

Taking control of your cash flow

It's your money. Why not keep it?

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WHEN I AM TALKING TO A FUEL DEALER, ONE OF THE FIRST questions I want them to think about is, are you easy to do business with? What I really mean is **how easy is it for your customers to pay you?** If you are just staying quo and offering one method of payment, cash/check, then you are NOT easy to pay. With receivables averaging 37 days in the fuel industry it's important to focus on getting YOUR money.

When consulting with one of our fuel dealers, I always focus on giving customers multiple payment options. Not every individual will choose the same option. There should only be one goal, to get paid! You should also focus on the options that are going to cost you the least amount of money to process the payment. For example, I work with a rather large dealer in CT that has accepted credit card payments for years. They were getting ready to implement a large upgrade to their Web site but did not think to add an option for online bill payment. It's a simple step and did not cost them any additional money. In the first month they received more than 50 payments from their Web site! Think about it, that's 50 payments that no customer service rep in their office had to touch! This merchant is also utilizing an automated interface to their software so the payment is posted to the customer's account automatically! Now they are adding the ability to take check payments on their Web site. The sky is the limit...

We are living in an electronic age. There is an entire generation of customers that only knows how to communicate with "chatting, e-mailing or texting." These folks, and many others, want an electronic method of bill payment from all of their vendors. Again, there are simple things you can do TODAY to cater to this market. Offer multiple payment options. Implement an EFT option, accept credit and debit cards, receive payments on your Web site and really push automated recurring billing. The whole focus should be making it easy to pay YOU!

By now, most of you offer some method of a budget program. It does not matter what you call the program, you just need to have one in place. The facts show that customers on a budget plan will stay with you longer, pay you faster and use more fuel. What could be better? You should also encourage your budget customers to

pay you either via EFT or credit card. Again, you are making it easy to pay you. You will automatically charge their card or debit their checking account on the designated day of the month. They don't have to think about anything and you don't have to wait for your money.

It is also important that you familiarize yourself with the fees your company is paying to process electronic transactions. Home heating oil companies and propane dealers are entitled to pay reduced fees to process transactions from both MasterCard and Visa. This only applies to consumer credit cards and is only for product used to heat the home, but it's a HUGE difference. This alone could save most dealers thousands of dollars a year in the fees paid to process credit cards. It's your money. Why not keep it?

A few other pointers:

-When possible, eliminate pre-authorizations on credit cards. Unless you are doing a lot of COD business, you are not seeing that many declined transactions. Every pre-authorization costs your business money. We consulted with a large dealer that drastically reduced their pre-authorizations and as a result is saving over \$50,000 a year in fees! Now that is taking control of your cash flow.

-Don't accept credit cards for pre-pays! I know this goes against a lot of what I just said about making it easy to pay you but, don't forget that your pre-pay program is discounted already. You are offering your customers a solution that they may or may not enroll in. It's easy to make it a cash or check solution only.

-Encourage debit cards. You should be paying less to process debit cards than traditional credit cards. It is as easy as putting something in your newsletter and on your Web site that says, "save a stamp, pay your oil bill with your debit card."

This summer is a great time to begin implementing some of these cash flow solutions so your company will be ready before another winter rolls around. | FON



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