Improving the Billing Cycle in Downstream Fuel

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Reconciliation is no one's favorite task, but everyone likes revenue. So, every month, accounting employees make sure there's plenty of coffee available, and steal themselves for long days (and sometimes nights) tracking down all the inventory documents of the last 30 days.

The Issues

Just finding all the documentation is a challenge. Bills of lading and other inventory documents arrive at various times, and some will inevitably be mis-flagged. By the end of the month, an accountant looks in the location he thinks a BOL will be, but it's not there. This requires a bit of forensic psychology: if it was not filed by date, how was it filed? Alphabetically by supplier? By carrier? Perhaps numerically, based on product code? Our coding system, or theirs?

Another possibility is that a BOL has been lost altogether, requiring immense time to research and reproduce it.

Quite often, supplier documents span two different billing cycles: The supplier portal yields documents for the entire shipment of a product, but the product in question was delivered over a span of days that cross over a month's end.

Additional documentation is usually required for electronic bills of lading (eBOLs). This so-called "second source" data rarely lines up neatly with the eBOL record. This leads to more of the previously mentioned "creative" filing systems.

Suppliers usually use different systems than your accounting team. Product codes are not standardized, and terminal identification can be duplicated. For example, two terminals may share the same abbreviation. In another example, two products have the same letters and numbers, just in a different sequence. These types of discrepancies require data to be manually typed into spreadsheets and converted into a format that is compatible with the office accounting software used in reconciliation. Manual data entry and conversion is where the majority of errors occur, and those errors are notoriously timeconsuming to track down, since the data must be traced back to its original source, not the spreadsheet.

Critical to Revenue

A single unbilled BOL can have a negative cost impact to your business north of $15,000. Thus, the problem of reconciliation is a critically necessary one. Many leaders have thrown in the proverbial towel, resigning themselves to spending significant company resources towards the ironic goal of gathering more resources for the company.

One accountant shared that over 70% of his time was spent exclusively on reconciliation. That experience is hardly an outlier. Across the industry, hundreds of thousands of labor hours are consumed every month chasing a lost BOL. Imagine what could be unlocked if those resources were applied to more innovation or upgraded tools in the business.

Solution: Specialization

The ideal solution is one that reduces the need for human intervention. The fewer opportunities for error, the less time required to fix those errors.

One way to accomplish this is to establish one role in your accounting department as a reconciliation manager. It will be this role's task to ensure all incoming inventory documents are correctly filed.

They will:

- Design, implement and maintain a records system
- Ensure that documentation is stored in such a way that eases retrieval
- Be the single point of contact for staff who are performing reconciliation tasks

An accountant can ask the reconciliation manager for records of all products brought-in during the past 30 days with the knowledge that the reconciliation manager will assemble the record correctly. This prevents employees from needing to navigate multiple storage schemas for different documents. Having a single source of truth also prevents redundant work.

At first glance, it might seem like a loss of productivity to remove other tasks from the reconciliation manager's portfolio. However, the gains from fewer errors and more efficient billing likely will outweigh modest realignment of responsibilities.

Further, if 70% (or more) of an accounting employee's time is already spent on reconciliation, it isn't too much of a sacrifice to make it 100% of their job. In fact, it will likely have the effect of reducing the stress of reconciliation. With the reconciliation manager's extra time built into the billing cycle, there is more opportunity to verify the accuracy of the data.

A single unbilled BOL can cost over $15,000

Another approach would be to automate the intake, filing and classification of inventory documents using software. DTN TIMS® Journal ID is an example of such a solution.

Adding intelligence to the data DTN TIMS already tracks, Journal ID converts inventory data from multiple sources into a single XML feed, preparing it to flow easily into whatever back-office system is in use. The benefits of this automation are immediate to the accounting team. Manual filing, retrieval and conversion of data is almost entirely eliminated, saving valuable time.

In addition, automation eliminates errors inherent in manual data conversion. Using DTN TIMS Journal ID, a reconciliation manager can request documents from the past 30 days, and they'll be retrieved instantly and correctly, regardless of supplier or proprietary code.

With improved efficiency, there's no reason to wait until month's end to perform reconciliation. The billing process can be initiated and finished when it's convenient, realizing revenue faster.

As a result of using dedicated personnel with a tool built specifically for their purpose, reconciliation becomes a smooth, more efficient, and less errorprone process.

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