

Top-50 Propane Retailer Saves Time and Money by Streamlining Payments

Shortening the Path from Delivery to Cash

If you drove to the bank over 50 times a day, what would that do to your bottom line?

Check scanning and electronic deposits deliver real bonuses.

A Top-50 propane retailer was faced with exactly that question a few years ago, and the answer wasn't good. With 65 offices and 50+ local banks, the task of preparing and delivering daily deposits was eating up their profits, increasing risk of loss and delaying cash availability.

This major dealer prides itself on local presence and personal service across its large region. But when it came to depositing payments, their hands-on approach was incredibly costly. It took well over an hour every day - at each office - to process and record payments, prepare deposits and drive checks to the bank.

THE LONG WINDING ROAD TO FUNDS

Each local office manager at this retailer is responsible for processing daily deposits after payments come in via mail or from delivery drivers. But physical checks meant daily trips to the bank for each deposit, and time away from the higher-value tasks of selling and servicing customers. Also, physical checks were a security risk until they were deposited, and deposits made late in the day slowed funds availability at the bank.

Even after checks were deposited locally, the company still had to consolidate collected funds, adding more time before cash could be used.

"We had to do something to eliminate the glaring inefficiencies in the way we had always processed payments," said their CFO. "We decided to move the bank from across town to inside our offices."

CHECK SCANNING AND DIGITAL DEPOSITS

To do that, the company converted all of their non-cash payments to electronic payments, and eliminated in-person check deposits by converting paper checks into electronic payments. Today, about 85% of their payments are checks scanned at the time of receipt and converted to digital deposits. The rest are credit card, ACH bank debits or other forms of electronic payment.

To make this transition, the company partnered with SSI Fuel Systems, Inc. to implement the SSI Fuel Management System for receivables processing. The SSI system is fully integrated with e-payment functions from ReliaFund Inc., an electronic payment processor that provides check scanning, ACH payment processing and credit card services.

The results have been dramatic. "We've cut payment processing costs significantly at every step, and our office managers now focus on selling gas and servicing customers," said their CFO. "Check scanning and electronic deposits deliver real bonuses. In addition to significant labor savings, we maintain tighter cash control and payments are automatically posted directly to internal customer account records."

COST SAVINGS: ONLY THE BEGINNING

"We have much quicker access to returned check information, and better access to historic check images through ReliaFund on-line reports than we would from our own bank.

Website Links

[SSI Fuel Systems, Inc.](#)

[ReliaFund Inc.](#)

[Higher Standards](#)

Once a payment is collected, it only makes common sense to keep as much of it as you can.

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With over 100,000 checks a year, our shift to deposits through SSI and ReliaFund has been one of the best investments we could possibly make.”

Eliminating trips to the bank and fully integrating the payment process with their receivables and general ledger saves at least an hour a day at every office location. When added up, their savings were tremendous..

BANK SCANNING: NOT THE SAME

This large retailer considered using the check scanning and remote deposit services offered by their bank, but decided against that approach for two reasons. First, the bank couldn't offer complete integration with their accounting software – the key to the cost savings they now realize. And second, bank-centric services wouldn't allow the company to deliver payments to any bank in the country – flexibility that was important to them.

“We changed banks a couple of years ago,” said their CFO. “Had we been scanning directly to our previous bank, that change may have required new scanners, new training, and more cost. We also would have lost the advantages of being fully integrated with our accounting system. As it stands, our system solution and consultant partnerships have maximized our savings and given us more independence when choosing a banking relationship.”

CREDIT CARD IMPROVEMENTS

The company found more profit hidden in their credit card processing.

Use of credit cards to buy propane has increased in recent years. After

consulting with ReliaFund and its credit card partner Higher Standards, the retailer found a way to gain much better merchant rates and process card payments more efficiently. “Our savings are terrific: we estimate these improvements save us over six figures every year.”

ELECTRONIC PAYMENTS: GROWING IMPACT

Although checks still dominate their payment profile, the company sees a trend toward more electronic payments by its customers, both in credit card and ACH form. They've offered electronic payment options on their web site for over a year now, and more customers are going online for the increased efficiency and control of making e-payments. “Those transactions are also handled by SSI Fuels and ReliaFund,” noted their CFO.

So, are check scanning and e-payments just for big propane distributors? This Top-50 retailer's answer is an emphatic “No! Every factor of savings we experienced is available to distributors large or small, and payment efficiency may be even more meaningful for smaller operators that don't have large staff resources.”

“The profit picture improves no matter what size you are,” their CFO said. “Even small dealers can automate payments with tools like SSI for accounting, and ReliaFund and Higher Standards for payment processing.”

“It's simple math. Once a payment is collected, it only makes common sense to keep as much of it as you can.”