

## Protecting and Monitoring the Bottom Line

**How Security Solutions launched a simple, highly effective automatic bill payment program.**

**Your company can use these strategies to launch your own program.**

### The client

Security Solutions of Norwalk, CT, provides residential and business monitoring and protection services. In addition to installation fees that can range from \$500 to \$10,000, customers pay an average annual monitoring charge of \$300 per year, payable annually, semi-annually or quarterly.

### Starting an automatic payment program

June Bosik, Collection Coordinator, attended a MasterCard® seminar where she learned how simple it is to launch an automatic bill payment program. She then used the MasterCard automatic payment communications guide to design and launch Security Solutions' own program.

### Program goals

Security Solutions mails paper invoices to customers quarterly, semi-annually and annually. Newer customers tend to sign up for quarterly payment.

The company's goals for its automatic bill payment program were:

- Reduce manual time and costs related to quarterly, semi-annual and annual billing
- Reduce collections time and costs

### Informing and persuading customers

Before Security Solutions launched its automatic bill payment program, it accepted payment through traditional methods. The process involved invoicing customers by mail, processing checks and, in some cases, collections efforts.

To launch the automatic bill payment program, the company cost-effectively customized their security statement inserts with verbiage provided in the MasterCard communications guide. These inserts were included in every invoice. New customers, who had the option of putting their installation fee on their credit card, were given sign-up forms for automatic bill payment, too.

### Immediate success

In the first year of using this simple, cost-effective program, Security Solutions signed up 5% of its customers for automatic payment. Most sign-ups have been customers on a quarterly billing schedule. A significant number of semi-annual and annual billing customers have also asked for one-time charges to their MasterCard cards.

### Primary benefits

"The money is in the bank much faster," says Ms. Bosik. "And I don't have to spend as much time on collections." Security Solutions is also seeing savings in reduced invoicing costs for quarterly customers.

### Future enhancements

Security Solutions is considering offering customers a one-time financial incentive to sign up for automatic payment. Ms. Bosik believes this may encourage more annual customers to sign up, too.

Assessing her first year with automatic payments, Ms. Bosik says, "It's been all positive. MasterCard International gave me everything I needed to launch a successful program."

*Security Solutions has successfully used automatic bill payments to:*

- Improve cash flow
- Reduce invoicing costs
- Reduce collections efforts

### Set a specific customer goal

Do you want to sign up 5% of customers in the first six months? 10%? 20%? Set a tough but realistic goal, and you'll be able to measure your success. Plus, having a hard-and-fast goal is a great way to motivate your staff. And be sure to reward them with attaboys or more tangible rewards when you reach your goal. Then, set a NEW goal!

### Turn that customer percentage into a savings goal

Figure out what will happen to your bottom line if you reach your goal. Putting a value on your goal will make it more real. How much will you save in postage, billing costs, bad check costs, collection agencies and time (translated as salaries)? How much more will you earn on money that's in the bank on time instead of days or weeks late? How much longer will you keep customers when bill payment is automatic?

Figure out annual savings, then multiply them by the average life of a customer. Then take a percentage of that savings to use as cash prizes or bonuses or to pay for a party for the people who helped you reach the goal.

#### Customers like cash, too

Once you've put a dollar value on your program, you can figure out the appropriate value of a customer incentive. Maybe you can take \$5 per month off the customer's bill for the first three months. While convenience is the primary customer benefit of automatic bill payment, you simply can't beat cash as a motivator to sign up!

#### Make automatic payment the default option for new customers

Why get new customers started on a habit you'll want them to break? You can design your new account forms so that a customer signs up for automatic payment unless he or she specifically asks to pay by check.

#### Develop a monthly bill insert marketing strategy

Security Solutions' customers pay quarterly, semi-annually or annually. But if your customers pay monthly, you have 3 or 12 times as many opportunities to persuade them to participate in your program. And because customers often don't hear you the first time, you may need those extra opportunities!

You can simply repeat the sample inserts enclosed or you can supplement them with seasonal messages. ("While you're at the beach, your bill will still be paid" in the summer; "It's too cold to go to the post office for stamps" in the winter!) You can even track which messages draw the best results, so you can use them again.

#### Learn from your successes

If a message works in one medium, it should work in all of them. So if you find a bill insert is very effective, be sure to include the same message on your Website, in e-mail communications with customers, in your on-hold messages and in direct contact with sales and service staff.

In the same way, learn from your mistakes. If something doesn't work, don't use it anywhere. Try something new! And that goes for employee motivation as well as for customer messages.

#### Don't be afraid of new ideas

If you like an idea but aren't sure, test it. Mail it to a small percentage of your customers – say, every 10th name. Compare your results on a cost-per-signed-up-account basis to your current program. The numbers will tell you if it's a good idea without having to pay to make the offer available to everyone.

#### Let your winners ride

If you've found a way to get sign-ups – an employee incentive program, a bill insert program, an on-hold message, a change in your forms, a special Website message – don't stop! Keep doing what works and expand it to your other messages. There is no time limit on an effective campaign. You may get bored with it, but your customers won't. Stick with a winner until it stops working.