Optimizing Collections and Disputes in SAP

Learn how CF industries consolidated different credit and A/R processes under one roof with HighRadius accelerators for SAP Collections and Dispute Management.

CF

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> Correspondence moved from a 10 minute process to a 60 second task.
>
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Company Overview

CF was founded in 1946 as a US based farm cooperative. Today CF is the largest nitrogen fertilizer producer in North America and the second largest in the world.

Receivables Landscape

The Credit and A/R teams operate separately. They consist of three departments: the credit department, the A/R team, and the Customer Support Group. The credit department is a team of 4 people: a Credit Manager, a Senior Credit Analyst, a Credit analyst, and an Administrator. There are two members in the A/R team. Customer Support Group is the largest group with 10+ CSRs plus a supervisor and manager as well as two Customer Master administrators.

Siloed Receivables and Credit Ops

At CF industries, Credit and A/R are separate departments that report to different areas. Credit falls under Treasury, and A/R is under accounting. To add a little more complexity, the CSRs (customer support representatives) also play a critical role in the collection and dispute management process.

Too many cooks in the kitchen

No centralized information / data repository:

Since three departments worked on similar activities, it was important that they have proper communication with each other. There was no centralized way to access commonly required information. Data and information was scattered everywhere and difficult to manage.

No visibility on KPIs:

The three departments were all working without visibility into their KPIs. There was no clarity for whether disputes were coded accurately, how long it took for the CSR group to resolvedisputes and create memos, or about credit exposure

Non standardized processes:

Each department communicated with the customer in silos. There were no standard processes for customer outreach or a centralized point of contact.

COMPANY
CF Industries

INDUSTRY
Manufacturing and distribution

REGION
North America

REVENUE
$4.3 Billion

PRODUCTS
SAP Collections and Dispute Management

BENEFITS

- ✓ 60% Reduction in Time spent Dunning

- ✓ 100% Visibility to Disputes

- ✓ Reduced recurrence of common issues

Department Activities

The Credit Department:

- Credit review
- Setting up new customer accounts
- Collection on past due invoices
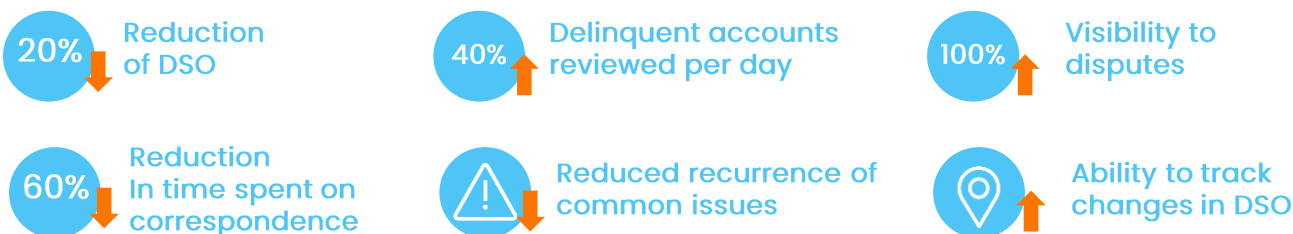- Dispute case research

The Customer Support Group:

- Dispute resolution
- Credit/Debit memo requests

The A/R Team:

- Posting cash
- Dispute case research
- Coding Disputes short pays, deductions
- Collections on past due invoices

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Results Across the Board

20% Reduction of DSO

40% Delinquent accounts reviewed per day

100% Visibility to disputes

60% Reduction In time spent on correspondence

Reduced recurrence of common issues

Ability to track changes in DSO

What HighRadius Delivered

Non standardized processes:
- Dispute-case history
- Account correspondence history
- Account Invoice, Payment history
- Account level notes from CSR

Process Standardization:
- Prioritized collection work-list for collection team
- Standard correspondence packages for automated follow-up
- Dispute resolution work-list and centralized research information

Effective Management:
- Clear monitoring of team performance
- Effective management of resources
- Clear visibility on critical KPIs
- Ability to make strategic business decisions based on data

About the Solutions

CF Industries was looking for a solution which provided native SAP functionality. Since their existing departments were used to and comfortable working in SAP, it made sense to look for a solution in SAP versus a bolt-on solution.

Disputes and Collections Accelerator

Resolution Algorithms

- Credit-Debit Matching
- Price Variance Analysis
- Shortage Analysis

The solution automatically identifies trade and non-trade deductions and uses various algorithms and resolution strategies to resolve disputes.

Business Specific Customizations

- Document linking
- Document collation

The solution is capable of aggregating backup documents from customers and carriers and automatically linking them with the dispute.

Workflows

- Reason-code
- Credit memo
- Write-Off Approval

The analysts have access to a self-generated worklist which is prioritized based on fields such as reason codes, credit details, and write-off approvals.

The analysts are able to track all dispute cases. All disputes are logged with a reason code and assigned to the appropriate person based on the type of dispute. They can see the status of a dispute, any notes, and any memos created against the dispute case.

Based on their needs, CF Industries decided to go with the Automated Correspondence Accelerator. The accelerator gave the ability to send all correspondence from one centralized location and keep a track of the correspondences sent. They were able to create standard letters and rules for correspondence. Currently, no matter which team is communicating with the customer, they are doing it in a standard format and historical data on interactions is accessible by other teams.

Automated Correspondence Accelerator

Through the accelerator, the analysts can pick a standard letter to send to the customer. Analysts are also able to define packages to automatically include copies of the invoices or other attachments with the correspondence. The whole process is streamlined and faster than before.

Customized correspondence templates

The solution allows business users to define different types of correspondence templates for CF Industries. The business has complete control of the format of letters. Business users are able to change and update the correspondence templates without any IT involvement.

Auto-trigger based on invoice age

The analysts are notified by the solution when to send correspondence to the customers based on reminders such as Promise to Pay and Invoice age.

Record all account correspondence

The system stores a record of all the correspondence exchanged for all stakeholders to monitor.

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