



5th World Credit Congress & Exhibition
The Global Summit of Credit and Collection Professionals
ROMANIA • 8-10 JUNE 2016

Ignorance is not Bliss

By Mark Harrison

Is Ignorance Bliss? The power of knowledge.

There is a direct link between cash flow and knowledge.

Knowing what you are doing , why you are doing it and how to measure it makes any job a lot more interesting and you care about the effects of what you are doing - or not doing.

CFO from Head Office would deliver a webinar across EMEA on the latest figures quarter on quarter , year on year and so on.

Now this is a good thing - any form of communication and connection with Head Office is to be applauded and encouraged.

The problem here was that not everyone, especially those in the regions or Shared Services were familiar with the language of the accounting gods. All these various phrases and abbreviations were rolled out..." KPI's", "PTPI", "Working Capital" and so on and the requirement to improve them.

Being new into this organization the Credit Manager asked a few of the team how they were going to improve working capital. The answer wasthey didn't actually know what working capital was nor did they understand PTPI. From here it was only a short step to reveal a similar knowledge gap regarding DSO and other KPI's. This scenario appears to be fairly common and raises a few questions:

Is there a knowledge gap in connecting university theory to actual business practice?

When new starters are introduced to O2C are they advised of their important role in the cash cycle?

Do KPI's form part of an induction?

Are the figures reviewed and explained to all?

Are O2C teams aware of what is needed to reduce DSO etc?

Do the team leaders or managers have a firm understanding of these KPI's?



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There are more questions that could be raised but if the answer to any of these is NO then perhaps the situation should be looked at.

All the organisations dedicated to Credit including ACCEE will tell you passionately that Order to Cash is not a process but a profession. After all we are dealing with the lifeblood of every organization – its cash - and this deserves those guardians of the cash flow to have the required skill sets and personal investment.

Everybody connected with O2C, be they cash allocation, collections, risk, dispute management, sales or customer service has a direct impact and real understanding of this is not just a “nice to have”.

Training in this area is empowering leads to taking greater responsibility which in turn will yield future leaders, reduction in turnover and improved results all round.

The importance of Order to Cash is equally important in every business irrespective of size but in the SSC environment O2C can be a major player in driving the centre up the value chain improving results and efficiencies whilst reducing cost simultaneously.

And the beauty of all this - it needn't be expensive. Seize the day and ask those questions.