invoiceinfo

ACCOUNTS PAYABLE CUSTOMER SERVICE SURVEY

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Introduction

Accounts payable provides a critical service to organizations. It is one of the few departments that touches every department within a company as well as external parties, and has a direct impact on the reputation of the organization.

Accounts payable is unique in that it has many types of customers who rely on outputs from its processes. Two critical customers of AP are internal clients and vendors. In some AP organizations internal customers are treated as fellow employees and not customers, and vendors as suppliers and not strategic business partners. But, an AP best practice is to treat the customers that AP serves as just that — customers. After all, no one wants any of their customers to harm their reputation or take their business elsewhere. The growth of AP outsource providers has provided a competitive factor for in-house AP departments, sometimes resulting in an outsourced environment.
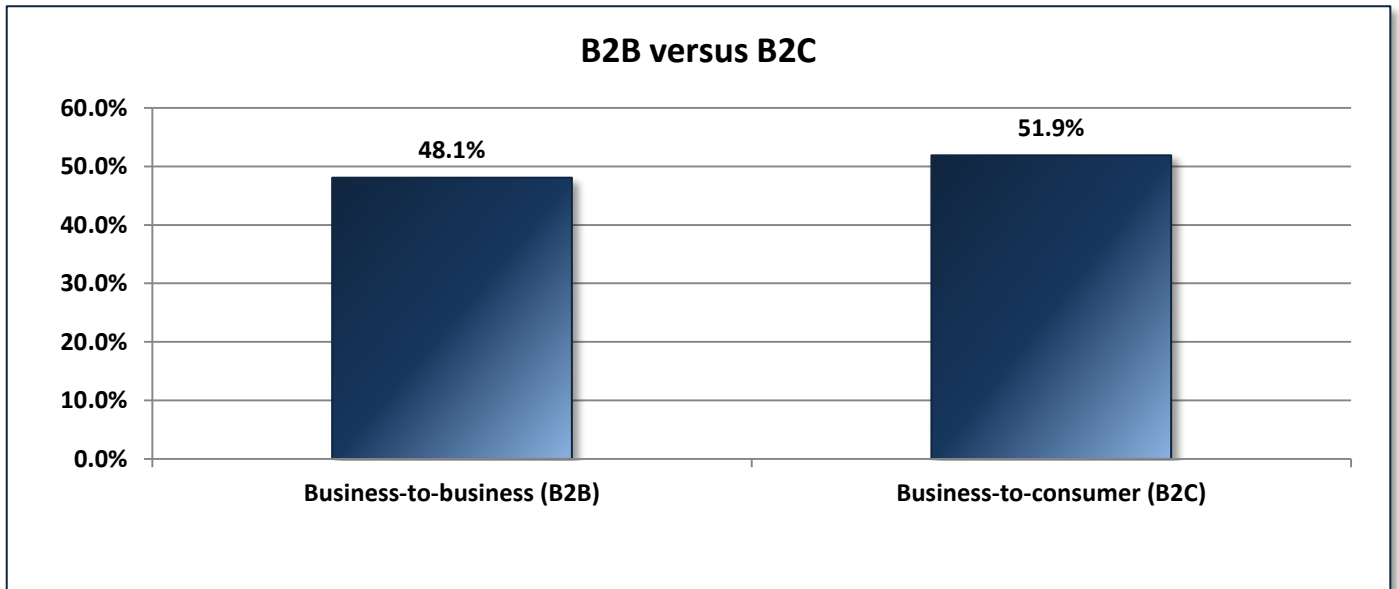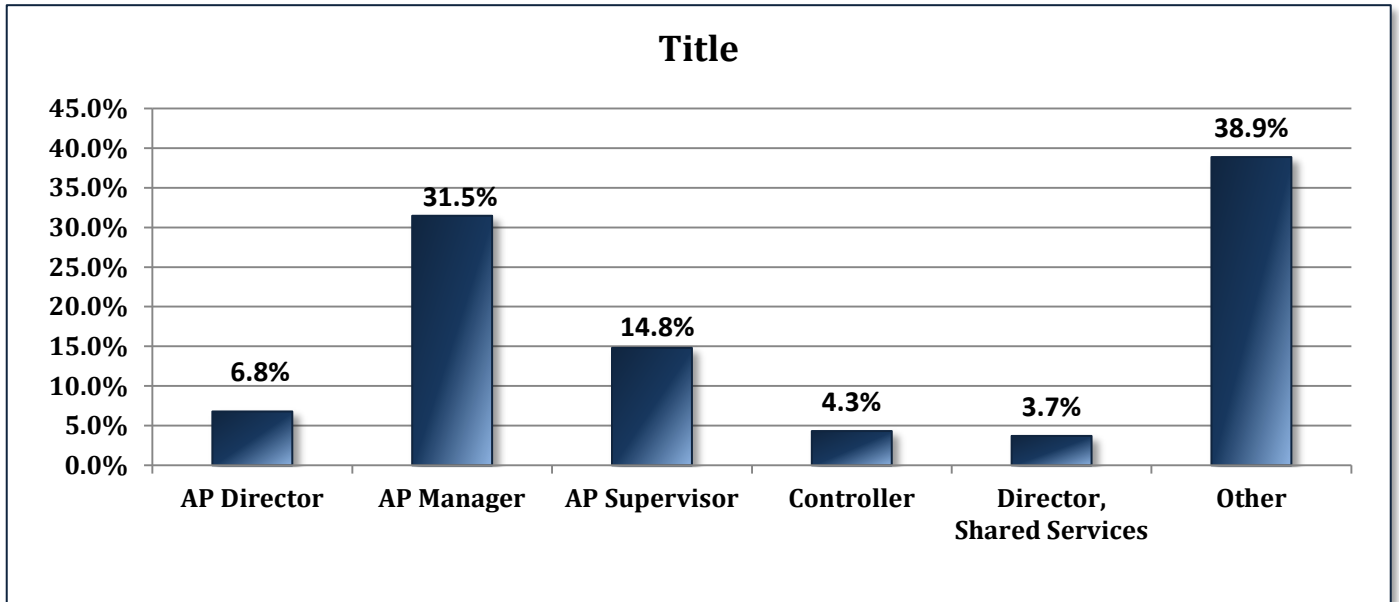
In November 2015 Financial Operations Networks and InvoiceInfo conducted a survey on AP Customer Service Best Practices. The survey looked at how organizations handle invoice inquiries, vendor onboarding, customer service metrics and self-service portals. The survey results reveal challenges, best practices, processes and tips for improved customer experiences.
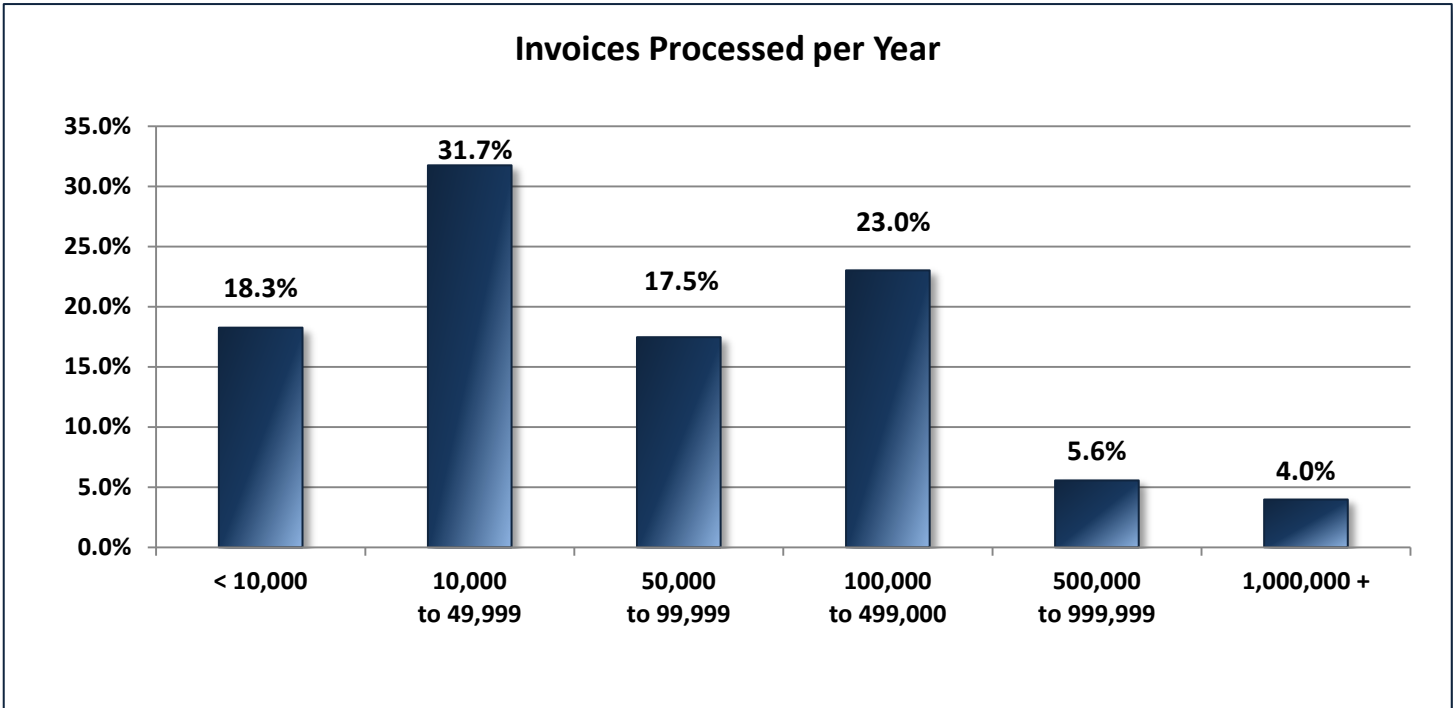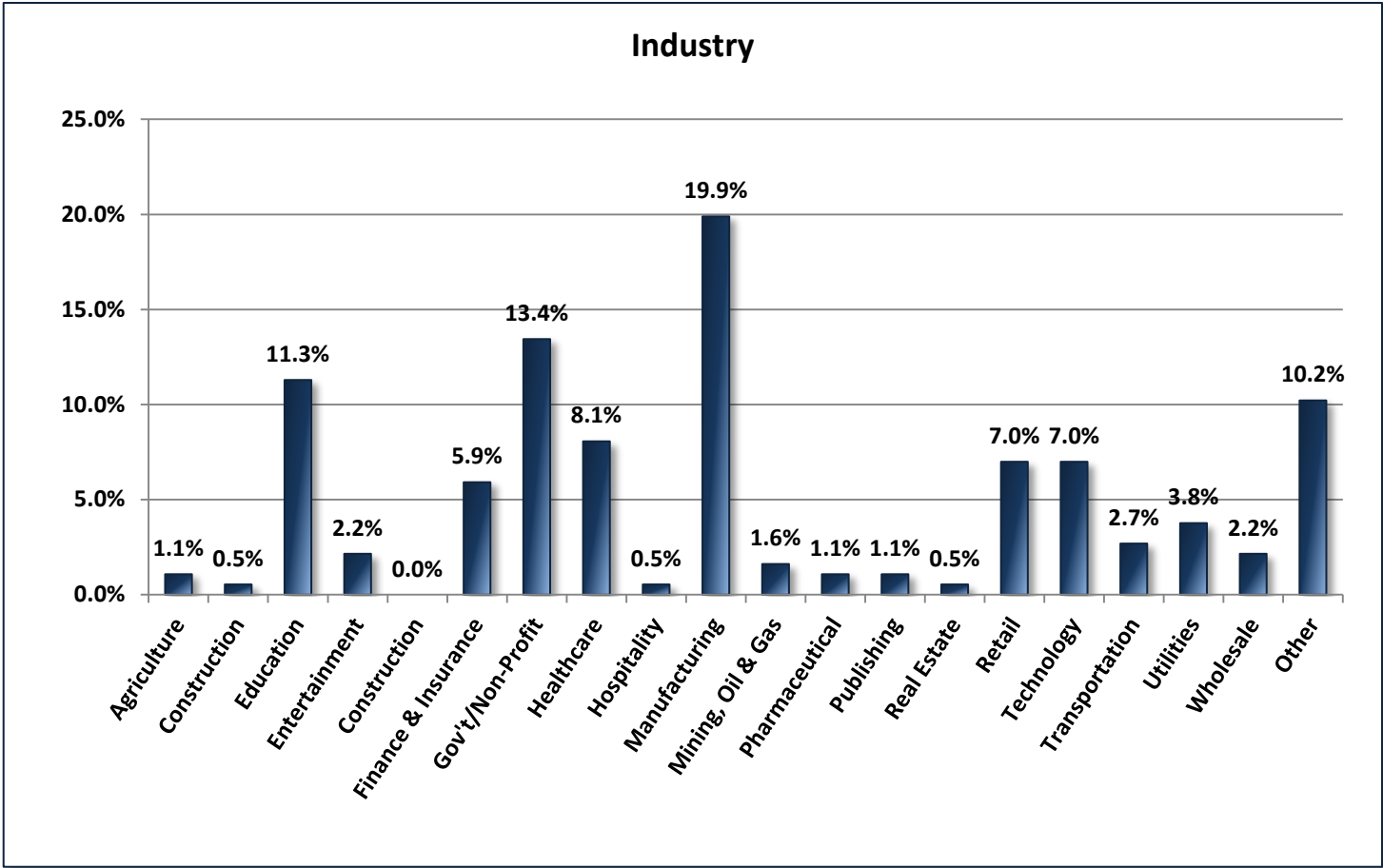
Study Summary

- When asked how AP customer service is handled, 46% responded that AP staff takes turns answering inquiries and 19% have a dedicated team to answer inquiries.
- The most common inquiries received are about payment and approval of invoices.
- The majority (55%) does not have a customer service policy stating how long staff has to research and turn around a response to inquiries.
- Of those that do have a policy, the majority (59%) of these policies require response within one day.
- Only 11% of participants track customer service inquiries. Those who do measure track how many invoices are inquired upon, average length of inquiry calls or email responses and average and fully weighted cost of an AP staffer handling inquiries.
- Only 16% of participants responded that they have a vendor self-service portal to handle invoice inquiries and the main reason they have one is to reduce phone calls and emails.
- The clear majority (68%) believes that invoice inquiries from vendors and internal staff are distracting for AP staff members.
- For those participants that currently have a portal, 35% have a standalone vendor portal application and 31% have a module that is part of their current ERP system.
- Tracking customer service metrics is not that popular among survey participants. For those that do have a portal, only 32% track how satisfied their customers are with it. Of those, 72% are extremely satisfied.
- Only 35% of the survey participants that have implemented a portal track to what degree automation has reduced the number of vendor and internal inquiries.
- For those participants who do not currently have a portal, 46% have no plans to implement one, while 21% are considering a portal within the next two to five years and 15% are looking to implement one within the next year.
- The majority (77%) of participants believe that an online self-service portal can deliver the same or better customer service as a live person.

Study Participants

InvoiceInfo surveyed 191 organizations of all sizes and industries. Following is the participant profile by title, B2B vs. B2C, business/industry sector and invoice volume.

Title

B2B versus B2C

Industry

Industry	Percentage
Agriculture	1.1%
Construction	0.5%
Education	11.3%
Entertainment	2.2%
Construction	0.0%
Finance & Insurance	5.9%
Gov't/Non-Profit	13.4%
Healthcare	8.1%
Hospitality	0.5%
Manufacturing	19.9%
Mining, Oil & Gas	1.6%
Pharmaceutical	1.1%
Publishing	1.1%
Real Estate	0.5%
Retail	7.0%
Technology	7.0%
Transportation	2.7%
Utilities	3.8%
Wholesale	2.2%
Other	10.2%

Invoices Processed per Year

Invoices Processed per Year	Percentage
< 10,000	18.3%
10,000 to 49,999	31.7%
50,000 to 99,999	17.5%
100,000 to 499,000	23.0%
500,000 to 999,999	5.6%
1,000,000 +	4.0%

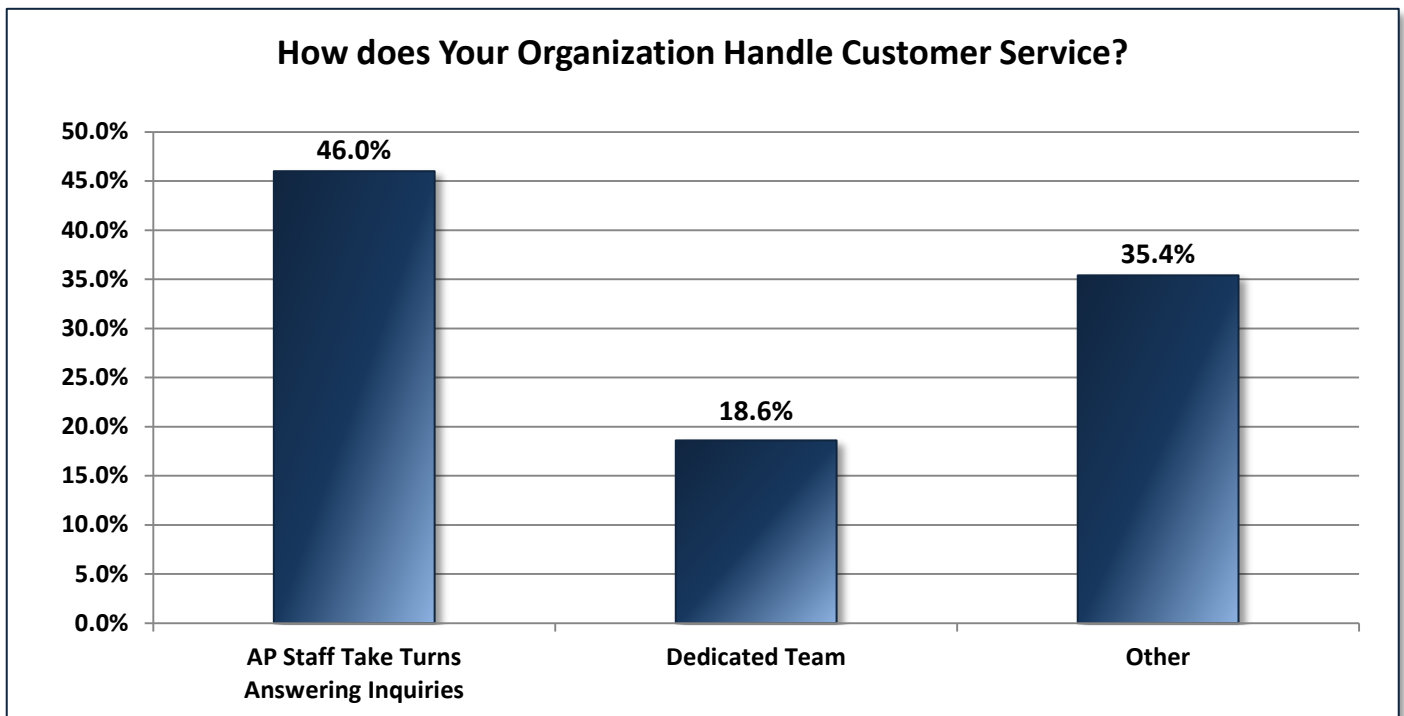**Participants Share AP Customer Service Challenges**

Survey participants were asked to share their biggest challenges with delivering AP customer service. Following are some specific challenges from participants:

- "Employees not approving invoices."
- "Quality employees; keeping up with technology to improve process."
- "Enforcing policy and timely payment of invoices."
- "Late payment due to approval process."
- "Invoices not matching purchase requisitions."
- "Unrealistic expectations; being the last part of the P2P process — issues in upstream processes affect and magnify issues that may or may not be caused by AP."
- "Timely approvals of invoices. Individuals not knowing how AP payments work and are processed."
- "Flow of paperwork leads to delays in processing payments.
- "Not receiving invoices."
- "Blocked invoice resolution."
- "Payment status inquiry."
- "Each AP team member being consistent in providing excellent service."
- "Both internal and external customers are more demanding."
- "Staff reductions, departmental staff changes and lack of sufficient staff training."
- "Issues created by purchasing department, i.e., not communicating terms changes."
- "Volume of calls and missing invoices."
- "Missing invoices due to being sent to individual departments instead of centralized to AP. Too many exceptions to the rules. Missing PO's and/or receipts."
- "People who don't want to be self-sufficient."
- "Getting internal customers to respond to inquiries in a timely fashion."
- "Answering purchasing and receiving questions."
- "Having the time to return phone calls."

**Staff Organization for Handling AP Customer Service**

When asked how participants handle their customer service, 46% responded that the AP staff takes turns answering inquiries as part of their job, 19% said that a team of dedicated staff members handle inquiries and the remaining 35% responded "Other." Of those that replied "Other," 18% are responsible for servicing those vendors they are responsible for processing and 15% assign customer service alphabetically by company name. Other interesting responses include: Varies by vendor between accounting and operations, by who knows vendor best, dividing vendors geographically, a Finance Customer Care Team handles all inquiries unless there is a complex situation that needs to be investigated further, and different people handle different types of questions.

For those participants that have a dedicated staff handling invoice inquiries, 85% of the respondents had between 1-5 employees dedicated to handling inquiries.

How does Your Organization Handle Customer Service?

Category	Percentage
AP Staff Take Turns Answering Inquiries	46.0%
Dedicated Team	18.6%
Other	35.4%

Common Inquiries from Vendors and Internal Colleagues

Survey participants were asked to rate their most common inquiries on a 1 – 5 scale. Clearly, and not surprisingly, the most common inquiries are about payment and approval of invoices. When payment is not made on a timely basis, AP should expect to receive calls and emails inquiring about payment. But in addition to inquiries about whether an invoice has been approved or paid, questions about why an invoice was short paid or which invoices are covered on a payment were also common.

What are the Most Common Inquiries You Receive from Vendors and Internal Colleagues?
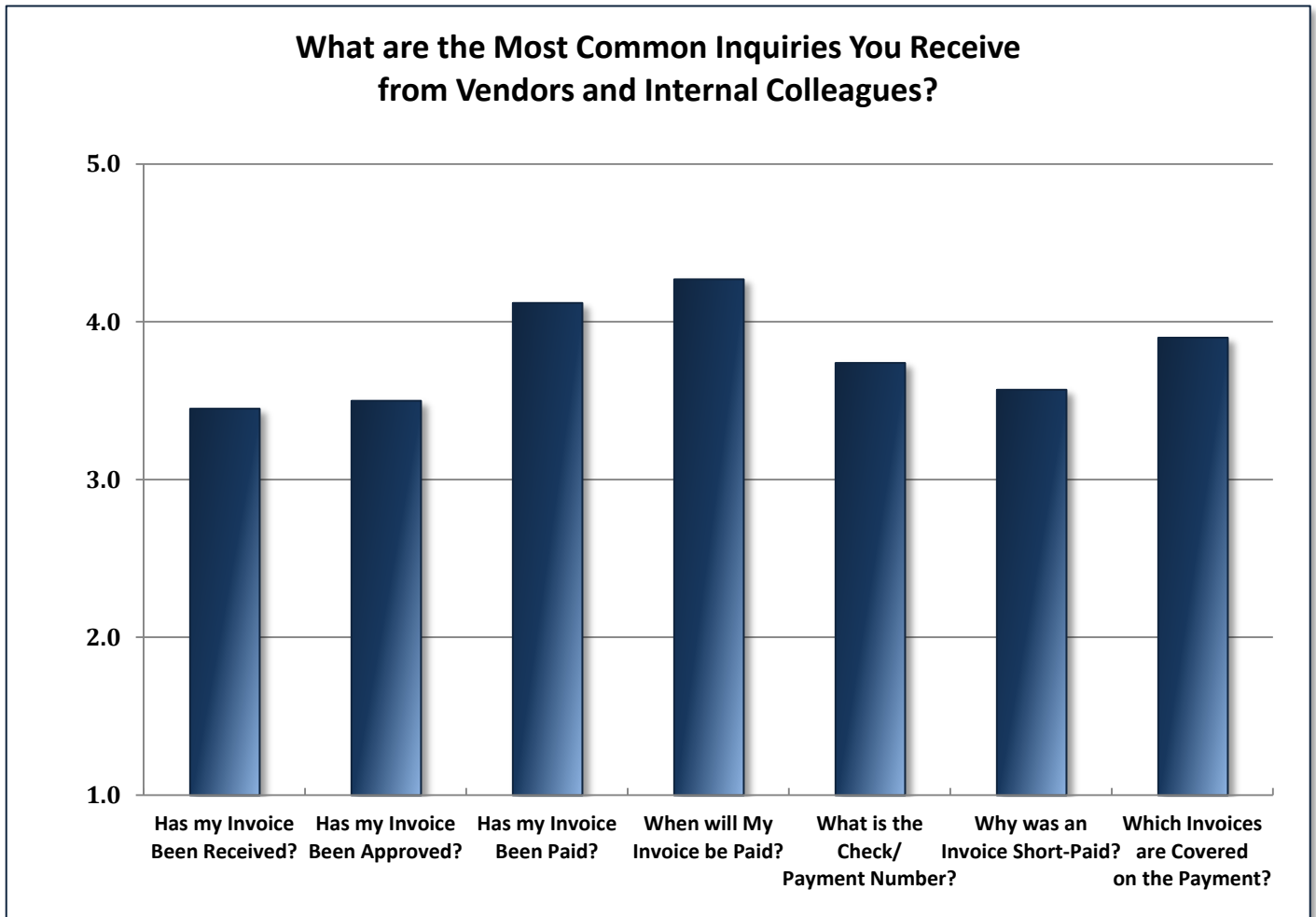
Customer Service Policies
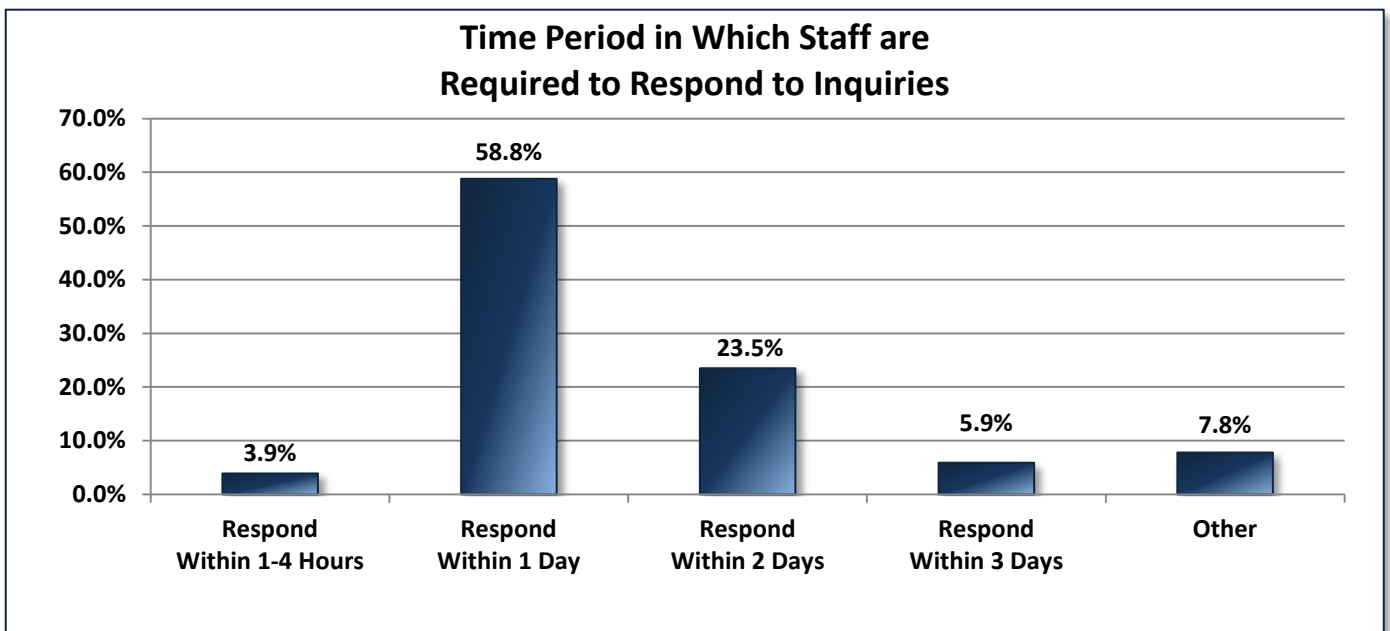
Of those participants that responded to whether their company has a policy about how long staff has to research and turn around a response to inquiries, 45% responded that they do have a policy and 55% do not.

Do You have a Policy About how Long Staff has to Research and Turn Around a Response to Inquiries?

Category	Percentage
Yes	45.4%
No	54.6%
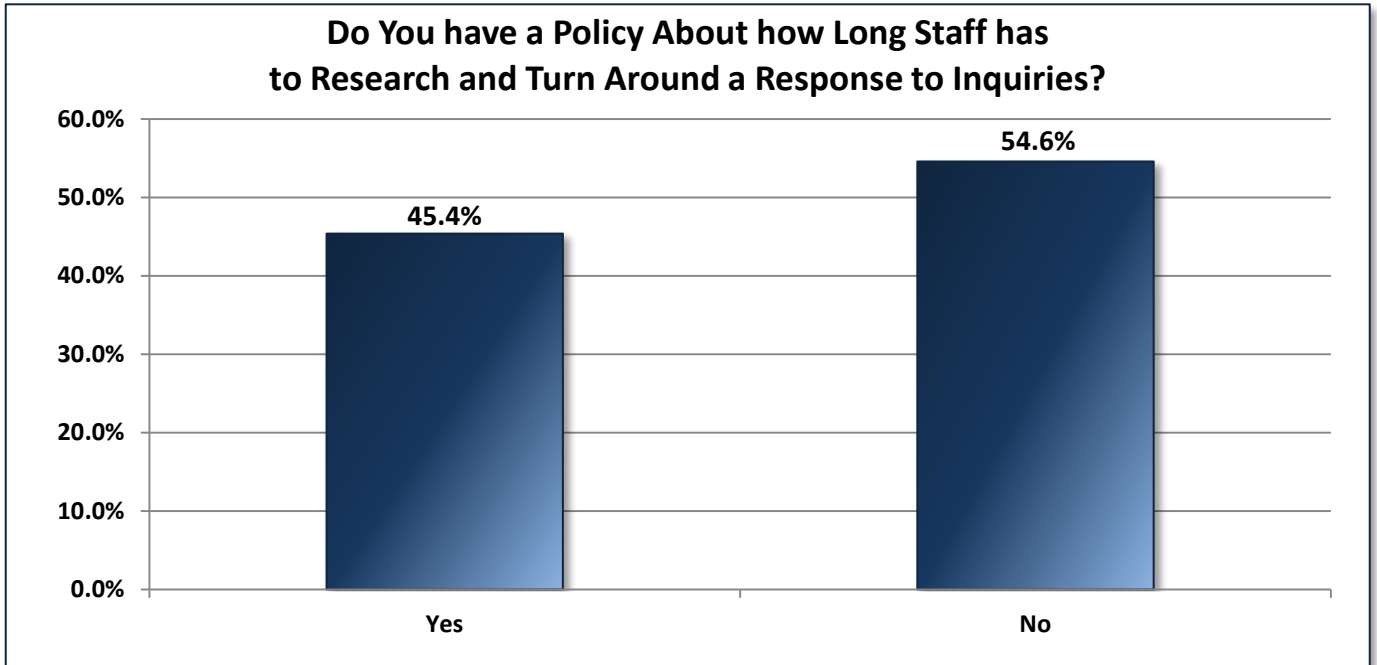
Of those that do have a policy, the clear majority (59%) require a response within one day and nearly one-quarter are required to respond within two days. One participant commented that they are required to respond within one-to-two days but that full research/response must be completed within seven days from initial inquiry.

Time Period in Which Staff are Required to Respond to Inquiries

Category	Percentage
Respond Within 1-4 Hours	3.9%
Respond Within 1 Day	58.8%
Respond Within 2 Days	23.5%
Respond Within 3 Days	5.9%
Other	7.8%

Customer Service Metrics

When asked if metrics are tracked for customer service inquiries, 11% responded yes while 89% said no. Of those that do track metrics all said that they track (1) How many invoices are inquired upon; (2) What is the average length of inquiry calls or email responses and (3) What is the average, fully weighted cost of an AP staffer handling inquiries.

Of those who do track inquiry costs, each inquiry averages 12 minutes to handle. According to industry surveys, the average hourly cost of an AP staffer is $20.06, which results in a cost of $4.01 to handle each inquiry. Clearly, although most organizations do not track accounts payable customer service metrics, it has a significant impact on driving higher cost per invoice.

Do You Track Metrics for Your Customer Service Inquiries?

	Yes	No
	10.9%	89.1%
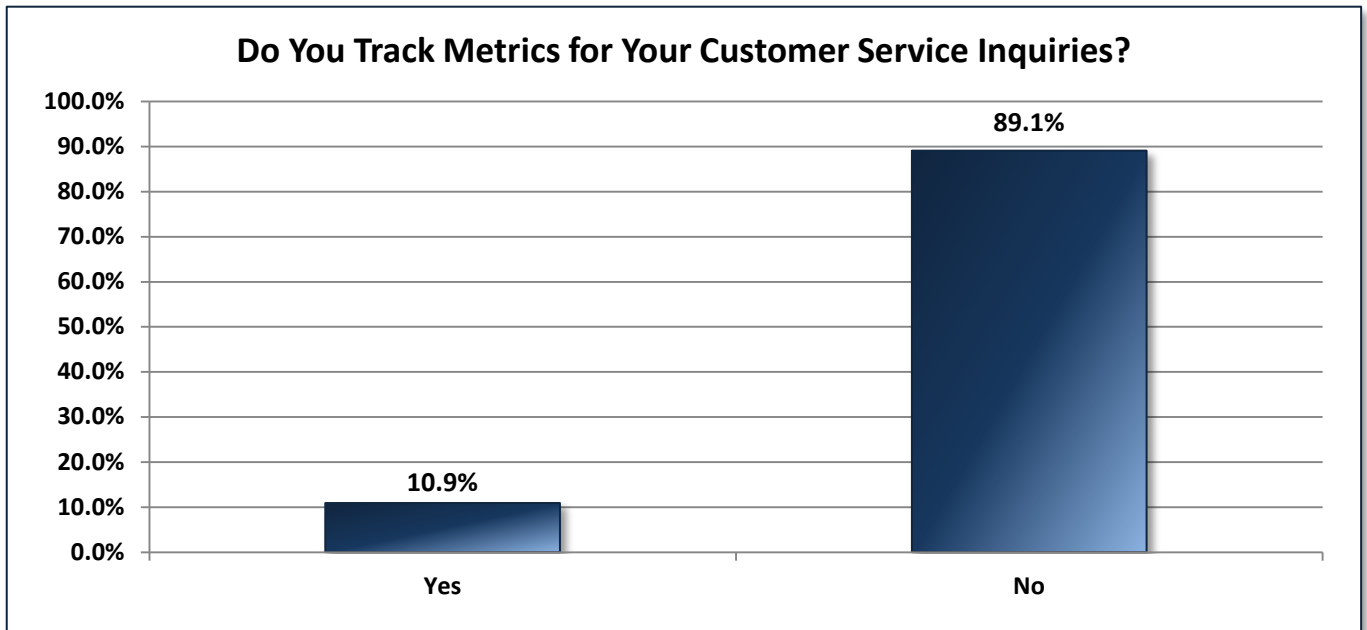
Vendor Self-Service Portals: Do Participants Have a Portal?

When participants were asked whether they currently have a vendor self-service portal that handles invoice payment status inquiries, 16% responded that they do while 84% do not.

For participant companies with revenue greater than $1 billion, 30% of respondents have a portal, which is nearly double the overall response. So it appears that the larger the organization, the more likely they are to utilize a self-service option.
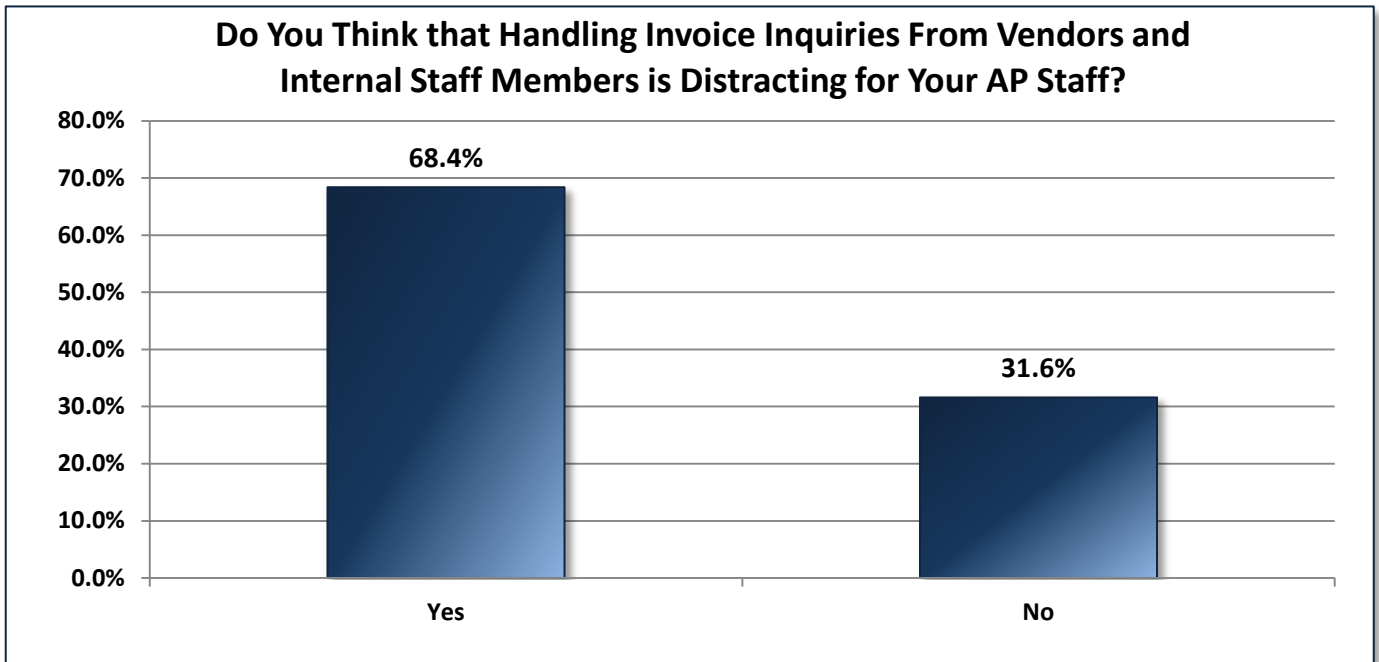
Do You Currently have a Vendor Self-Service Portal that Handles Invoice Payment Status Inquiries?

Category	Percentage
Yes	16.3%
No	83.7%
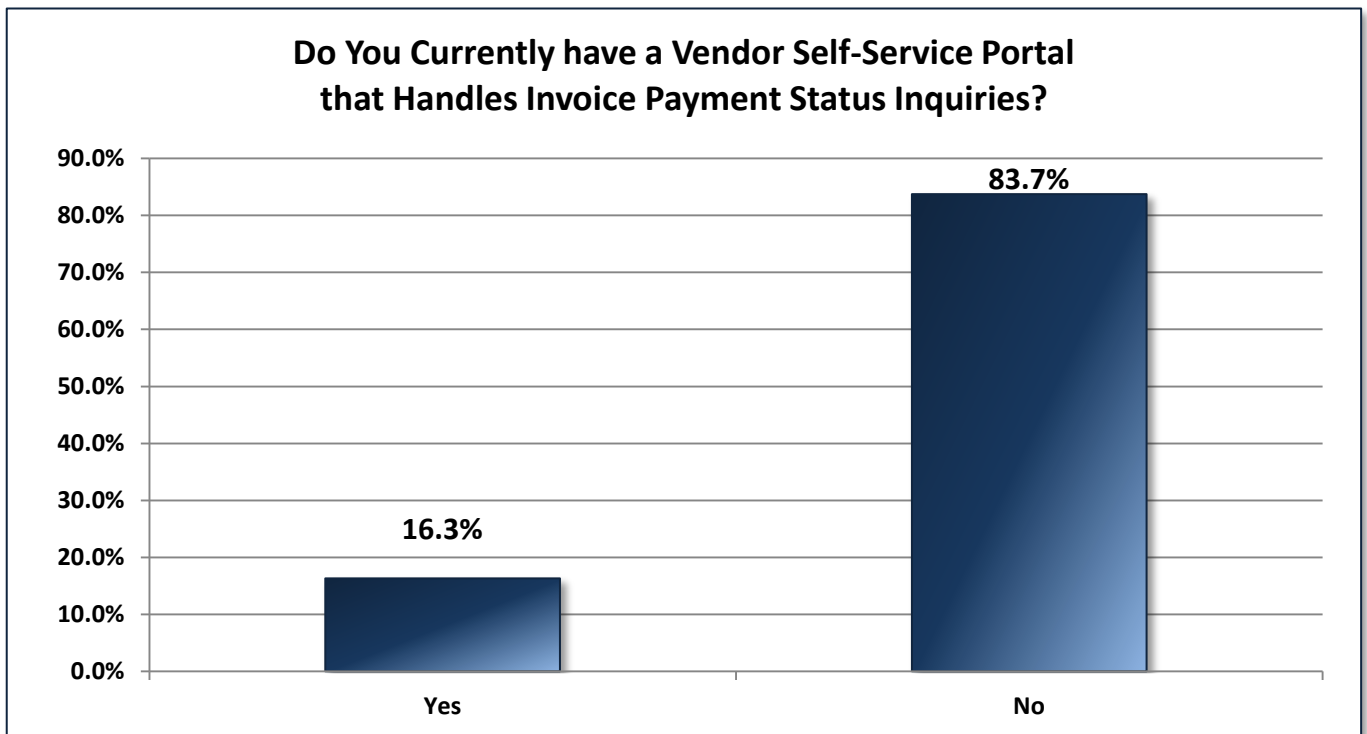
Vendor Self-Service Portals: Why?

Of those that do have a vendor portal, the main reason they made the decision to get a vendor portal was to reduce phone calls and emails, followed by moving the focus from employees handling inquiries to more productive tasks and to provide 24/7 customer service.

In Making the Decision to Implement an Online Self-Service Portal, What was the Most Important Factor in consideration?

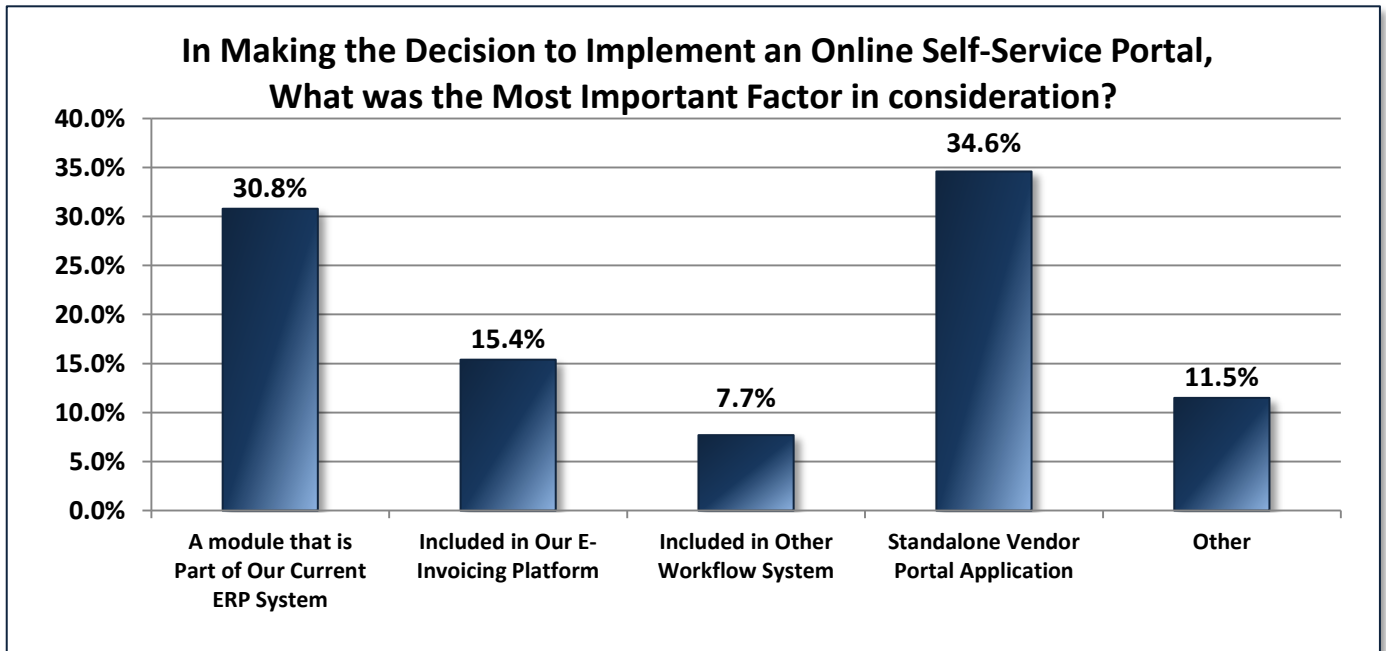| Factor	Percentage
Reduce FTEs	28.6%
Reduce Cost	33.3%
Move the Focus from Employees Handling Inquiries to More Productive Tasks	47.6%
Provide 24/7 Customer Service	47.6%
Reduce Phone Calls & Emails	76.2%
Improve Staff Morale by not Having to Deal with Vendors & Customers	23.8%
Other	4.8%

When asked whether the handling of invoice inquiries from vendors and internal staff members is distracting for AP staff, the clear majority (68%) said yes, with the remaining third (32%) saying no.
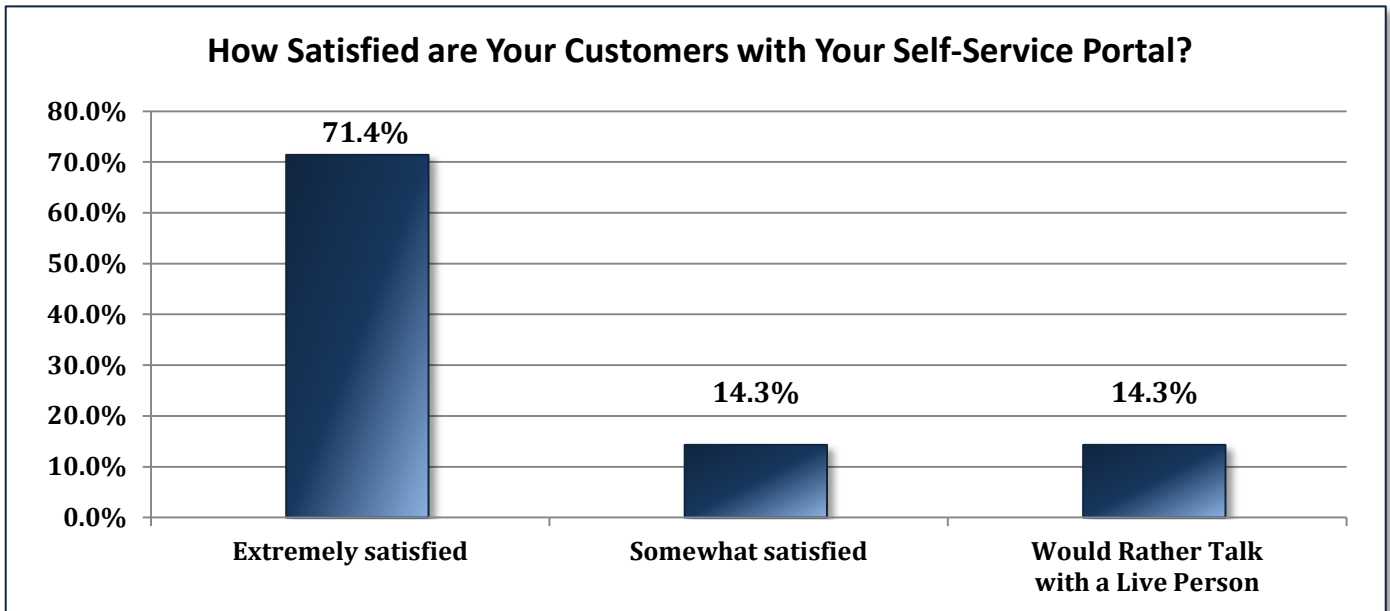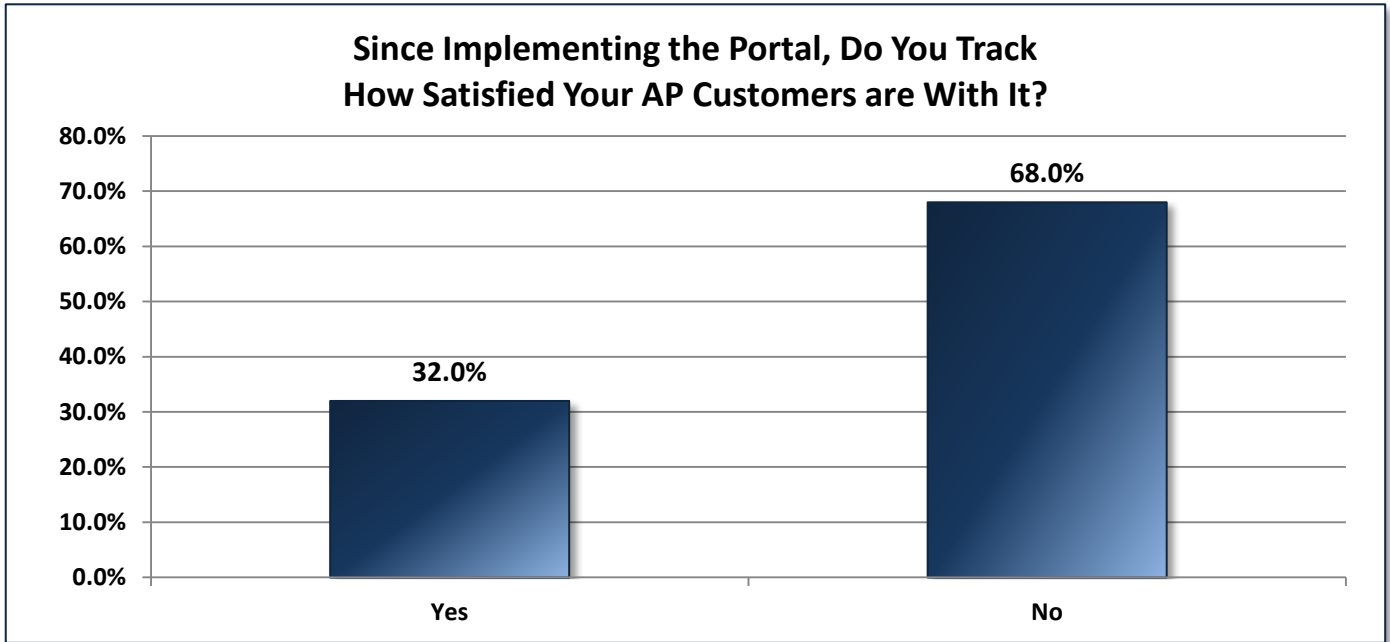
Do You Think that Handling Invoice Inquiries From Vendors and Internal Staff Members is Distracting for Your AP Staff?

	Percentage
Yes	68.4%
No	31.6%

Vendor Self-Service Portals: Describe

For those participants that currently have a portal, 35% have a standalone vendor portal application and 31% have a module that is part of their current ERP system.

In Making the Decision to Implement an Online Self-Service Portal, What was the Most Important Factor in consideration?

| Factor	Percentage
A module that is Part of Our Current ERP System	30.8%
Included in Our E-Invoicing Platform	15.4%
Included in Other Workflow System	7.7%
Standalone Vendor Portal Application	34.6%
Other	11.5%

Vendor Self-Service Portals: Metrics

Tracking customer service metrics is not that popular among participants. For those that do have a portal, only 32% track how satisfied their customers are with it. Of those, 72% are extremely satisfied, 14% are somewhat satisfied and 14% would prefer to talk with a live person.

**Since Implementing the Portal, Do You Track
How Satisfied Your AP Customers are With It?**

- Yes: 32.0%
- No: 68.0%

How Satisfied are Your Customers with Your Self-Service Portal?

- Extremely satisfied: 71.4%
- Somewhat satisfied: 14.3%
- Would Rather Talk with a Live Person: 14.3%

Vendor Self-Service Portals: Tracking Adoption

Since implementing a portal, only 35% of those that have a portal track to what degree automation has reduced the number of vendor and internal staff emails and calls, while the majority (65%) do not.

Since Implementing the Portal, do You Track to What Degree Automation has Reduced the Number of Vendor and Internal Staff Emails and Calls?

Category	Percentage
Yes	34.8%
No	65.2%
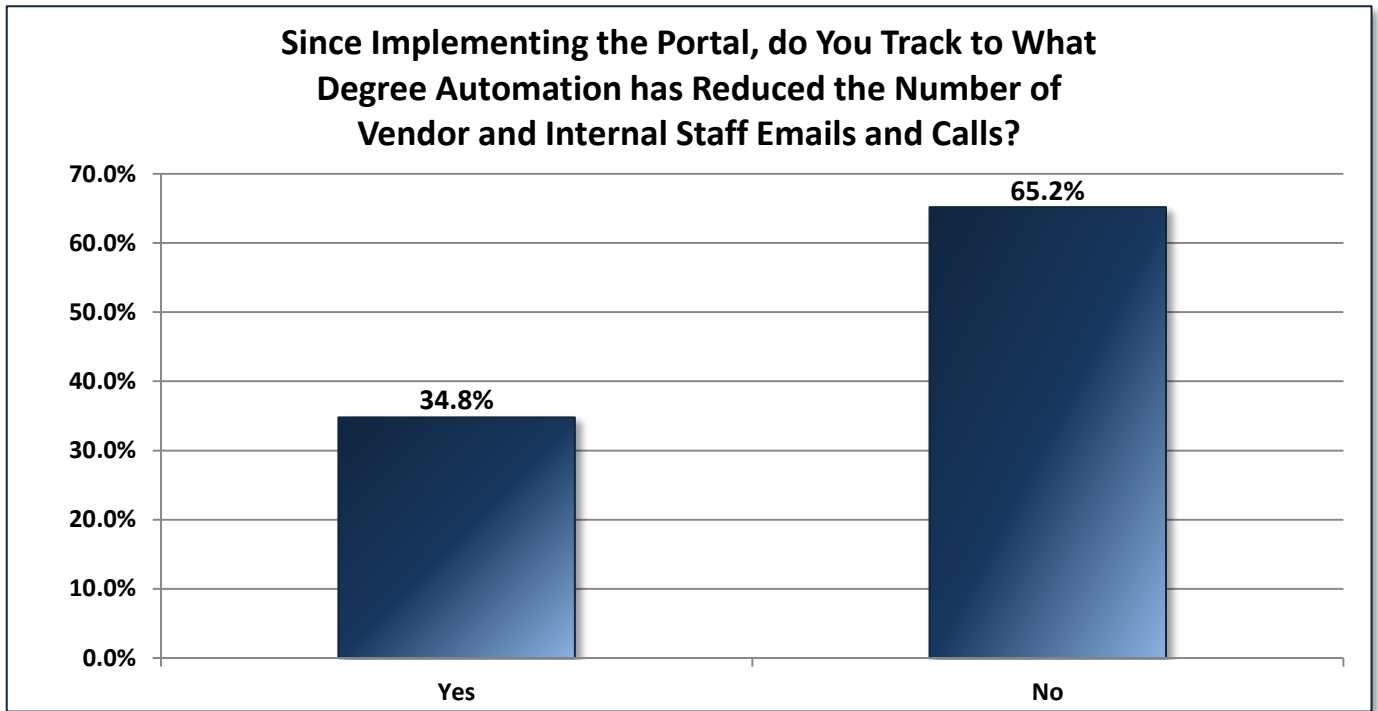
Vendor Self-Service Portals: Actual Uses

Of those participants who do have a portal, nearly 40% use the portal to onboard vendors. Of those, almost 63% use the portal for vendors to submit W-9s. Nearly 40% use the portal to allow vendors to provide updates to their address, contact information, etc. More than half use the portal to allow vendors to upload invoices.
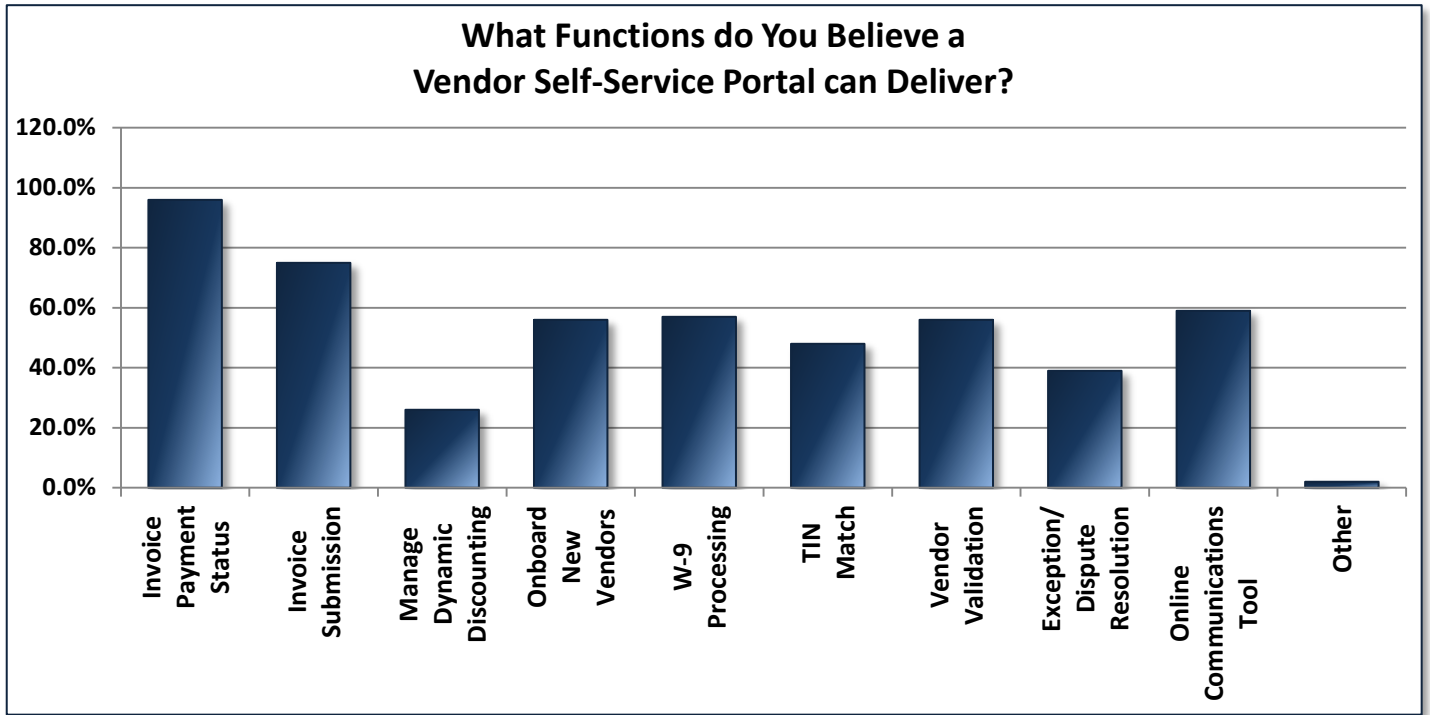

Actual Uses of Vendor Self-Service Portals
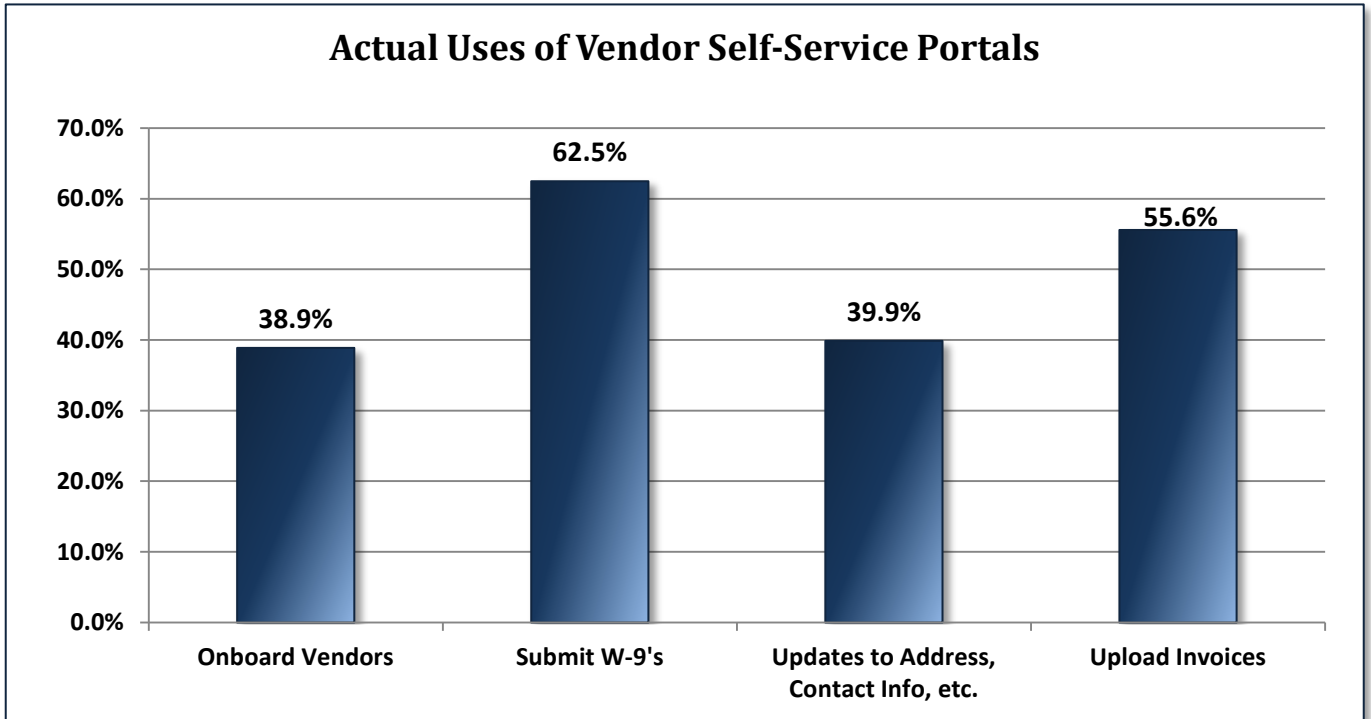
Vendor Self-Service Portals: Implementation Planning

Of those participants that currently do not have a portal, the majority (46%) have no plans to implement a portal, while 21% are considering a portal within the next two to five years and 15% are looking for an option to implement within the next year.

What Best Describes Your Organization's Consideration of a Vendor Self-Service Portal?

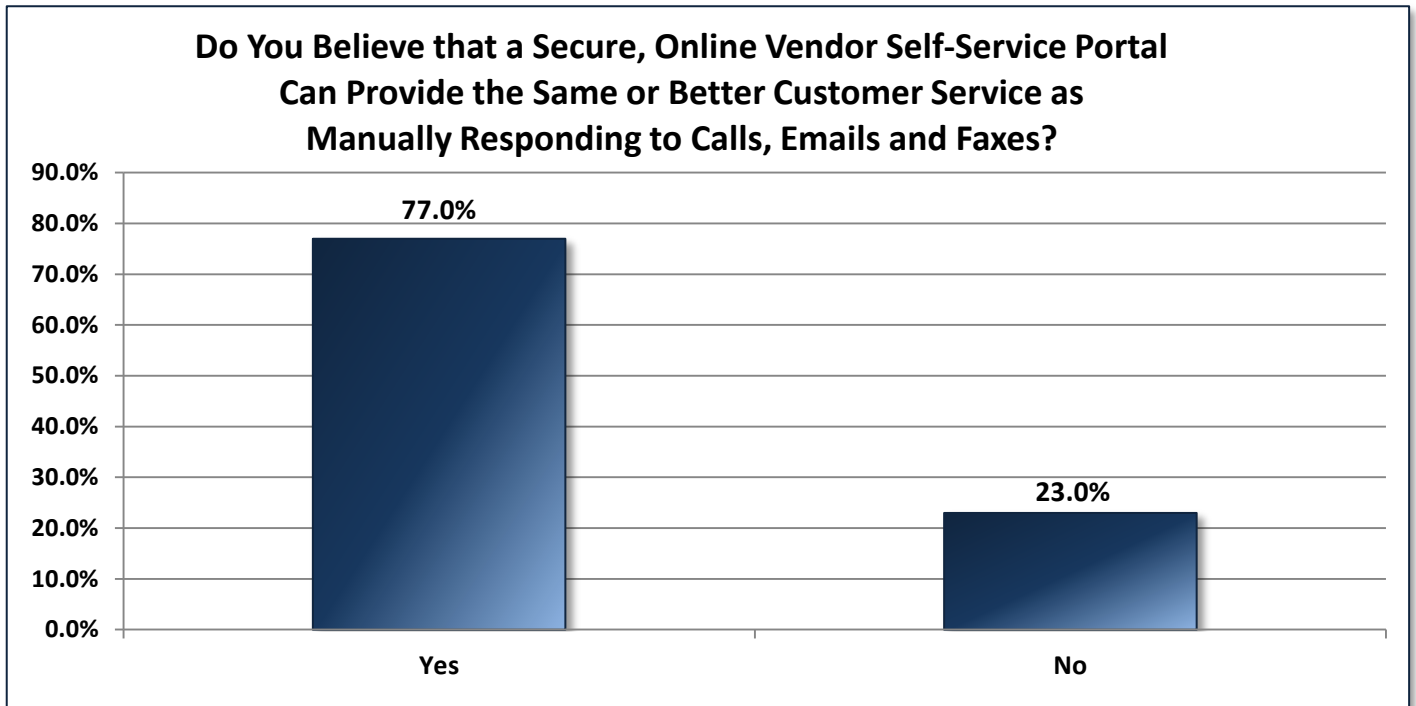| Category	Percentage
Looking for an Option Now	4.0%
Would Like to Implement in the Next Year	11.0%
Considering a Portal Within the Next Two to Five Years	21.0%
Have No Plans to Implement	46.0%
Other	18.0%
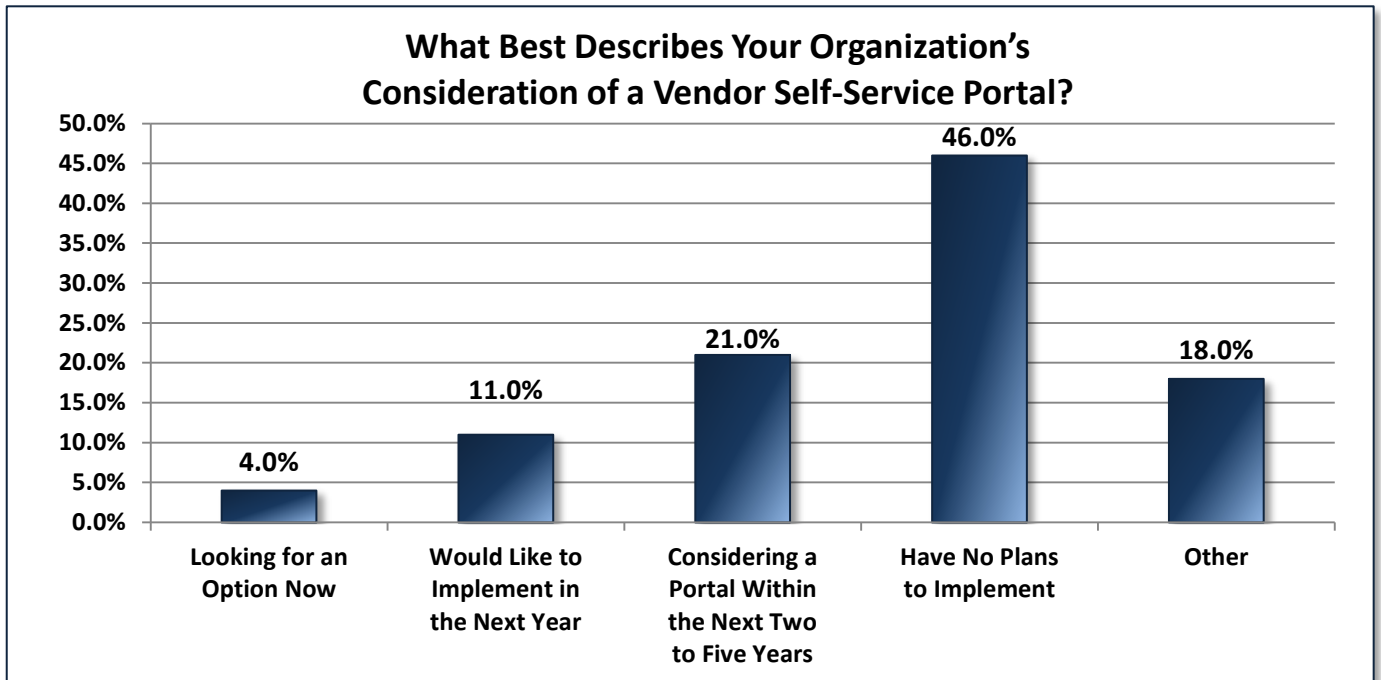
Vendor Self-Service Portals: Expected Uses

When asked what functions participants believe a self-service portal can deliver, nearly 100% answered invoice payment status. Invoice submission was also popular at 75%.

Vendor Self-Service Portal: Can Vendor Self-Sufficiency Deliver Great Customer Service?

The clear majority of participants (77%) believe that an online self-service portal can deliver the same or better customer service as a live customer service representative.

Do You Believe that a Secure, Online Vendor Self-Service Portal Can Provide the Same or Better Customer Service as Manually Responding to Calls, Emails and Faxes?

	Yes	No
	77.0%	23.0%

How to Maintain Great Relationships with Your AP Customers

When asked to share best ideas for how to maintain great relationships with AP customers, communication with customers (32%) and providing good customer service (24%) were the top two chosen. Here are some specific tips from survey respondents:

- "Give it your best and always make internal and external customers as happy as possible."
- "Get it right the first time."
- "Resolve issues in a timely manner."
- "Provide accurate information on a timely basis."
- "Communicate – let them know what is happening and also help them understand AP processes and how those interact with other systems/processes."
- "Be responsive, respectful and accountable."
- "Always have a great policy. Always have an open relationship. Always tell the truth about a status of payment. Always understand you are dealing with money."
- "Process requests and invoices timely."
- "Provide excellent service and educate vendors and internal customers about policies and procedures."
- "Respond promptly and courteously."
- "Relationships are built on trust and honesty."

- "For internal customers, have regular meetings to discuss process enhancements and educate on AP procedures. For vendors, utilize self-service portal tools."
- "Pay on time."
- "Be responsive and timely to their inquiries. Communicate pertinent info timely. Most important factors are pay timely and accurately; capture all available discounts. Provide internal customers with metrics regarding coding, approving time per person/group/department, paid on time and discount taken data."
- "Always communicate no matter how busy you are or how small/large the topic at hand may be."
- "Be transparent and provide open communication."
- "Be honest about business practices and be willing to discuss issues, especially those created by others."
- "Treat them with respect and as you would like to be treated."
- "Keep the channels of communication as open as possible."
- "Manage expectations."
- "Positive attitudes."
- "Listen to people."
- "Answer their questions promptly and always be truthful with them."
- "Everyone is our client. We strive for efficient, on-time payments and continuous improvement."
- "Being responsive to questions/inquiries, being transparent."
- "Allow and assist them to pro-actively manage their payable transactions."
- "Resolve the issue and then move forward in a pleasant manner."
- "Be professional and take the emotion out of every response."
- "Deal with problems right away."
- "Communicate within 24 hours."
- "Maintain a positive can-do attitude."
- "Set expectations and meet them."
- "Follow up on past-due invoices until the problems are resolved and get back to their inquiries and follow up on pending issues."
- "Benchmark internal standard and keep pushing to achieve."
- "Maintain consistency with communicating/reporting."
- "Be flexible."