

Article 1

The Difference Between Recurring Payments and Recurring Invoices

The harsh truth about running a business is that there's nothing called guaranteed money or a fixed monthly income! You simply need to boost your revenue by methods like recurring payments or subscription billing, giving you the confidence to earn a good living and strengthen your finances.

Being a small business owner, you might face a few challenges while increasing efficiency and saving time. Setting up automation for your payments would be one excellent way to achieve that. Automating your transactions not only saves your time, but it actually increases accuracy and efficiency by eliminating any chances of manual errors.

However, many business owners, especially the newbies, often get confused between recurring payments and recurring invoices. These two terms might sound similar, but they are used in different situations as per your business requirements.

In simple words:

- **Recurring payments** allows you to automatically charge your customers' cards based on a pre-set schedule for the ongoing services you offer. The charging period might be either monthly, quarterly, or yearly. For instance, in this payment type, a company can deliver products on a monthly subscription basis that requires prepayment.

Examples of this type of billing include regular product deliveries, gym memberships, clothing subscriptions, meal prep kits, etc.

In other words, under this plan, the marketing team usually supplies a fixed set of promotional projects, like sending a newsletter and 20 social media posts every month. In this case, it would be safe to set up an automatic billing schedule.

- **Recurring invoices** are designed to send invoices automatically to your customers on a regular basis. In this case, no payment can be collected or deducted until the customer takes the required action, such as approving the payment.

Examples of this type include a law office or a consulting firm that provides fixed services and charges their customers as per billable hours.

Another example would be a company offering fixed monthly services at a pre-set price plan. This type of payment is usually associated with monthly IT support or landscape maintenance services.

Recurring payments are a perfect option for some businesses, while others prefer the other. There are still others who like both of them depending on their type of products and services. Both of these have their own advantages and ensure that you or your customers don't have to remember the next payment date.

Further, recurring billing enables your customers to avoid late fees by missing payment dates. Besides, recurring invoices can minimize any repetitive tasks, thus saving you time to focus on core business areas.

Benefits of Recurring Payments and Recurring Invoices

Some of the advantages of recurring payments and recurring invoices include -

- **Improve Your Cash Flow:** Recurring payments or invoices enable you to have a steady income flow, even during months when business growth is stagnant. Therefore, they contribute significantly to a steady monthly income, thus improving your business cash flows. It also ensures business continuity during difficult times, such as a pandemic outbreak.
- **Speed Up Your Payments:** The best part about both recurring payments and recurring invoices is that you will get paid faster as you don't need to chase down your payment dues. Thanks to automation, you can now rely on the payment processor to send out timely reminders to customers regarding payment dues.

Unlike recurring invoices, recurring payments allow you to take the upper hand of simply initiating the transaction.

- **Save Time and Money:** Again, through automation, you can save your valuable time and money by sending out invoices, reminders, and even initiating payments. You don't need to waste your valuable time tracking down your dues and reminding your customers manually.

Besides, creating recurring invoices each time can be both time-consuming and costly. That's why implementing an efficient recurring invoice system can cut down all unnecessary costs. Also, by saving time, you can shift your attention to other vital business operations, including sales and marketing.

- **Strengthen Customer Relationships:** By charging recurring payments, you can actually improve your brand image. Because your customers will take you as an extension of their daily operations, instead of perceiving you as a one-time vendor!

Moreover, automating your payment processes helps to reduce friction or misunderstandings.

What's more, recurring billing and invoices remind your clients about your value as a vendor, and thus they take you seriously. It further enhances your bonding with your customers, who would be willing to stay with you for the long term.

- **Offer Customers Additional Discounts:** By subscribing to recurring billing plans, your customers can actually receive good discounts as compared to one-time payments. For example, if a customer would require your products or services for the next couple of months consecutively, purchasing them every month can cost them higher.

Instead, if they choose the subscription model on a periodical basis and make prepayments, they can save a lot of money. A good instance can be a virus software subscription, in which the client will be charged periodically.

In this case, the credit monitoring service agreements ask the client to consent to be charged periodically for the said service. The customer can either choose to agree or cancel the service. In many cases, recurring billing often continues indefinitely, which enhances the merchant's customer retention rates.

Some Drawbacks of Recurring Billing

Despite the numerous advantages, there are a few downsides of recurring billing, which include -

- If an incorrect billing is created, you would require some extra time to initiate a refund. And if any errors are present in recurring invoices, the customer may not want to pay until you rectify the mistakes.
- Recurring payments and automatic billing is often labeled as scam activities by many customers, since many of them don't even know what services they are paying for. For instance, many customers simply pay their credit card bills without reviewing or checking the listed charges.

This means they would be paying for the service they no longer need, because they simply forgot to cancel the service or have accidentally given consent to it.

- In other cases, recurring payments can be disadvantageous for merchants in cases when an account has been halted or doesn't have the required balance. In that scenario, all your future payments will be declined. As a result, you will need to stop your services, which might be problematic for your customers.

Therefore, It is advised to integrate your recurring billing system with a major savings account or a checking account carrying a high balance.

Article 2

Installment Plans Gain Traction Among Consumers, Predicted to Grow in 2021

The pandemic has been hard on almost all business owners and their consumers across the world. With people losing their jobs and expenses rising, millions of consumers have been going through a financial crisis for the last 10-12 months!

Such wide economic gaps are compelling buyers to trim their shopping lists and finding better ways to save. Besides, consumers are seeking more flexible payment options, especially the contactless ones, to prevent the spread of coronavirus.

As a result, the past few months have witnessed a drastic change in people's purchasing trends and patterns, along with a massive shift in their interests and preferences. For example, according to research, about 4% of Americans preferred the 'Buy Now, Pay Later' option during the Black Friday season.

This is why installment payment providers gained significant traction during the past few months all over the US market. The COVID-19 has been unexpectedly favorable for these companies and has opened doors for them to grow further.

As mentioned earlier, more shoppers are going for budget-friendly and more flexible purchases. Therefore, numerous merchants are pursuing several methods to accelerate their sales by offering more convenient payment options to their customers.

During the lockdown restrictions imposed in various countries across the globe, consumers are relying more on eCommerce stores, which naturally gave a significant push to the growth of online sales for merchants. Another aspect that online shopping gave rise to is installment payments. These are the major causes of the rapid growth seen in M&A activities.

The new 'Buy Now, Pay Later' (BNPL) trend is an extremely convenient method among customers, so much so that a study shows that most of them are not willing to buy from

merchants not providing this solution. The trend is not only popular in the online shopping platforms, but also in stores, especially during the holiday seasons, such as Black Friday.

What are Installment Payments?

Installment payments refer to the method by which a customer pays a bill in small parts over a fixed period of time. These kinds of payments are arranged and agreed upon between the buyer and the seller. Examples include 'Buy Now, Pay Later' models and point-of-sale financing, which provide buyers with the required flexibility to pay their purchase bills over time as per their convenience.

The best thing is some merchants even offer installment payment solutions without charging an interest. It is convenient for customers and merchants as well, who get paid by installment providers, thus increasing their conversions and average order values or AOVs.

For this reason, installment payments are most suitable for merchants who are in the high-AOV categories, including furniture, electronics, travel, as well as fashion, and apparel. This answers the reason why several market players are occupying the entire installment payments industry. Some popular names among them are PayPal, Afterpay, Credit, Klarna, Affirm, etc.

Benefits of Installment Payments

Some of the top advantages of installment payments for both buyers and sellers include -

For customers:

- They help customers to keep track of their finances.
- Buyers can stay within their budget limits.
- They enable consumers to stretch the cost of the purchase through a longer time period.
- Customers can make low monthly payments easily.

For sellers:

- You can provide more shopping flexibility for your customers.
- You can regulate and stabilize your cash flows.
- You can bring in more sales and boost your profit margins.

How to Track Installment Payments?

One excellent way to record or track your installment payments is through invoicing software, which ensures that your customers are paying their monthly installments on time. Two best methods to record installment payments are via recurring invoices per installment or partial payments for a single invoice.

If you use recurring invoices, you can set that up for every installment amount. The process will be smoother if you have your customer sign a payment contract, explaining to him/her the payment plan.

If you prefer partial payments, however, first, you would need to generate the invoice for the particular consumer, and mention the installment periods and payment terms clearly on the invoice. Next, when the time comes for the client to pay the first installment amount, you will need to add a partial payment to the created invoice.

Some software will have the option to update the status, such as partially paid, and the remaining amount to be paid.

The Current Status and Future of Instalment Payments

For quite some time now, installment payments have been extremely popular in various markets, such as Australia and Nordics. However, the trend is gradually increasing in the United States for the last 12-18 months. The overall 2019 spending in the installment payments markets has been \$623bn, which is huge!

The adoption of installment payment options has been especially prominent among Millennial and Gen Z customers. According to 451 Research, more than 1 out of 3 buyers within the age group of 18-37 believe that the availability of a flexible and convenient installment option has been a major factor affecting their buying decisions positively.

This is why the merchants are noticing a rising demand in this trend and more successful order completions. Gradually, more than 40% of merchants from various industries have started offering this option during checkout, which has also reduced cart abandonment rates to a good extent.

However, another 43% of the online-centric merchants are considering making the change or are discovering the benefits associated with it. A study in 451 Research's Q2 2020 Voice of the Enterprise (VotE) revealed that among the top initiatives taken by merchants since the COVID-19 outbreak include adding flexible payment methods to their eCommerce portals.

Some of the well-known merchants providing options for flexible installment payments in the States include Sunglass Hut, Walmart, Abercrombie, Peloton, Warby Parker, etc.

Such an act has strengthened the bond between consumers and merchants, which is promising enough to take the bond further and benefit both parties in the long run! Buyers will prefer to make recurring purchases from them in the future.

Besides, it is equally beneficial for the merchants as they can have a stable cash flow, even during difficult times, such as these!

Article 3

Best ways to a Global Human Resources Strategy

Whether you are involved with a small-scale enterprise or a large company, a dedicated global Human Resources strategy can help in forming the basis of everything related to the Human Resources department. The creation of an effective global workforce implies you know when you should hire experts, when to hire locals, and how to create the new class of employees –referred to as “glopats.”

The existing scarcity of qualified managers has led to major constraints on the overall office expansion of businesses across the globe. In such a scenario, an effective globalized human resources strategy can be fruitful in building as well as securing a sustainable advantage over the respective competition. Effective HR management is known to require an integrated approach with the help of reliable **HRIS software**.

The presence of a cohesive network can help in ensuring that the right people are doing the right jobs in the organization. This would ultimately allow organizations to come across good ideas & trends on a global scale. Eventually, the building of the given network narrows down to the development of an effective human resources strategy globally. In this post, we will help you unlock the top ways using dedicated **HR software** to build a global human resources strategy for your workplace.

Top Ways to Build a Global Human Resource Strategy

- **End Favoritism:** One of the effective ways of building a global human resources strategy should be ending favoritism towards respective managers who might be nationals of the country in which they are based. While most organizations are known to consider nationals of the respective headquarters as prospective expatriates while referring to others as ‘local nationals,’ the given notion should be reconsidered for various reasons.

Ethnocentric organizations are known to put the most confidence in the country’s nationals of the respective headquarters. This is the reason why the given nationals are known to receive better assignments while climbing up the success ladder quickly. In most cases, major contrast

can be found between the local nations and expatriates –in terms of the benefits and bonuses that they tend to receive. Make the most of the **best HR management software** for effective results.

When you wish to create a successful global human resources strategy, you should weigh up the merits as well as demerits of using both local nationals & expatriates for determining the best solution as per the desired outcome with the help of the best **HR tools**.

- **Analyze Activities that Bring Success:** The succeeding step towards achieving the perfect global human resources strategy is to analyze and identify the activities that help your organization to achieve the desired success across the globe. By doing this, you can identify the respective positions that are known to hold responsibility for ensuring the overall success. The positions responsible for performing the given acts are known to represent the company's lifeline.

Once you have identified the activities that bring success, you can easily revisit the respective role descriptions and lifeline on a regular basis. This is done to ensure that they are actually representing the given business strategy under the given **HR system**.

- **Know Who & Where the Talent is:** Once the organization is aware of the activities responsible for the overall success, then you can search for who & where the respective talent is with the help of the detailed global database. During the search process, you should focus on more than only the top levels of the organization. You should also consider the mid-level managers in multiple country markets as well as prospective stars who might be shining through ranks.

Organizations that aim at building a functional human resource strategy globally should commence with a list of personal-profile templates asking questions that go beyond the experience levels of the managers. These questions should be able to determine additional information like interests, hobbies, language skills, cultural ties, and so more. Particularly for overseas assignments, human resources directors are expected to consider the given skills as well as adaptability to be vital as functional skills.

Conclusion

Businesses are mostly known to struggle with constructing the effective human resources strategy for the global environment. However, with the right tricks and implementation steps, businesses can look forward to creating a functional global human resources strategy with great ease & confidence. Hire professional help from the **best HRM software** in case your company requires help with the strategy process.