

# When Outsourcing Receivables Makes Sense



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In an economy like today that's taking its toll on nearly all businesses, outsourcing can be a lifesaver. The lack of cash flow can cause a shortage in human resources. With fewer employees to handle the same – or even larger – workload, the reality is that employees these days are doing more than what their job descriptions include. Often times, that extra work takes away from not only the employee's daily responsibilities, but inhibits their focus on business growth. If businesses want to survive in this economy, it means embracing help today.

Contractors that outsource tasks have made at least the first step to saving time and money. Following through and using an outsourcing agency to its full potential is crucial. For example, a company that chooses to outsource its payroll will see better results if it continuously updates its employees' data, keeps its data organized using an appropriate accounting program, and has a schedule it sticks to for sending data to the agency and distributing paychecks.



Likewise, companies that choose to outsource their accounts receivable collections will see better results the more they stay on top of updating their customers' contact information and if they have a consistent schedule of submitting past-due accounts. Submitting accounts early, between 45 and 60 days past due, normally produces a better recovery than submitting accounts that are 90 or more days overdue. Also, using an agency's full line of programs and services will allow you to collect your accounts to their full potential.

According to 's article entitled "The Benefits of Outsourcing for Small Businesses", there are seven major benefits to outsourcing:

1. Control capital costs
2. Increase efficiency
3. Reduce labor costs
4. Start new projects quickly
5. Level the playing field
6. Reduce risk
7. Focus on your core business

The last benefit alone is a great motivator to start outsourcing. If employees and you as the business owner have more time to focus on the core business, you'll have more time and attention to focus on your customers and create strong relationships that will enhance your long-term success and growth.

If you outsource your past due accounts sooner in the collection cycle and let your people spend more time working the accounts before they move to the 60- or 90-day categories, you will see much better results. But if you do not want to spend all the extra money and time each month having to follow up on past-due accounts, there are economical alternatives to outsource 100 percent of the process.

Is it time for you to outsource the majority of the work? The time-consuming tasks of collecting past due accounts will be minimized and your cash flow will increase. Aside from having more money, you will have more time to focus on your customers and growing your business. After all, isn't that why you went into business, to be a success and have the satisfaction of working for yourself?

Tom Green works with AmerAssist A/R Solutions, Inc., a subsidiary of the Millennium Trust Company, Ltd., Columbus, Ohio, an experienced cash management organization. You can contact him at [tgreen@amerassit.com](mailto:tgreen@amerassit.com).