



PERFECTING YOUR BILLING PROCESS

BY BRAD THOMA
2015 TOWING & RECOVERY MANAGEMENT SUMMIT PRESENTER

As profit margins for businesses remain tight, it is crucial to perfect your billing process so your company captures every penny possible. Understanding your billing procedures will not only make you and your company more efficient, but hopefully more profitable.

FIVE EASY EVALUATION STEPS

As a business owner/manager, maintaining and evolving your company's billing process can be hard work, but it can also be the difference between a profit and a loss. Make time to evaluate your process, keeping the following in mind:



1. ESTABLISH THE FINE LINES BETWEEN A CASH CUSTOMER AND CREDIT CUSTOMER.

The billing process begins even before the initial call is made to your company. Spend some time grooming your account list and determine who to issue credit is a must prior to service. There are two types of customers we all deal with - those that we require same day payment, and those that we will invoice. Creating the barrier between these two is many times the decision that can make or break a company. A company can generate all the revenue in the world, but if it cannot be collected, it's all for nothing.

In addition to solidifying your credit-customer base, it is also your job to make your payment terms known. When you are considering the addition of a new account, it is of the utmost importance to communicate your guidelines with the potential new prospect. Remember, you are a towing service, not a credit lender. Many companies have been successful instituting a finance charge into their payment terms. This late fee can sometimes be the deciding factor in whether your customer pays you on time or not. Assuming that you ultimately collect on the debt, the finance charge can be the icing on the cake that falls straight to your bottom line.

2. CREATE A COMMUNICATION BRIDGE BETWEEN YOUR ACCOUNTS RECEIVABLE TEAM AND YOUR DISPATCH STAFF

Upon setting your customer list and payment terms, the next step is to communicate these decisions with your dispatch team.

Host weekly dispatch meetings.

These are a good time to verify that the company's needs and expectations are being met. During these regroupings, it is a good idea to review not only daily operations, but also account statuses. Additionally, it is crucial that a customer's credit terms and limits are clearly stated in your dispatch software. As long as this information is accurate and current, your system can act as a decision maker and reduce the chances of letting a customer exceed their outstanding credit limit.

Whoever handles your company's receivables needs to report immediately to management if customers are showing signs of delinquency.

Knowing that an account is delinquent, or having other service related issues, is must-have information for everyone involved in the call taking process. For example, dispatch has to be made aware if a company is beginning to show signs of slow to no pay. Reason being, they can notify the caller that payment will need to be collected at the time of service.

See Billing Process on Page 54

3. TRAIN DRIVERS ON PROPER INVOICE PROCEDURES.

I always stress that a driver needs to fill out the invoice in its entirety. Whether your customer is receiving an invoice or not, obtaining all possible information from a completed service will only assist in the payment process. If the driver captures every piece of information on the invoice, not getting paid due to “lack of information” will never be a problem. I have witnessed firsthand invoices not being paid due to lack of listed information. For me, invoicing is a team effort. It really goes full circle. The call taker receives as much information as possible at the time of the call. The driver reaffirms the information collected by the call taker and adds the info the call taker could not obtain, and on the back end, the invoice with all gathered information is billed out or submitted to get paid. Additionally, train your drivers to take photos (especially on large recovery jobs). These photos can help support your billing process and prevent any payment delays, especially with insurance companies. Photos provide justification for your billing charges and eliminate the chance that a customer can dispute the service you provided and billed for. Eliminating the chance of billing disputes also expedites the payment process and feeds your cash flow quicker.

4. INVOICE TO GET PAID.

While paper invoices continue to be phased out by smartphones, tablets and Internet billing, it is still imperative that you capture the necessary information to ensure prompt, seamless payment. In the past five years alone, billing has become much more complex and sometimes even trickier to get paid. Therefore, it is your job to communicate with the companies to whom you render service, to decipher what information they “require” in order to pay you. As a high volume of customers move to web-based billing platforms, many of these companies will never receive a paper invoice from your towing service.

In terms of getting the invoice in the customer’s hands, there are a few different methods and you need to know which works best for each client.

- There is the old school method of writing a bill and mailing it to the customer.
- The driver can drop off an invoice when the unit being towed is delivered to its destination.
- Office personnel can fax invoices to customers.
- And finally, an invoice can be submitted electronically via email. As the cost of postage continues to inflate, my personal preference and recommendation is to submit the majority of your invoices via email. There are a number of benefits when electing to submit invoices electronically. One, you streamline the invoice process. Two, you get direct contact, proof, and acknowledgment when an invoice is received. And three, you save your company money on postage and envelope expenses. Begin having your call takers obtain email addresses at the time of service. For many of your customers, this is also a good way to obtain purchase orders (if needed) for payment. By getting invoices to companies quicker via email, you not only increase your chances of more rapid payment, but also reduce your company’s costs with tedious postage.

5. BE CAREFUL OF INVOICING PITFALLS.

Finally, as towing companies look to capture every dollar possible, many are adding surcharges or admin fees to their invoices. This practice can be acceptable, but expect to explain what the charges encompass. Many providers are adding these charges to spike revenue. This can be costly if you get sued and must spend money defending these charges – or worse yet, be required to reimburse charges – both of which have occurred in towing-related court cases.

As fuel prices continue to remain low, fuel surcharges are being lowered accordingly. Many commercial trucking companies refuse to pay fuel surcharges now that fuel costs have drastically declined. I have seen success running a constant minimal fuel surcharge which assists in offsetting fuel costs when prices are high, and falls directly to the bottom line when fuel prices are lower. Most importantly, you need to know whether your customer will pay these surcharges before you write the bill.

Another disputed billing term is “Admin. Fee.” This line item can be successfully added to invoices in most cases but you should be prepared to state what that fee covers if asked. These charges can cover a wide variety of items (i.e. – oil dry, window wrap, etc.). Insurance agencies continue to examine towing invoices to ensure their policyholders aren’t being “laid open”. For me, if you believe in your service and the product that you provide, billing your invoices at a fair price should take care of itself. Again, know your customer and what they will pay.

Billing and invoicing can be aggravating and time consuming, but the attention to detail on your processes can truly make or break your business. If you have any questions regarding invoicing or any other towing operation topic, please do not hesitate to contact me.

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AUTHORIZED BY: XYZ Trucking Company		START TIME	AM/PM	FINISHED TIME	AM/PM	DATE
VEHICLE MAKE / MODEL		YEAR		2/27/15		
LICENSE NUMBER		STATE		MILEAGE		
VIN#						
PO #		RO #		COLOR		
ORIGINATION: worldwide						
DESTINATION:						
ENDING MILEAGE	BEGINNING MILEAGE	TOTAL MILEAGE				
TOW TRUCK # 2	DRIVER # 1410	LOADED				
PAYOR XYZ Trucking Company						
ADDRESS						
CITY						
STATE - ZIP						
PHONE #						
OWNERS NAME			TELEPHONE #			
ADDRESS						
<input type="checkbox"/> CHARGE		<input type="checkbox"/> CASH		<input type="checkbox"/> CHECK #		CCP
TOW		200 ^{hr}		ADMIN COST		
CARRIER		STOR		BAILOUT		
MILEAGE		RECOVERY		DRIVELINE		
ADD'L TIME		FSC		20 ^{hr}		
DOLLY <input type="checkbox"/> FRONT <input type="checkbox"/> REAR		TAX		SERVICE CALL		
2ND TOW		TOTAL PRICE		220.00		
REMARKS						

I hereby certify the company specified above to tow this vehicle and acknowledge that said company will not be responsible for personal articles or in case of fire or theft.

Accepted By: X _____

123 Happy Road, Pleasantville USA

White Copy - Original Yellow Copy - Payor Pink Copy - Additional

Invalid information is not helpful for billing.

Listing the vehicle's license number protects you and your customer.

A complete VIN number is a necessity - especially if disputes arise.

Where did the job originate?
Where is it going?

Even if it's a contract customer, tracking mileage is a good business practice.

Teach drivers to get all details.

Even if there are no remarks, teach drivers to list N/A so they are reminded to review this area.

Customer signature missing.

Brad Thoma began his career in the towing industry with Sandy's Towing in Dayton, Ohio. His primary responsibilities included overhauling the billing and receivables process and generating new accounts while maintaining Sandy's over 500 national accounts. During his tenure, Sandy's has seen an increase of over 55% in revenue. He is currently a partner in Towing Solutions & Consulting LLC where he specializes in advising companies on their billing process, revenue streams and business development. Brad can be reached at info@towingsolutionsandconsulting.com.

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