

ServiceMaster Optimizes Payments and Exterminates Inefficiency with Single-Use Accounts

Overview

The ServiceMaster Company has grown from a research laboratory founded in 1927 to a global organization named by FORTUNE magazine in 2006 as one of America's Most Admired Companies. ServiceMaster® serves residential and commercial customers through a network of more than 5,000 company-owned location and franchise licenses, and its many brand names include Terminix®, TruGreen®, ServiceMaster Clean® and Merry Maids®.

Challenge

ServiceMaster's Terminix business implemented a branch purchasing card program as an alternative to paying its subcontractors by check. An internal audit revealed concerns regarding control and risk that led the company back to checks as the preferred method for these payments. The change lowered the company's purchasing card spend, and subcontractors were unhappy going back to the longer payment cycle associated with checks.

Michael Gaffney, director of Card Services for ServiceMaster, says, "We were going through a routine internal audit and they said that we had a deficiency in our tracking. So they suspended the use of the branch purchasing card, and then we had to figure out a way to recoup the spend that was temporarily lost."

Solution

Single-Use Accounts, J.P. Morgan's alternative payment solutions, was suggested as a way to solve the problems associated with ServiceMaster's subcontractor payment process without jeopardizing the rebates the company was enjoying with its purchasing card program.

Gaffney notes, "Previously when we were paying our subcontractors with a purchasing card, we'd give them a credit card number and the expiration date and would have no control over how often they can charge the card or how much they can charge."

ServiceMaster can use the centralized Single-Use Accounts system to:

- Pay for approved claims
- Limit charges to the approved claim amount
- Reconcile each charge back to the original claim

With Single-Use Accounts, ServiceMaster has eliminated duplicate charges, and no one can request a card number without the proper approval. Gaffney says that thanks to Single-Use Accounts, "the control is very tight."



CLIENT

Incorporated in 1947, ServiceMaster delivers a wide range of services to residential and commercial customers through multiple brands and an extensive network of company-owned locations and franchises.

ISSUE

When an internal audit required the company to revert back to paper checks, ServiceMaster sought a faster solution for paying its Terminix subcontractors.

RESOLUTION

J.P. Morgan helped ServiceMaster implement a Single-Use Accounts program throughout its Terminix branch network. Single-Use Accounts enable ServiceMaster to issue limited-use account numbers to make secure payments on approved claims.

BENEFITS

- Resolved internal concerns about control and risk
- Increased efficiency, reducing paperwork and enabling faster payments for field employees
- Increased visibility and made tracking payments easier
- Enabled ServiceMaster to maintain its purchasing card spend and contribute to overall program savings

For more information, please contact your J.P. Morgan Treasury Services representative or visit jpmorgan.com/commercialcard

Process

The process starts when a subcontractor's work is completed. A Terminix branch approves a subcontractor's claim and requests a single-use account number. The account number is a single-use account number that enables the branch to link each payment made to a subcontractor to an approved claim number. Single-Use Accounts unique features enable the branch to track payments more easily and allow the subcontractor to receive faster payments.

Results

Since going live with the program in 2006, ServiceMaster has steadily increased the dollar volume of payments processed using Single-Use Accounts, with more than 95% of the transactions reconciling automatically. With Single-Use Accounts, ServiceMaster and J.P. Morgan were able to develop an automated payment solution that both solved a short-term problem and built the foundation for many future uses within the company's payment systems.

With this track record of success, ServiceMaster now hopes to craft similarly successful programs with additional Terminix payments, as well as within additional ServiceMaster businesses, including American Home Shield Appliances and TruGreen Landcare.

"We were running into situations where subcontractors would double charge us, or they would charge us before the work was complete.

When we've come to J.P. Morgan with a business problem, they've been able to come up with the right solution for us.

We've implemented several different initiatives at ServiceMaster, and this has been the easiest, most successful one."

—Mike Gaffney
Director of Card Services,
ServiceMaster