

AFP®



# Annual Conference

OCTOBER 27-30, 2013 | LAS VEGAS

ORIGINAL → ESSENTIAL → UNBIASED → **INFORMATION**

## 5 Proven Ways to Accept More Electronic Payments

Janis Whitehead  
Shaw Industries, Inc.

Alicia Mabry  
J.J. Haines and  
Company, Inc.

Chris Arrington  
SunTrust Bank

# Session Agenda

- The B2B Payment Landscape
- Introduction of Panelists
  - Janis Whitehead, Shaw Industries
  - Alicia Mabry, J.J. Haines and Co., Inc.
- Payments in 2010
- 2013 Payment Survey
- Panelist Discuss Payment Trends
- Tactics to Increase Electronic Receivables

# Shaw Industries, Inc.



- Located in Dalton GA-subsubsidiary of Berkshire Hathaway
- World's largest carpet manufacturer; sell ceramic tile, laminate, luxury vinyl tile, hardwood and rugs worldwide
- Our 40,000 customers market floor covering to residential & commercial end users
- 100 manufacturing facilities in US and Mexico and 1 in Nantong, China

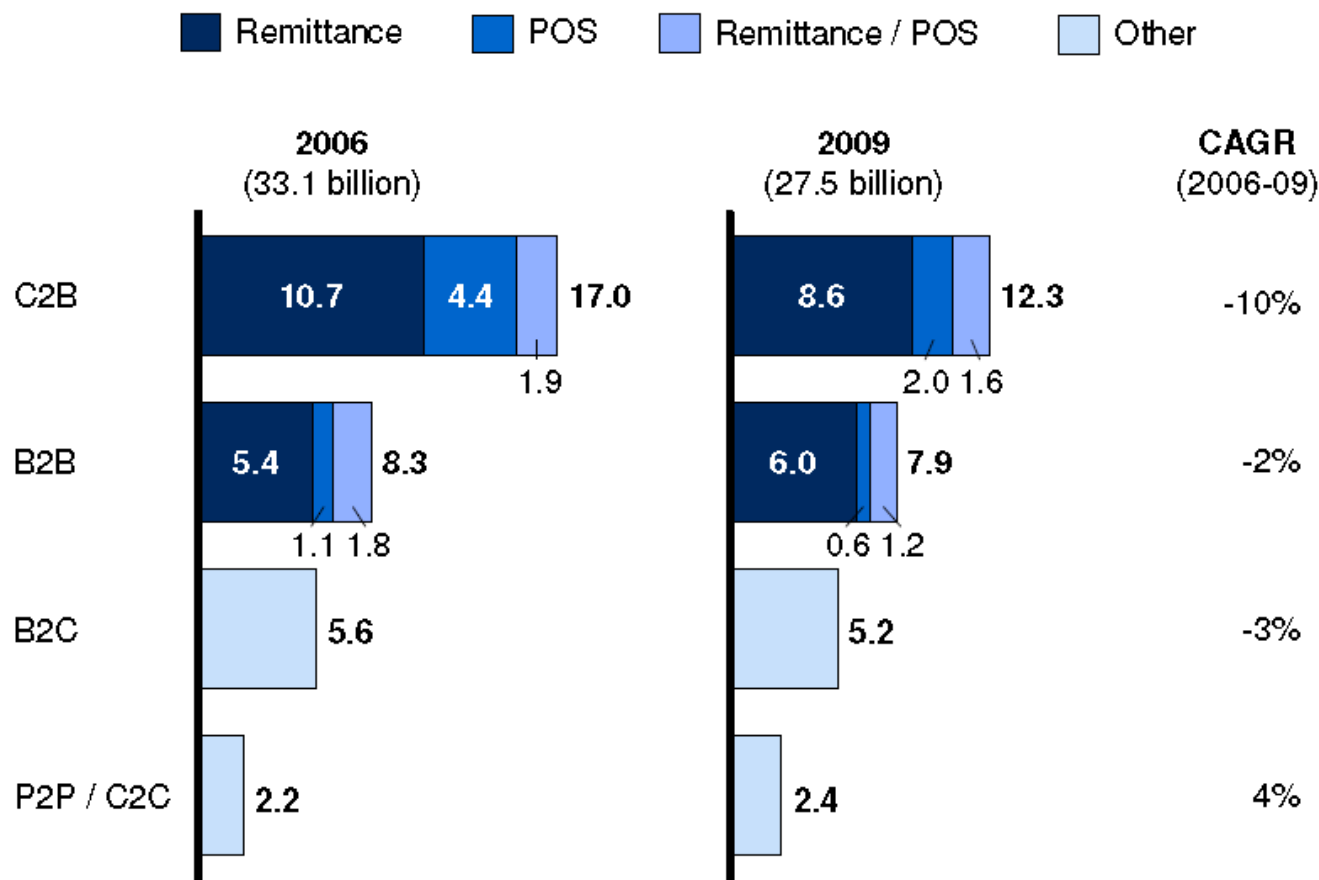
# J.J. Haines and Co., Inc.



- J.J. Haines is the largest floor covering distributor in the US.
- Privately held company found in 1874.
- Operations covering the Mid-Atlantic and Southeast regions.
- 440 employees across 18 locations.

# Federal Reserve Study

billions



# 2010 AFP Electronic Payment Survey

## Primary Payment Method Received from Major Business Customers (Mean Distribution of Payments)

	All Respondents	Revenues Under \$1 Billion	Revenues Over \$1 Billion	Less than 1,000 B2B Payments made/month	Greater than 5,000 B2B Payments made/month
Checks	47%	54%	40%	48%	48%
ACH credits	26	22	31	25	28
Wire transfers	19	17	21	20	16
ACH debits	5	4	5	4	5
Purchasing cards	3	3	3	3	3

# SunTrust Bank

## 2013 Study of 197 Respondents

### Preferred method of receiving payments?

- 30% check payments, 15% ACH payments, and 10% card payments.

### Customer's preferred method?

- Equally check and card payments followed by ACH payments.

### Preferred receipt method is driven by:

- Methods that support better cash flow
  - Speed of payment posting
  - Accuracy of remittance information
  - Cost-effectiveness and security
- Prevention of credit card fees
- Reduced Risks

# SunTrust Bank

## 2013 Study of 197 Respondents

88% of respondents stated they do not offer incentives to get customers to pay electronically.

Of the 12% that do offer incentives, they generally offer a discount of ~2-10% for using their preferred method

Other types of incentives include

- No surcharges or processing fees
- Special Terms



# SunTrust Bank

## 2013 Study of 197 Respondents

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“ In today's world, you must be able to take various forms of payment.”

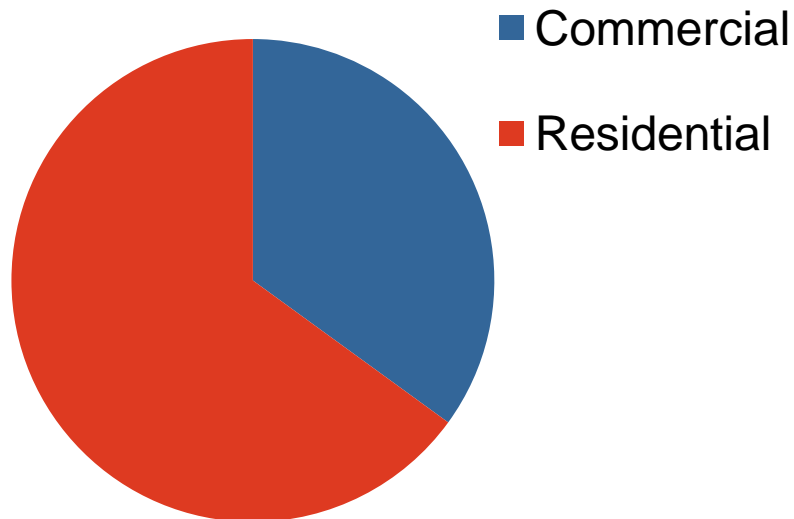


“ ... don't offer many options because I don't want to pay credit card fees and my customers are accustomed to paying by check since it is business to business and we issue invoices.”

# Who are our business clients?

## Shaw Industries Inc.

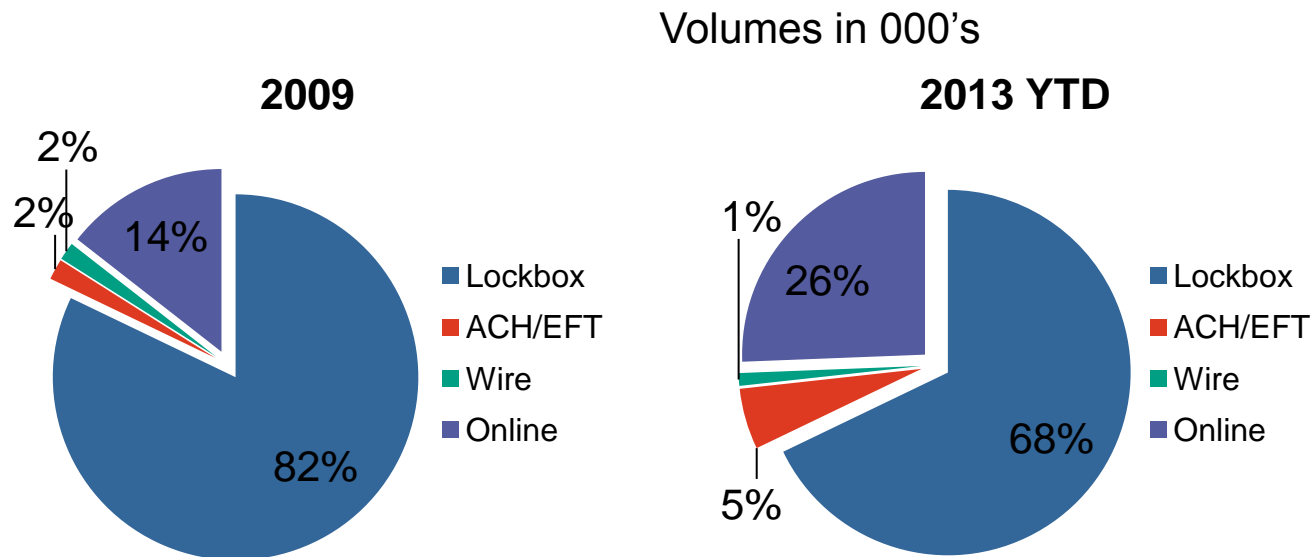
### Type of Clients



- Majority of clients are small retailers and distributors.
- 32% of revenue from large corporations.
- Large clients tend to tell us their preferred payment method in the RFP process.
- Our credit department works closely with our smaller residential clients to initiate electronic payments.

# Shaw Industries: *Shift in payments?*

- Over the past 5 years, we have seen our volumes shift to electronic.



- The above data compares Full Year 2009 to August YTD 2013.
- The greatest volume increase is to Online and ACH payments.

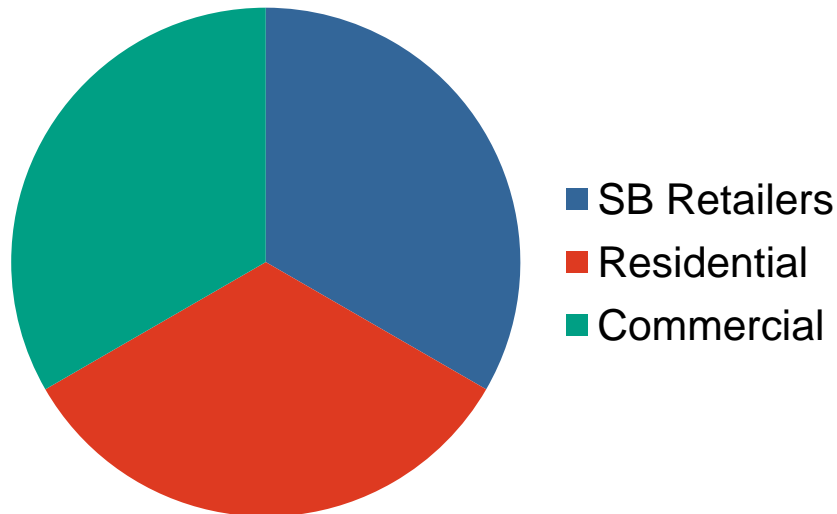
# Types of payments received today

<b>Check Payments</b>	<b>62%</b>
<ul style="list-style-type: none"><li>• Image lockbox with multiple daily transmissions electronically to update AR</li><li>• Virtual lockbox/Scanner- remittance &amp; check scanned by Shaw and consolidated in lockbox file to electronically update AR</li><li>• Check guarantee service-file received to electronically update AR</li></ul>	
<b>ACH Payments</b>	<b>29%</b>
<ul style="list-style-type: none"><li>• Customer originated-EDI file received from bank to electronically update AR</li><li>• Shaw Online-file received to electronically update AR</li></ul>	
<b>Wire Payments</b>	<b>1%</b>
<ul style="list-style-type: none"><li>• Cash before delivery payments-receive email notification from bank. Manual AR application</li></ul>	
<b>Card Payments</b>	<b>3%</b>
<ul style="list-style-type: none"><li>• Shaw Online-automated AR application</li><li>• Virtual Terminal - automated and manual AR application</li></ul>	

# Who are our business clients?

## J.J. Haines & Company, Inc.

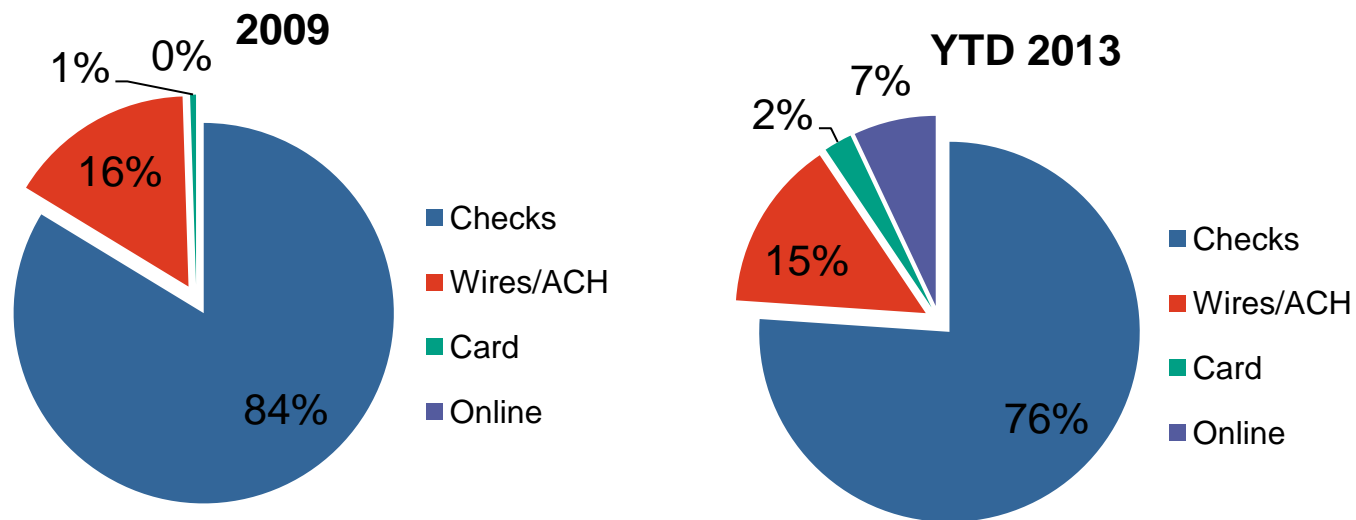
### Types of Clients



- **Small Business Retailers, Residential Home Builder Contractors and Commercial Contractors, each representing about 1/3 of our client base.**
- **Customers range in use of technology for payment.**
- **Customers make payments via lockbox, ACH/wire, online portal, credit card, as well as checks presented upon delivery**

## J.J. Haines: *Shift in payments?*

- Over the past 5 years, we have seen our volumes shift to electronic.



- The above data compares Full Year 2009 to August YTD 2013.
- Wires/ACH volume decreased significantly as a result of one customer. Removing that client from the analysis, volume increased by 6.3%.

# Types of payments received today

<b>Check Payments</b>	<b>76%</b>
<ul style="list-style-type: none"><li>• Image lockbox– checks sorted into batches to facilitate efficient posting (54%)</li><li>• Checks received through will-call counter and driver pick-up – deposited via on-site scanning (22%)</li></ul>	
<b>Haines Portal Online Payments - ACH</b>	<b>7%</b>
<ul style="list-style-type: none"><li>• Payment feature implemented in 2012</li><li>• Receive daily report summarizing transactions that is used to post to AR</li></ul>	
<b>ACH / Wire Payments</b>	<b>15%</b>
<ul style="list-style-type: none"><li>• One customer (representing 8% of payments) transmits remittance data via EDI electronically posted to AR</li><li>• Remaining customers email pdf remittance information – manually posted</li></ul>	
<b>Card Payments</b>	<b>2%</b>
<ul style="list-style-type: none"><li>• Virtual Terminal - manual AR application</li><li>• Cards presented at counter locations – posted as part of counter sale transaction</li></ul>	

# Preferred Payment Method

Shaw	Method	Rationale
Preferred	Online or ACH	<ul style="list-style-type: none"><li>• Automated application to AR</li><li>• Timely order release</li><li>• Reduced costs-bank fees, labor</li></ul>
Less Favorable	Partial payments by check	<ul style="list-style-type: none"><li>• Delayed posting</li><li>• Costly</li><li>• Poor customer experience</li></ul>



# Preferred Payment Method

J.J. Haines	Method	Rationale (Why)
Preferred	Online	<ul style="list-style-type: none"><li>• Easy to post</li><li>• Provide XYZ</li><li>• Inexpensive</li></ul>
Less Favorable	Check/Card	<ul style="list-style-type: none"><li>• Manual Post</li><li>• Cost/Transaction</li></ul>

# 5 ways to improve B2B electronic receivables

1. • Credit Manager Communication

2. • New Features on Online Portal

3. • Addition of UPIC to Invoices

4. • Customer Conferences

5. • Giveaways – Ex. Ipad