



**ACCOUNTS PAYABLE
CUSTOMER SERVICE AND
VENDOR RELATIONS IN
THE AGE OF SELF-SERVICE**

Accounts Payable Customer Service and Vendor Relations in the Age of Self-Service

A Special Report from
InvoiceInfo

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Introduction

The arrival of the digital age, epitomized by the Internet and mobile culture, has driven customer service to a preeminent position. Add the commoditization of products, services, and disruption to old business models, and customer service has become a critical differentiator providing a competitive edge to companies that execute it well.

One outstanding performer in the business-to-consumer sector has raised focus on the customer to towering heights. Amazon has set new standards in customer experience and as a consequence, raised customer expectations across the board. Businesses that have scrambled to automate and outsource in order to save money, but have failed to keep pace in customer experience, have suffered.

The lessons have spread throughout organizations, even in non-customer-facing operations: to win means to make doing business with you easy. It applies to all interactions, including financial operations — not only to the sales order-to-cash side, but to the procure-to-pay side of doing business as well.

Customer Service and Its Importance for Payables

To an outsider, the idea of “customer service” within an organization’s procure-to-pay process might seem a non sequitur. After all, procure-to-pay is charged with procuring the materials and services an organization needs and paying for them — so P2P most clearly represents the organization as the *customer*. Isolating the payables part of the process, isn’t the purpose simply to pay for what the organization (as customer) has bought? It is still the customer.

But metaphorically at least, accounts payable talks about serving its customers. After all, anyone in a service role (and in some sense everyone is serving somebody) has customers: those for whom they do something or to whom they provide something.

Accounts payable specifically has a list of “customers” both internal (e.g. purchasers, employees, management) and external (vendors, tax and regulatory agencies).

But why this metaphor? Why is “customer service” not only a good, but an important way of thinking about processing payables? To answer that requires a look into what is meant by customer service.

Customer service is how personnel help (or hinder) an individual’s interactions with the organization. Companies and people face challenges every day, including in transactions with other companies. As much as people hope for fair winds and following seas, no one gets smooth sailing all the time. But some seas are rougher than others, and people — even sellers — want to avoid them. When doing business with an organization involves a lot of friction, it negatively impacts the relationship, which is bad for business — this is true in both buying and selling.

Accounts payable has several “customers” with whom it interacts, as noted, and reducing friction in those relationships is beneficial. A good customer service culture will extend to all of AP’s customers, but among them vendors have a priority position.

Customers such as the IRS, for example, are very important but ancillary to the primary payables purpose. And when purchasing contacts AP, it is usually because the vendor called them.

So what is the value of providing good customer service to vendors? Simply that good customer service promotes good vendor relations, as the purchasing department will confirm. That can mean more favorable pricing or terms. And it can lead to better vendor cooperation with your processes, for example, including the right information on the invoice, submitting invoices electronically or accepting electronic payment.

Addressing the vendor's concerns about getting paid strengthens the relationship with the vendor. Utilizing tools and techniques as well as pleasant and effective human interaction in customer service are important parts of that. A good vendor relationship can advance goals of both organizations, building ties that establish a steady relationship — ensuring a smooth reliable supply chain — and lowering the cost of that relationship.

On the other hand, poor customer service does damage to vendor relationships. A vendor that finds it difficult and time-consuming to do business or frustrating to interact with you may not offer its best pricing or be inclined to modify policies and procedures when needed. In extreme cases it may not want to continue supplying the organization.

What Does Customer Service Look Like in Payables?

Good AP customer service means making it easy to interact with accounts payable, easy for the customer to get what they're looking for — whether it's understanding how to invoice effectively to get paid, where to submit an invoice, or getting confirmation that an invoice has been received and finding out the status of payment.

Good customer service involves availability and responsiveness to the vendor. This means easy and clear communication with vendors so each party in the transaction understands how the other operates and expectations are aligned.

Formal elements include things like process notification — providing information on how to get paid, including what needs to be on an invoice, how and where the invoice should be submitted, and payment method options. Also included are tools such as technologies that facilitate interaction and communication, which might include e-invoicing systems, e-payment systems, P2P networks, or another tool aimed directly at customer service: a self-service vendor portal. If designed and implemented effectively, these kinds of tools can lift customer service to a higher level.

Along with ready access to information, good customer service also requires real humans with good soft skills: listening and responsiveness with a positive, calm and friendly demeanor. These greatly enhance relationships, being key to the vendor's experience with and perception of the company.

Through a combination of clearly defined processes, appropriate tools, technology, and service skills, accounts payable customer service personnel can succeed in creating a positive environment in which to quickly resolve problems, meeting customer expectations and thereby sustaining good relations.

Customer Service Trends – the High Level of Expectations

That the digital age has changed customer experience and expectations is axiomatic. And expectations continue to trend upwards. The common expectation is that information needed to resolve a problem should be immediately available, given availability of computer systems and information resources (“Let me Google that for you ...”).

The speed of 21st century life brought about by constant technological evolution has raised expectations of instant gratification to new heights. The greatest expectations exist on the consumer side of business. In particular, within the retail industry narrow margins and commoditization force companies to compete in customer service and experience.

The prime example for innovative online transaction experience is the giant Amazon. Amazon drives today’s online customer-service expectations. E-commerce expert, co-founder and chairman of ChannelAdvisor Scot Wingo has coined the term “Amazon Effect” to describe the ever-rising level of customer expectations. There is an important consequence here: those high, online customer expectations bleed over into other situations.

As consumers become accustomed to a high level of customer service in their personal online interactions, they begin to carry expectations into other areas — specifically their work-related interactions on the job: “If Amazon knows what I like, recommends what I want, and with one “click” delivers it next day, why can’t you answer my question or solve my problem?”

Much of that is done through superior digital tools, but sometimes serving the customer requires personal interaction, and some organizations excel at “personal touch” customer service. AP’s customers are probably not looking for the kind of personal service a

high-end restaurant provides, storing your favorite wine and inquiring after your mother or knowing it's your anniversary. But there is a point at which the customer wants to interact with a human being and that human needs to be available, informed, empowered and pleasant to talk to.

This latter type of service is one that has gotten away from many businesses in the rush to automate, given automation's promise of ease of service, lower cost and avoidance of having to talk to customers! But the "80/20 rule" applies to customer service: even good automated solutions cannot solve every issue. Companies that pay attention to personal service score high with customers and win customer loyalty.

Len Markidan, head of marketing at helpdesk software Groove, asks, "Am I making the customer feel like they're doing business with a human or a business? ... When customers feel like they're getting personal service, they become better customers." He's referring to customers in the traditional B2C sense, but the principle remains.

How Vendor Portals Fit In an AP Customer Service Strategy

Accounts payable has a key role to play in vendor relations. It necessitates a commitment to customer service including policies, procedures and staff training. What should that look like? What must AP focus on?

The *Harvard Business Review*, reporting on a study by the Customer Contact Council, a division of the Corporate Executive Board, revealed a key concept in customer service. The research authors state: “When it comes to service, companies create loyal customers primarily by helping them solve their problems quickly and easily.” The study found that companies that try to “exceed expectations” were failing to do so in a measurable way, while wasting resources. Policies to exceed expectations were not succeeding. The researchers’ conclusion and recommendation was simple: Make it easy.

Consider the online leaders. This is what they do: they make it easy.

Making it easy means removing obstacles. In the context of accounts payable, that means providing a way for the vendor (as well as internal colleagues) to get what they need with a minimum of hassle. They do not want to have to call and leave a voice mail or call repeatedly to get hold of someone. They do not want to call and be put on hold or transferred, to repeat their question and information, and then put on hold again. Nor do they want to send an email because they do not know when they will receive a response. They are looking for specific information and want it now.

Fortunately technology offers a compelling tool in the form of a self-service vendor portal to serve as a significant part of a customer service strategy.

Steven Van Belleghem, managing partner at InSites Consulting, conducted a study with survey research firm SSI on customer self-service and the results are instructional for

AP. The conclusion of the study, says Van Belleghem, is inescapable: “The majority of consumers favor a self-service solution, including the safety net of personal contact if the customer so chooses.”

The study found that the most important concern of the customer is “having my problem taken seriously.” The second most important concern, selected by 90 percent of respondents, was speed. Says Van Belleghem, “Speed tops the list.”

He continues, “Self-service is the only long-term solution to meeting customer expectations. Already, 70% of consumers expect a self-service option for handling commercial questions and complaints. Still, this doesn’t preclude the need for a personal solution: If self-service falls short, personal contact as a safety net is an absolute necessity.”

This desire for self-service and speed is where technology provides value in a tool that offers benefits for both AP and vendors. A self-service portal puts control (power) into the hands of the vendor — which in itself is satisfying. And a portal can provide vendors with most answers immediately, enabling them to get back to their business quickly. The majority of vendor inquiries are straightforward: Did you receive our invoice? Has the invoice been approved? When will we be paid?

A vendor portal with a data feed from the ERP provides the vendor access to that information on the vendor’s schedule, enabling them to get an answer right away. At the same time, it frees up AP staff: portals that answer those questions significantly reduce phone call and email interruptions. Given that AP receives questions on up to 15 percent of invoices received, that’s a lot of time saved for AP and for vendors.

Complicated questions may require contact with a person.

“The need for human interaction is innate and won’t be completely replaced any time soon. Creating meaningful engagements that breed long-term connected relationships

is crucial to driving loyalty, which in turn delivers its own business benefits,” says Rob LoCascio, founder & CEO, LivePerson, quoted in Information-Age.com. “Striking the right balance between automation and personal connection is key to good customer service.”

A self-service vendor portal, with a cost below that of a single AP FTE, can play a vital role in AP customer service. It hands control to the vendor to easily and quickly get the information it wants. And reducing the calls and emails (interruptions) provides a measurable benefit to AP as well.

In addition to basic invoice inquiries, a good portal such as InvoiceInfo for example, also includes the following:

- Vendor invoice upload capability
- Online communication tool to enhance vendor relationships

Portals may offer valuable additional functions. For example, InvoiceInfo offers the following vendor onboarding and compliance features:

- Vendor verification against multiple compliance lists such as OFAC/SDN
- W-9 and W-8 Processing
- IRS TIN Matching
- New vendor registration/information and update forms
- Usage metrics reporting
- AP process analytics

Implementing a vendor self-service portal is a best practice for accounts payable because it is effective for vendors, meeting their need for ease and speed. It is effective for AP, freeing up AP staff time. And it is affordable with an ROI of approximately six months. For those issues that it may not address, there is the opportunity for positive

personal contact with trained AP staff, where competency and professionalism result in customer satisfaction. But a vendor portal saves the AP and vendors time and effort, most often providing answers on demand without hassle. It can address most vendor questions faster than a customer service person can, and result in a happy “customer.” ■

About InvoiceInfo

InvoiceInfo, from the founders of The Accounts Payable Network, simplifies AP customer service with a powerful, yet easy-to-use vendor self-service solution. InvoiceInfo transfers manual invoice inquiries and vendor onboarding to a self-service application that helps accounts payable operations improve service to, and relationships with, suppliers and internal customers. It's a win-win for AP, its vendors, its internal customers and IT. Contact us today at info@invoiceinfo.com or (678) 335-5735 to learn more.