

# Field Service Business Owners

## The Cost of Delay



## Why Late Invoicing is Bad for Business

**I**n the course of writing these stories, I had discussions with several business owners and service managers to find out about their primary headaches in running an efficient service business. One problem that clearly stood out, time and again, and has a significant effect on cash flow, is Late Invoicing. This significant finding led me to ask a series of key questions: *What is Late Invoicing anyway? Why do we invoice late? Why aren't we pumping those invoices out the door, since they are the most important part of completing the job, because it leads to us getting paid?*

In an ideal world, all invoices would go out the same day the job is completed, and customers would be waiting for their invoice, ready to pay as soon as it is received. You get my point. Getting the invoice to the customer is, financially, the most important part of the transaction, because this is where you get your money! No one is going to send you money unless you ask for it. Any delays in sending them off or mistakes in the invoices lead to delays in you getting paid.

Efficient companies have a same-day or next-day invoicing policy in place. Their job process allows them to easily and quickly gather the job information, check it, and then raise and send the invoice via email. Common sentiments you hear from service managers and business owners include:

“Customers often dispute invoices.”

“I only get the paperwork back from field workers days or weeks after the job has been done!”

“I am having cash flow issues because customers don't pay on time.”

Indeed, there are many problems that arise when you invoice late, the main one being that invoices received weeks after a job has been completed are often open to dispute. This leads to customer responses like: “Why did you send your invoice four weeks after the job?” “I don't remember the details of the job anymore.” “I don't even remember if your guy turned up or not!”

You then have to waste valuable time explaining why it was delayed, apologising for the inconvenience, answering all the disputes and begging them to pay quickly. Often, these disputes are resolved unsatisfactorily due to the amount of time they take, and they nearly always end in credit being given to the customer. So, you not only waste your time and upset the customer, you often don't even get paid in the end. Remember, late invoicing projects an image of a disorganised and unprofessional company to the customer. It shows that you are not in control of your business and it could affect how customers relate to you in future transactions.

A late invoice guarantees late payment and even non-payment at times. If you submit a late invoice to customers, you effectively lose the right to demand that they pay on time. After all, you were

late in the first place, so why should they rush to pay you if you can't be even bothered to get your invoice to them on time? Often customers run a weekly or bi-weekly payment schedule, which means several weeks of additional delay until they process your payment. Often the customer will dispute the content of the invoice simply because they cannot remember what occurred. Is the invoice accurate? Is the business reliable? You don't want to put such doubts into their minds!

So how do you even begin to tackle this problem? The key here is to implement some streamlined processes. Examine each of the steps leading up to raising the invoice, identify any potential bottlenecks, and then change the process to make it work more efficiently. But not everyone is fortunate enough to have the time to perform these reviews. We are all busy doing what has to be done to manage the daily workload and its associated problems.

A common thread that runs through many of the delays is inherent in the way most of us do business – reliance on manual processes. Whether it is waiting for field workers to return their time/ job sheets, waiting on admin to get the time to process and check the mound of paper on their desk, or waiting on accounts to raise and send out invoices, each of these manual intervention steps involves the potential of a time delay.

The following is not unusual in many businesses:

- Field workers submit their timesheets weekly or monthly.

- Administration staff take a few days to process the paperwork, which then needs to be entered into the accounting program to raise the invoices.
- Finally, the paper invoice is put in the mail, in the hope that it arrives without delay.

As a result, invoices can routinely be sent out to customers up to six weeks or more after job completion. Given their busy schedules, paperwork often takes a back seat to the workers' need to get the job done. As a result, they often go from job to job and come back into the office at the end of the week, or even less frequently.

If the paperwork is not filled in on the spot when the work is done, it is often full of errors, as workers struggle to remember what happened that day, the previous day, or worse, even last week. Details are forgotten, never to be invoiced, until they are stumbled upon some time later, if at all. Be honest, if you had to put a dollar value on the lost business you incur in a typical year from late or lost invoicing, how much would that add up to?

Here is a story from a typical small plumbing business, which clearly demonstrates the problem, and how using just one simple solution can solve it.

## **Marie and Bill's story – finding new ways to simplify and speed up paperwork**

Marie and her husband Bill own a small plumbing business. Established over ten years ago, they have twelve staff members and enjoy a strong and loyal customer base. Marie and Bill are very old school, very traditional in their business practices, and are not keen on change. Bill spends most of his time out on the road working and assisting his plumb-ers, while Marie juggles inbound calls, job administration and invoicing.

Despite a steady stream of customers old and new, she struggles with cash flow every month. Customers often pay late, if at all, and she struggles to manage the highs with the lows. How can that be? Where does the problem lie?

Marie decided to look at her outstanding invoices and called several customers to follow up payments. She knew that a disproportionately high number of invoices were still unpaid due to customer disputes. The main complaint she got was that invoices are often late! She spoke to one of their loyal customers and discovered that they were not happy that several invoices for a large job were received more than two months after the work was done. Given the complexity of the jobs, and the time since the work was done, they were finding it difficult to reconcile the invoices. Two months! Others complained that it was not

only the delay, there were also often discrepancies (perceived or actual) on the invoices.

Upon further investigation, Marie discovered that the job timesheets from her plumbers weren't returned to the office for several weeks. Because of the increasing number of jobs done lately, plumbers had no time to come back to the office to file their paperwork. They typically went from job to job, returning to the office days after the work was done. They found there was little time to correctly do the paperwork in the field and often scribbled on notes and updated the paperwork when they eventually returned to the office. Marie and Bill were surprised to discover how much this problem had an impact on the profitability of their business. Late invoices mean late payment, and late payment means all sorts of cash flow issues that impact the bottom line of the business.

The couple decided it was time to make some significant changes. They needed a simpler way for their plumbers to update their paperwork in the field, and to get that information back to the office without the need to physically return there. After a period of investigation, Bill and Marie implemented a small mobility computer solution that allowed their plumbers to easily see and update job information in the field, and mark it as completed. The software in the field was connected to the back office system, via the plumber's mobile phone, and the jobs were immediately updated in the back office. Jobs could be checked at the end of each day and invoices raised. Since the system had

its own stock file, prices were usually correct and the customer could even sign the job off. Invoices could usually be out the door the next day, and, as a result, the cash flow immediately improved and customer disputes fell dramatically. The office now looks clean and tidy with significantly less paperwork cluttering up the desks.

Marie and Bill's Plumbing Company eliminated a major headache by implementing a simple and easy-to-use process. Sure it took some thought, effort and retraining to get it up and running, but the benefits of creating improved business processes meant it was well worth it. The system easily identifies completed jobs that have not yet been invoiced and sends them to the admin staff for invoicing. By implementing this kind of system means you'll never have to worry about forgetting to invoice a job again, and you should see a dramatic decrease in the time taken to get invoices out the door. A system such as this can capture all of the information accurately and in real time.

Thinking about your business and streamlining your processes will have a significant impact on your cash flow and customer retention.

On-time and accurate billing impacts not only on your bottom line but also the partnership you have built up with your customers through the years. Implementing effective systems and streamlining your processes can tremendously improve your cash flow, profitability and customer retention.





# THE SERVICE MANAGER



## Organise Business

- Get information when it's needed
- Never miss invoicing jobs again
- Manage service and monitor contract renewals



## Improve Productivity

- Customised to work the way you do
- Better management of multi-staged jobs
- Web-enabled customer self-service
- Web-enabled technician access



## Better Time Management

- Free up your time to maximise billable work
- Manage response times (SLA)
- Easily schedule technician's time

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