

Club Car's Collection Management System

The management at Club Car, the world's leading golf and utility transportation vehicles manufacturer, needed a solution to improve cash flow and reduce working capital costs. Their target was the reduction of accounts receivable processes. After a careful requirements determination, software selection and evaluation process they chose Cforia Software Inc.'s product MC² (Managing Credit and Collections).

"MC² has helped club Car streamline its collections process, automate dispute resolutions and perform accurate cash flow forecasting" (Business Credit, 2004). MC²'s 'rules engine' was used to establish ticklers to identify and contact customers having invoice totals greater than \$50,000 within ten days of the invoice date. The collector contacts these customers to ensure satisfaction, resolve potential disputes before the due date, and enable prompt payment. "Having real-time information has enabled Club Car to proactively manage its cash flow cycle. Instead of waiting for an invoice to age past due, it can now analyze the causes of late payments and create processes that significantly reduce them" (Ibid).

The risks involved with such a system are namely that it may prove to be too costly and that it may not work as planned. However, any process which improves the collections process is beneficial. Club Car saw the benefits by eliminating multiple paper base systems and improving existing financial systems which were part of their integrated ERP solution. MC² enabled them to institute a tightly integrated, cash flow management system which enabled the Club Car to save over \$500,000 in working capital costs.

Companies can learn from this example. By instituting an automated Collections Management software package which highlights target accounts receivable totals, Companies can identify those shipments made to customers where the payment terms may need to be further negotiated. This may present a win-win situation for both companies by minimizing the strain on the current payment terms such as 20% collection at sales with 80% collected in the subsequent weeks.

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