

5 Ways Smarter Receivables Management Can Accelerate Cash Conversion

A Practical Guide For Finance
Leaders Looking To Improve
Liquidity, Reduce Friction,
And Modernize AR

Introduction

Cash conversion has moved back to the top of the finance agenda. That is not surprising. PwC's 2024/25 Working Capital Study found €1.56 trillion of excess working capital still tied up globally across more than 19,000 listed companies, while Days Sales Outstanding increased 6.6% over the past five years. PwC also notes that with interest rates expected to normalize at relatively high levels, efficient use of available cash remains critical.

For many organizations, one of the most practical places to improve cash conversion is accounts receivable management.

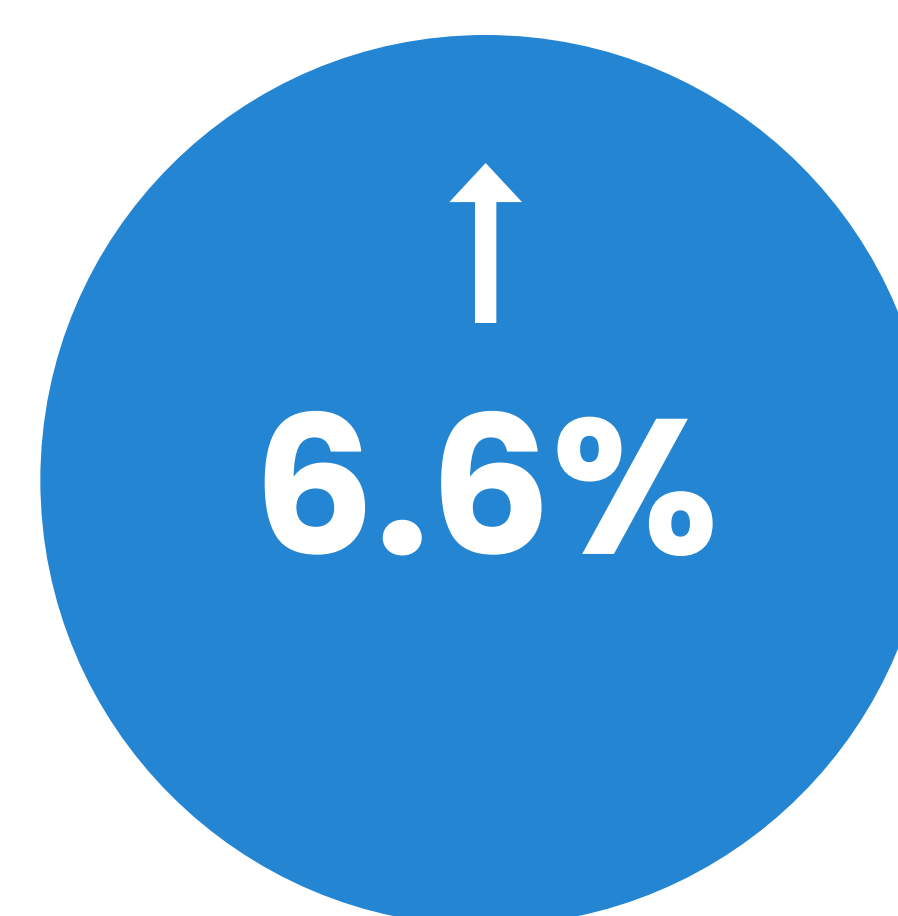
That is because receivables sit at the point where revenue becomes cash. When AR processes are slow, fragmented, or overly manual, the impact shows up quickly in delayed collections, more disputes, weaker forecasting, and avoidable working capital pressure. Atradius' 2024 U.S. B2B payment survey found that half of invoices issued in B2B trade are currently overdue, a reminder that receivables performance is not just an operational issue, but a liquidity issue.

The good news is that improving AR does not require finance teams to rebuild everything at once. In practice, the biggest gains often come from fixing a handful of recurring breakdowns in the invoice-to-cash process.

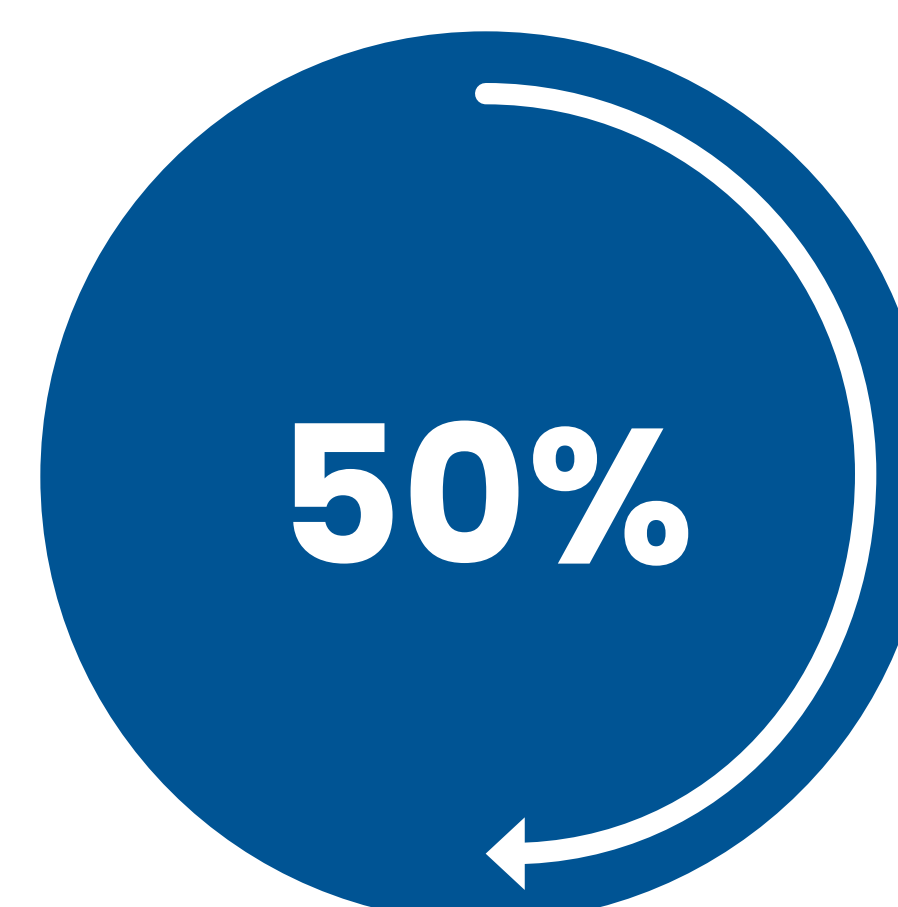
This guide outlines five practical ways receivables management can accelerate cash conversion, along with the questions finance leaders should be asking as they modernize AR.



Working Capital Study found €1.56 trillion of excess working capital still tied up globally across more than 19,000 listed companies.



Days Sales Outstanding increased 6.6% over the past five years.



50% of invoices issued in B2B trade are currently overdue.



Make Invoice Quality A Cash Strategy, Not Just A Billing Task

The fastest way to delay cash is to issue an invoice that creates friction the moment it lands.

In many companies, invoice errors are treated as an administrative nuisance rather than a cash conversion problem. But invoice quality directly affects how quickly customers approve, process, and pay. If invoices are late, incomplete, mismatched to contract terms, or inconsistent with customer requirements, collections teams end up spending time chasing preventable issues instead of accelerating cash.

PwC's working capital guidance highlights that improving operational processes and deploying enabling technology are central to better working capital performance. It also emphasizes the importance of stronger analytics, governance, and cross-functional working capital discipline.

What This Means For AR Leaders

- Standardize invoice creation around contract and pricing accuracy
- Reduce manual handoffs between billing, AR, and customer operations
- Track dispute drivers tied to invoice defects, not just aging balances
- Treat invoice timeliness and first-pass accuracy as cash KPIs

Why It Matters

A cleaner invoice goes through approval faster, creates fewer disputes, and improves collections productivity. Better receivables performance often starts upstream.



Prioritize Collections Based On Risk And Likelihood, Not Static Rules

Traditional collections often rely on aging buckets and collector judgment alone. That approach is familiar, but it is rarely optimal.

Not all overdue receivables carry the same risk, and not every customer should be approached the same way. Some accounts need early intervention. Others are likely to pay with a light-touch reminder. Some may require dispute resolution or credit review rather than repeated dunning.

50% 

Atradius found that **50% of U.S. companies surveyed expect insolvencies to increase during the year ahead**, reinforcing the need for more dynamic payment-risk management.

71% 

At the same time, KPMG reports that **71% of companies surveyed are already using AI within finance operations**,

41% 

with 41% using it to a moderate or large degree. That matters because collections prioritization, payment behavior analysis, and receivables segmentation are exactly the kinds of workflows where data-driven decisioning can outperform static rules.



What This Means For AR Leaders

- Segment customers by payment behavior, risk, and value
- Prioritize collector activity based on predicted impact
- Trigger earlier action for high-risk or strategically important accounts
- Align collections with credit, dispute, and customer engagement signals

Why It Matters

The goal is not simply to work more accounts. It is to work the right accounts, in the right order, with the right action. That is how AR teams improve collector productivity and shorten time to cash.

Treat Disputes As A Cash Bottleneck, Not A Side Process



In many organizations, disputes sit outside the core AR operating model. They are logged somewhere, routed manually, and resolved through email chains across billing, sales, operations, and customer support. That slows collections and obscures root causes.

When disputes are unmanaged, two things happen at once: cash gets delayed, and teams lose visibility into why.

Educationally, this is one of the most important shifts for finance teams to make: collections effectiveness is not only about outreach cadence; it is also about dispute orchestration. If the dispute process is broken, cash conversion stalls no matter how active collectors are.

PwC notes that better working capital outcomes depend on breaking down internal silos and improving governance across functions. That observation is especially relevant in disputes, where bottlenecks often span multiple departments.

What This Means For AR Leaders

- Create a structured intake and routing process for disputes
- Categorize disputes by root cause, not just customer name or amount
- Define escalation paths and SLA ownership across functions
- Use dispute trends to identify recurring pricing, contract, or invoicing failures

Why It Matters

Every unresolved dispute is effectively cash trapped in workflow. Companies that manage disputes as part of receivables strategy, rather than as an exception queue, usually improve both DSO performance and customer experience.

Improve Credit And Collections Coordination

Receivables management breaks down when credit decisions and collections actions operate in separate worlds.

AR teams often inherit customers with outdated credit assumptions, incomplete risk context, or little coordination between pre-sale and post-sale workflows. As a result, collectors may be escalating accounts that should have been reviewed earlier, while finance leaders lack a clear connection between credit exposure and actual cash performance.

Atradius' survey underscores why this matters: payment risk conditions remain mixed, and many companies are actively concerned about rising insolvency pressure.

A More Modern Receivables Model Connects:



Customer Risk Signals



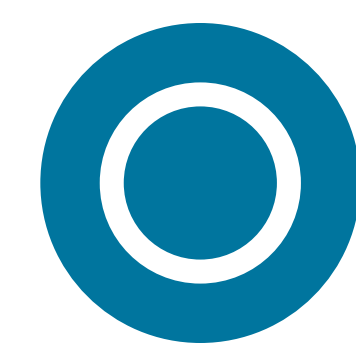
Dispute Status



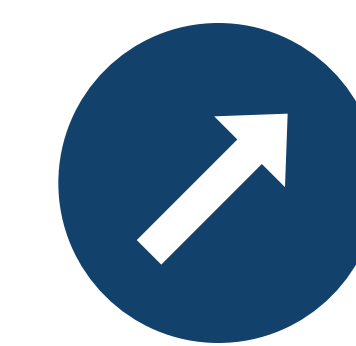
Payment History



Collection Prioritization



Open Exposure



Escalation Decisions

What This Means For AR Leaders

- Share a common risk view across credit and collections
- Reassess limits and terms based on actual payment behavior
- Use customer-level insights to adjust follow-up strategies
- Connect credit policy to downstream cash outcomes

Why It Matters

When credit and collections are better aligned, finance teams can act earlier, reduce surprises, and protect working capital before balances become chronic problems.



Use AR Data To Improve Forecasting And Cash Visibility

Many finance teams still struggle to explain one of the most important questions in working capital management: when will open receivables actually convert to cash?

That gap matters because cash forecasting is only as reliable as the underlying receivables assumptions. If forecasts depend on static due dates rather than actual payment behavior, dispute status, customer risk, and collection progress, they can quickly drift from reality.

McKinsey argues that working capital optimization can create early, visible momentum in broader transformation efforts, because improvements in liquidity are tangible and measurable. Meanwhile, J.P. Morgan notes that AI is reshaping cash flow forecasting by helping treasury teams navigate complexity with greater precision and efficiency.

What This Means For AR Leaders

- Move beyond due-date-based forecasting
- Incorporate payment behavior, disputes, promises to pay, and segmentation into cash expectations
- Create shared visibility across AR, finance, and treasury
- Use forecasting variance to improve collections strategy over time

Why It Matters

Forecasting should not be a downstream guess. It should be informed by what AR teams already know about customer behavior and open balances.

For AR leaders, the lesson is straightforward: better receivables intelligence improves more than collections. It improves forecast confidence.

What Modern Receivables Management Looks Like

For many finance organizations, the next step is not just more automation. It is a more connected AR operating model.

That includes:

- Invoice accuracy tied to commercial terms
- Risk-based collections prioritization
- Structured dispute workflows
- Tighter credit-to-collections coordination
- More predictive cash forecasting

The broader trend supports that direction. KPMG's global finance research shows AI adoption is becoming mainstream inside finance functions, and PwC's working capital research makes clear that stronger analytics, governance, and enabling technology are now central to performance improvement.

In other words, receivables management is no longer just about following up on overdue invoices. It is becoming a strategic lever for improving cash conversion.



5 Questions To Assess Your AR Maturity

QUESTION 01

How often do invoice errors or mismatches delay collections?

QUESTION 02

Are collectors prioritizing accounts based on risk and likely payment behavior, or mostly by aging?

QUESTION 03

Do dispute workflows have clear ownership, routing, and root-cause visibility?

QUESTION 04

Are credit and collections decisions informed by a shared customer risk view?

QUESTION 05

Can finance and treasury forecast receivables conversion with confidence based on operational AR signals?

If the answer to several of these is **“not consistently,”** there is likely room to improve both receivables performance and overall cash conversion.



Closing

For finance leaders under pressure to improve liquidity without sacrificing growth, accounts receivable management is one of the most practical places to act.

The companies that improve cash conversion are rarely the ones that simply send more reminders. They are the ones that modernize the operating mechanics behind AR: invoice quality, collections prioritization, dispute resolution, credit coordination, and forecast visibility.

That is where receivables management moves from back-office process to strategic cash lever.





Want to see what modern AR-driven cash conversion looks like?

Learn how RecVue Receivables and Cash Management helps finance teams improve collections prioritization, dispute workflows, cash visibility, and receivables performance.

www.recvue.com

SOURCES:

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