



8 PRO TIPS:

Electronic Business Credit Applications **Made Easy**

CREDITWORKBENCH.COM





Table of Contents

03	Introduction
05	Pro Tip 1: Evaluate and Improve Your Current Process
08	Pro Tip 2: Evaluate and Improve Your Existing Forms
11	Pro Tip 3: Choose the Right Technology
13	Pro Tip 4: Data Security is Paramount
16	Pro Tip 5: Provide Comprehensive Training and Support
18	Pro Tip 6: Pilot Before Full Implementation
20	Pro Tip 7: Communicate Effectively to Maximize Buy-In
22	Pro Tip 8: Never Stop Improving
25	Conclusion



Introduction

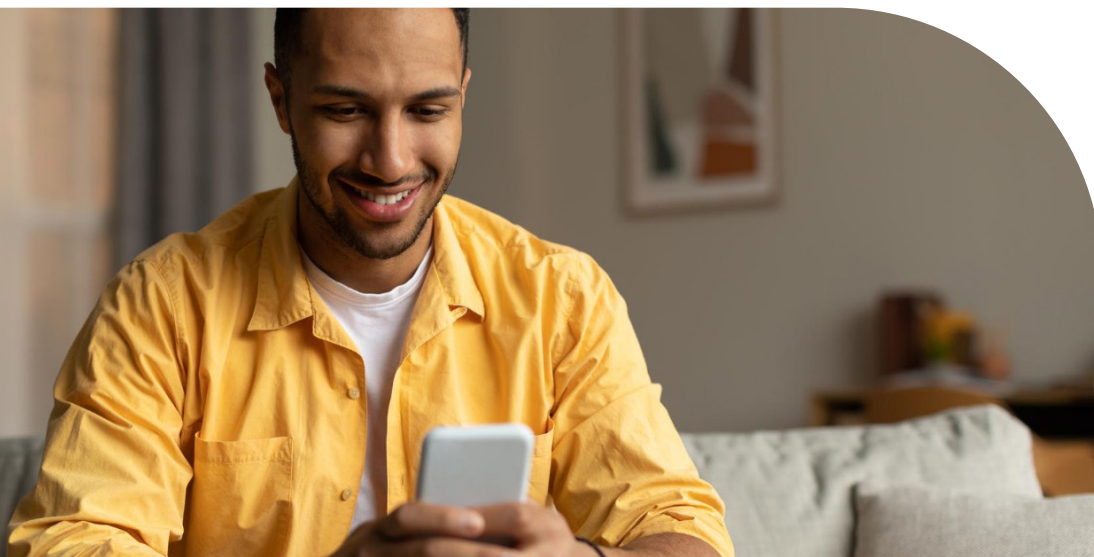
In an era when digital solutions have permeated almost every aspect of business, the credit department is a notable exception. For decades, companies have steadfastly clung to paper credit applications and related processes, even as other stages of the customer-to-cash cycle have embraced electronic systems. In fact, according to a recent survey, more than 75% of trade vendors still use paper credit applications. This approach is cumbersome for customers and vendors and introduces delays and potential human error at every step of the credit application and evaluation process.

Today's customers are familiar with doing business electronically and typically prefer it. The convenience of completing forms online and uploading supporting documents electronically, anywhere and anytime, has made electronic systems a clear favorite over traditional paper forms from the customer's standpoint. Customers also find electronic forms simpler and are often more willing to provide complete and accurate information crucial for effective credit decision-making.

Going electronic offers credit departments the opportunity to evaluate and improve upon existing processes, modernize their operations, and provide customers with a smoother experience. Moving to an electronic business credit application system can revolutionize the credit evaluation process by facilitating faster decisions, improved accuracy, and greater efficiency.

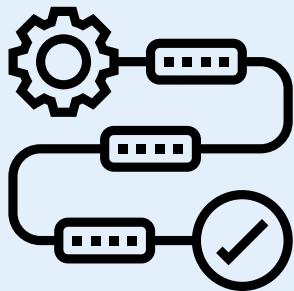
The advantages of an electronic business credit application extend beyond the customer experience. Online credit application systems can incorporate real-time data validation mechanisms that instantly check for completeness and proper formatting. For example, they can verify that addresses are complete, phone numbers have the correct number of digits, and e-mail addresses are valid, prompting customers to correct errors before proceeding. This immediate feedback encourages users to fix issues on the spot, further enhancing the accuracy and reliability of the information provided.

The benefits of an electronic business credit application are apparent, but many credit departments have yet to take the leap. Transitioning to an electronic business credit application system can revolutionize a company's operations, facilitating faster decisions, improved accuracy, and greater efficiency - but the transition doesn't have to be painful. This Credit Workbench™ white paper presents eight Pro Tips to help guide a smooth transition to an electronic business credit application process.



PRO TIP 1

Evaluate and Improve Your Current Process



Inertia in business is resistance to change. The transition to an electronic system from a paper-based credit application, and the accompanying credit evaluation process, is a significant paradigm shift. That conversion can impact numerous areas of your company beyond just the credit department.

The first step to successfully implementing an electronic credit application is to document and thoroughly understand your existing credit application and evaluation processes. Create a map of your credit application's path - from the salesperson, to the customer, back to your company, and through your credit department to its ultimate disposition. Take particular note of inputs to the process from sources other than the customer and your company: trade references, bank references, credit reports, and credit group inquiries, for example.

The benefits of this exercise are twofold.

First, the result will be a roadmap of your existing credit application workflow, highlighting every task and decision point between customers and credit decisions. That map will help identify any bottlenecks, redundancies, and sources of error.

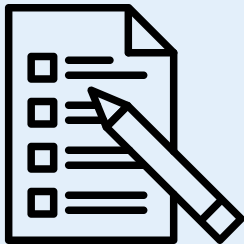
The credit application process involves elements of your organization beyond the credit department. A thorough understanding of your current processes will also reveal key stakeholders throughout your company and their roles and responsibilities, an essential step to ensure all relevant parties are involved in the transition process. Several of the Pro Tips below will discuss the importance of involving decision-makers beyond credit in the transition process from the outset.

Second, a comprehensive understanding of your existing credit application and evaluation processes and their interaction with other departments and functions will enable you to explain to others (likely outside of the credit department) why the transition to an electronic process is necessary, how it will benefit them, and what is expected of them in connection with the transition.



PRO TIP 2

Evaluate and Improve Your Existing Forms



Moving your business credit application process online means more than just translating your existing paper forms verbatim into electronic format. The implementation process provides an opportunity to update and upgrade your credit application, related forms, and standard terms and conditions - some or all of which may not have been updated or reviewed in years.

Reviewing your credit application, terms and conditions, and other related documents and forms will enable you to update them as needed to follow modern best practices and comply with current law. Compliance updates are particularly important in the area of data privacy. A fulsome review of your credit application and terms and conditions in conjunction with your legal counsel can reveal areas for improvement and enhanced risk mitigation, while also making your forms more user-friendly and easy to navigate and understand.

With Pro Tip 1 above, a comprehensive review of your credit application and related documents should also involve a thorough assessment of your credit evaluation criteria. For each data point your credit team considers in evaluating a credit request, look at where - if at all - your credit application requests the relevant information from customers. Are you requesting all pertinent information and asking the right questions to make it easy for customers to provide it?

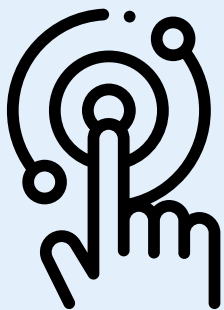


Finally, look at your forms with a practical eye. Does your credit application make it easy for customers to provide relevant information, and to do so efficiently? If your customers tend to do business from mobile devices, are your forms mobile-ready, with a user-friendly responsive design? Are there any areas where the process can be simplified, shortened, or otherwise clarified? If you're going to the trouble of building a new credit application, take stock of how your existing credit application gets used and take steps to make it easier for your customers to give you the information you need to



PRO TIP 3

Choose the Right Technology



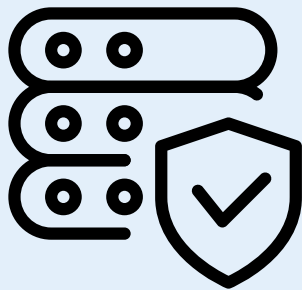
Choosing the right technology is essential. Your choice of an electronic credit management platform should be guided by a comprehensive understanding of your business needs, the specific requirements of your credit application and underwriting process, and the experience and needs of your customers.

The best platforms are flexible and configurable, allowing you to customize and custom-design forms tailored to the specific needs of your business and customers. The ideal electronic credit application system will both streamline the application process and offer a seamless user experience. Your chosen platform should be intuitive for customers to use and provide clear guidance throughout the credit application process, to encourage customers to submit complete and accurate information. The system should support robust, real-time data validation and error checking features to minimize the chance of inaccurate or incomplete applications.



PRO TIP 4

Data Security is Paramount



The credit department deals with sensitive data on a daily basis. Moving to an electronic credit management platform means storing customer data in digital form. Digital storage is substantially more efficient than paper, but the connectivity of an electronic system brings completely different security challenges than a traditional paper filing system. News stories abound of cybercriminals gaining access to sensitive business data or worse, infecting systems with ransomware. Your electronic credit management platform must prioritize data security to protect your business from financial and reputational liability and maintain the trust of your customers.

Data security begins with the system itself. Best practices require the use of robust encryption of customer and system data, both in transit and while at rest in a database. Encryption in transit prevents interception of data moving among your system, your customers, and your employees. Encryption at rest helps safeguard against theft of data through a system intrusion or the physical misappropriation of storage media.

User authentication and access control features ensure only authorized individuals can access sensitive data. Two-factor authentication is a simple best practice to prevent unauthorized access.



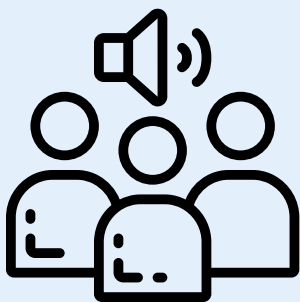
With two-factor authentication, logging in requires more than just a username and password, credentials that can be stolen through social engineering or password reuse. Rather, users need their username and password along with a third, dynamic piece of data - typically a code generated by the system and sent to the user via text message or e-mail with a short expiration time, or generated by a smartphone app using an algorithm synced with the server - to log in. That added step adds almost no overhead to the login process, is familiar to any user that has logged into an online banking website, and drastically reduces the likelihood of an unauthorized login.

Data security doesn't end with technology. All the digital safeguards in the world are meaningless without a culture of ingrained security awareness among your credit team. Where your electronic systems will contain sensitive data about both your customers and your business, building and maintaining a security culture means providing employees regular training on the types of threats they may encounter and best practices for responding to and mitigating them. Regular audits of security practices can also identify weaknesses and ensure continued adherence to best practices.



PRO TIP 5

Provide Comprehensive Training and Support



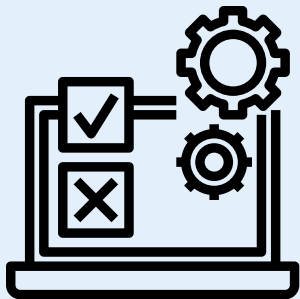
As with any significant operational change, the success of a new electronic credit application system depends heavily on the people using it within your organization. Their ability to maximize the value of an electronic platform depends, in turn, on familiarity and training. To ensure success, the implementation process must include comprehensive training to familiarize your credit and sales teams with the system and its proper operation.

It may be helpful to train one or more “super users” with an expert-level understanding of your chosen credit management platform to aid others in the early phases of the roll-out. Users who encounter problems frequently find it helpful to have a peer to approach with questions rather than relying on a technology help desk or outside service provider. Your super users, though, are not a substitute for a robust support mechanism as a fallback, and for regular assistance after the implementation period. The provider of your credit application system should offer both timely live support during business hours and self-service resources.



PRO TIP 6

Pilot Before Full Implementation

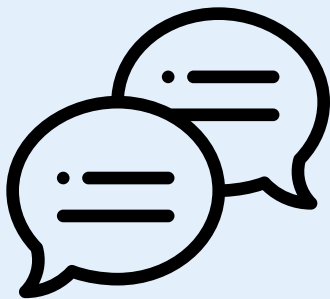


The best-laid technological plans are all too frequently the cause of failed endeavors. The most common source of implementation failure is mission creep: the tendency for projects to grow endlessly in scope. Before rolling out a new electronic credit application system company-wide, consider running a pilot program with a small, representative group of internal users. This will allow you to test the system under real-world conditions and identify any issues before they affect the entire operation. Feedback from actual users can be invaluable in identifying gaps in the system, areas of user difficulty or confusion, potential improvements prior to a broader rollout, and make users feel more invested in, and committed to, the process.



PRO TIP 7

Communicate Effectively to Maximize Buy-In



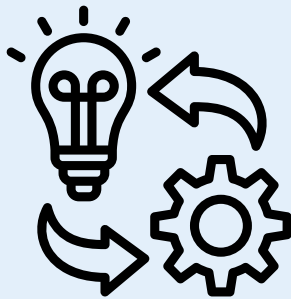
Clear and effective communication is critical to any successful business process change. There is no better way for the credit department to alienate the sales team than to eliminate the existing credit application process with no warning and expect automatic compliance. If a new paradigm simply falls from the sky unannounced, you should expect the sales department to photocopy old paper credit applications, use them, and claim the new system “didn’t work.”

To maximize buy-in across your organization, it is essential to be transparent about why the change is happening, how the new system will benefit users and the company as a whole, and what the transition process will involve. When people understand why change is happening, what it means for them, and how they can contribute, they are more likely to support and engage in the process.



PRO TIP 8

Never Stop Improving



Once the system is up and running, regular evaluation and adjustments are key to maintaining its effectiveness. This means setting clear key performance indicators (KPIs), tracking them regularly to assess the system's performance, and soliciting (and acting on) candid user feedback. Depending on your pre-existing credit application and decisioning processes, here are a few KPIs to consider:

- Time from application submission to credit decision,
- Frequency of successful application submissions,
- Number of applications returned for missing or incomplete information,
- Customer complaint / inquiry frequency, and
- Frequency of abandoned applications.

Each of these sample KPIs provides an opportunity to evaluate and improve the underlying business processes. As just one example, if you see numerous credit applications being sent back to customers for missing or incomplete information, your application is likely asking the wrong questions.

Improvement is a continuous process. Even after you successfully implement and fine-tune an electronic credit management platform, your forms and related business processes will need to adapt over time. Solicit and respond to feedback and consider best practices to ensure the system continues to meet your business needs.

Real-World Implementation: Issues, Risks, and Opportunities

Applying these Pro Tips in the real world requires a balance of strategic planning, flexibility, and constant communication. Like any major business process overhaul, transitioning from a paper-based credit application to an electronic platform may involve some challenges. Lack of familiarity with technology can lead to mistakes and growing pains. Businesses can mitigate these risks by encouraging open dialogue, providing adequate training, and offering continuous support. Investing meaningful time and effort in the initial system configuration and setup can reduce issues and save time and effort down the line.

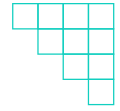
However, the challenges should not overshadow the enormous opportunities for improvement. Digitizing your credit application and evaluation process provides a chance to rethink and streamline existing business workflows.

As you transition, look for bottlenecks and inefficiencies to eliminate. The digital nature of the system also allows for the automation of many routine tasks, freeing staff to focus on more strategic, value-adding activities.

Finally, don't lose sight of the ultimate goal: **to simultaneously enhance the customer experience and improve the timeliness and quality of credit information your customers provide.**

The new system should make it easier for customers to apply for credit, provide both you and them with timely updates, and enable your team to make faster, better-informed credit decisions. Continuous feedback from customers can be invaluable in identifying areas for further improvement and ensuring the system continues to meet their needs.





Conclusion

Transitioning to an electronic business credit application system does not have to be a daunting task. The eight Pro Tips in this article will empower your business to streamline your credit application and enable faster, more accurate, and more efficient credit decisions. While challenges may arise, careful planning, effective communication, and a willingness to adapt will create opportunities for process improvement and customer satisfaction.



ABOUT

Credit Workbench™

Credit Workbench™ is an integrated B2B trade credit management platform that provides a secure repository for your customer credit files, from the credit application through the entire customer lifecycle. The Electronic Credit Application module enables subscribers to quickly and easily send credit applications and other requests to prospective and existing customers alike and manage the credit evaluation process in a secure online environment. Find out more at creditworkbench.com and shorten your customer-to-cash cycle.

- Preconfigured single- and multi-step credit applications.
- Email-driven signing requests with robust audit trail.
- Secure document collection and storage.
- Checklist-driven application workflow process.



CREDITWORKBENCH.COM