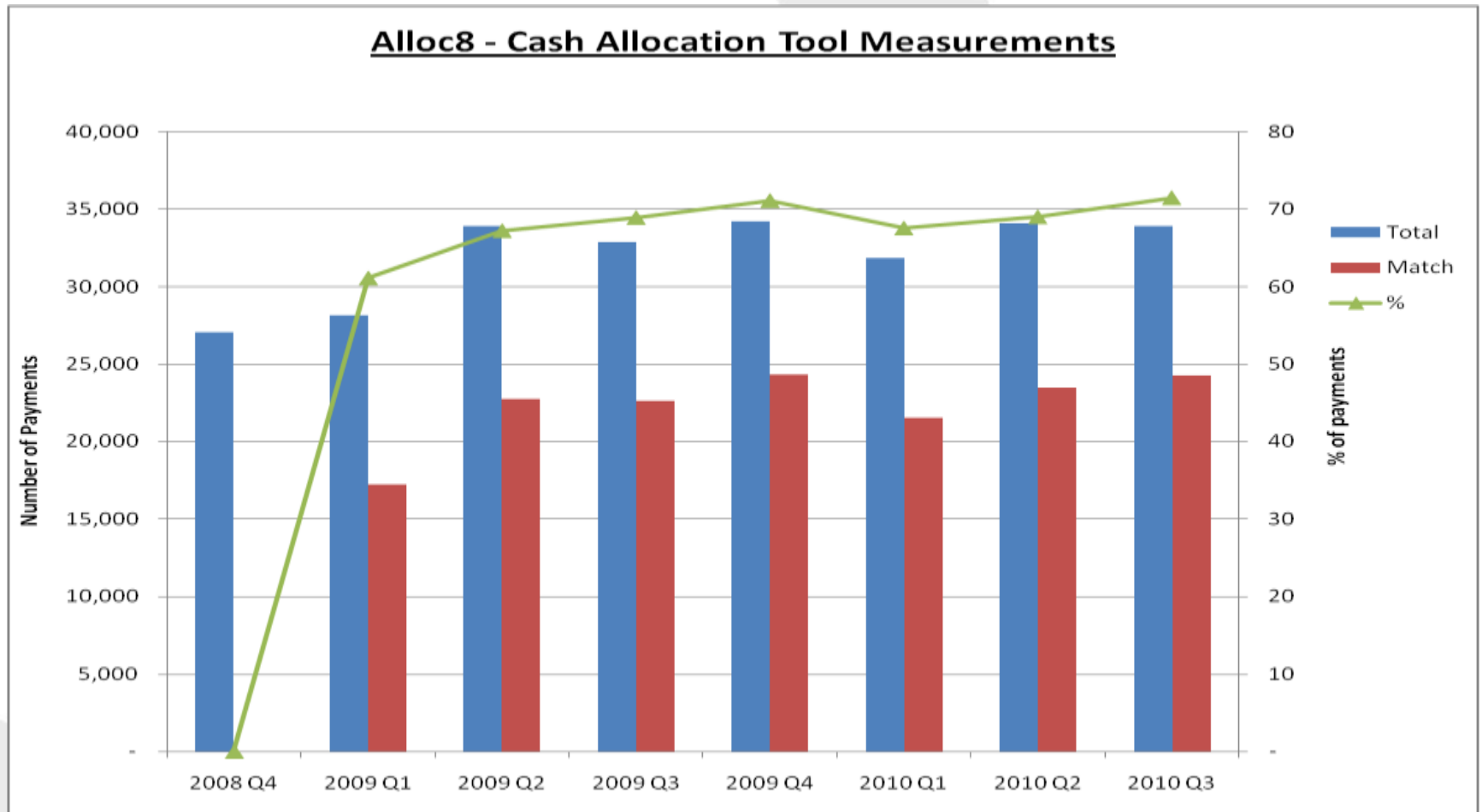
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Results



Results & Benefits

- ✓ Headcount reduced from 16 to 4
- ✓ **No Overtime**
- ✓ Unallocated cash reduced from over £m's to less than £10k – praise received from external auditors
- ✓ **90% Payments allocated within 1 hour and over 98.5% payments allocated same day**
- ✓ Significant reduction of Customer complaints from late/slow allocation of payments
- ✓ **No Bottlenecks - even at month end**

Results & Benefits

- ✓ Credit Controllers no longer involved with chasing for remittances and therefore spending more time managing Risk & Cash Collections
- ✓ **“Already Paid” queries now eliminated**
- ✓ Requirement of remittances reduced
- ✓ **Credit Controllers can view payments/remittances on Alloc8 even before posted to customer account**
- ✓ Filing eliminated – remittances scanned
- ✓ **Cash book to Bank Reconciliation now takes less than 30 minutes rather than hours**

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