



Product tool
ROI calculator, Safe Credit Control

ROI Calculator

Please enter in your annual turnover, current debtor days, bank interest rate and the percentage by which you would like to reduce your debtor days;

Turnover	£500,000,000
Debtor days	40.00
Payment terms (days)	30.00
Interest	2.00%
Reduction	5.00%

Annual turnover that is subject to chasing by the credit control team
Often referred to as DSO (days sales outstanding)
Typical payment terms offered to clients
Assumption made on interest rate - overdraft or positive cash
The desired or targeted reduction in debtor days

Reduction Percentage	Annual Turnover	Monthly Sales	Debtor Days	Average Debtors	Bank Interest	Annual Interest	Annual savings
n/a	£500,000,000	£41,666,667	40.00	£53,763,441	2.0%	£1,075,269	n/a
5.00%	£500,000,000	£41,666,667	38.00	£51,075,269	2.0%	£1,021,505	£53,763

There are many areas where the Topaz credit control can reduce manual process and improve efficiency, resulting in potential reduction or redeployment of head count and overheads. The following are intended to illustrate, just some of these opportunities. Please enter the following;

Numbers and statistics

Active customers	5,000
Invoices/month	40,000
Cash receipts/month	20,000
Credit control team	10
New customers/month	100
Percentage of queries	20%
Copy documents (mins)	15
Time per query (mins)	30
Elapsed time per query (days)	20
Cost per document	£1.00
Time per cash receipt (mins)	5
Time per credit check (mins)	30
Management reporting (days/month)	4.0
Credit controller cost	£28,000

Those customers with current account balances
The number of invoices generated each month by the business
This assumes that cash posting and allocation is performed within the credit team
The number in the team including the manager, supervisors, clerks and administrators
The number of new customer accounts created each month that require credit/risk analysis
The percentage of invoices that are queried by the customer before approving payment
The time required to obtain, collate and distribute query related documentation, e.g. copy invoices
The average time expended by a credit controller to follow through a query, including escalation
The average number of working days between an initiated query and its resolution
Industry average cost of stationary, envelopes, postage etc
The average time to post cash and allocate/match it to the correct customer/invoice
The time required to perform a credit check on a new customer
The time spent manually preparing credit control related management reports
Annual cost of employment per credit controller (includes salary, benefits, ERNI etc)

Annual figures

Cost of chase/dunning letters	£30,000
Cost of statements	£60,000
Total cost	£90,000

Assuming letters are distributed by post and sent to 50% of customers
Assuming statements are distributed by post

Annual times (minutes)

	Minutes	Reduction	Saving
Copy documents	1,440,000	100%	£407,272.73
Query processing	2,880,000	50%	£407,272.73
Cash allocation	1,200,000	50%	£169,696.97
Credit checking	36,000	50%	£5,090.91
Management reports	21,600	90%	£5,498.18
Total cost saving			£994,832

The time required to obtain, collate and distribute query related documentation, e.g. copy invoices
The average time expended by a credit controller to follow through a query, including escalation
The time spent posting and allocating cash
The time spent manually preparing credit control related management reports
Based on 220 working days per year at 7.5 hours per day