Telecom Expense Management - Spotting Telecom Billing Errors

Whether a business has only ten employees making a few long distance calls a day, or is a burgeoning enterprise with hundreds of employees conducting thousands of calls and data transfers every hour, it is important for that business to carefully manage their telecommunication costs.

Telecom Expense Management, or TEM, involves the constant monitoring of telecom expenses that accrue monthly. The goal of TEM is to ensure that invoices match agreed upon contract rates and tariffs, and to optimize the services offered by the telecom provider with the needs of the individual business. Effective TEM is an essential accounting task that must be conducted by companies and firms working in virtually all industries.

Billing errors lead businesses to overpay for the services rendered by the telecom provider. These errors can waste money on services that were neither asked for nor used and will significantly eat into profit margins over time. Billing errors can range from honest mistakes made by the telecom provider, to more insidious and deceptive practices that rely on a business's preoccupation with other matters to sneak changes into the billing terms.

Here are some errors that have been known to occur.

1. Simple Human or Computer Miscalculations

A common error is one in which either a computer or human miscalculation leads to an incorrect total on a billing invoice. The miscalculation may only affect the amount charged for a single telephone call, or it might be one that substantially alters all the monthly charges. These miscalculations can be fixed by bringing them to the attention of the telecom provider.

2. Duplicate Bills

Large telecom providers are susceptible to the same issues that negatively affect any other bureaucracy. With multiple agents handling the same account, confusion and mistakes are likely to eventually occur. If an account is not properly flagged as being billed, or communication between employees is poor, duplicate bills can accidentally be sent to clients. And unless your company is vigilant in detecting duplicate billing, you might be overpaying. Once again, this error can be fixed by bringing it to the attention of the provider.

3. Incorrect Contracted Rates

The agreed upon terms between the business client and the telecom provider may not always be honored. Due to miscommunication between the client and provider or sloppy account management, the rate assigned to the business may differ from the contracted deal that was negotiated when the telecom services were first acquired. This error - especially if the difference is relatively minor - can continue unbeknownst to the client for months at a time. Keen and meticulous oversight of billing statements is needed to spot this error.

4. Unnecessary Surcharges

Surcharges on services that should be included in the contracted plan are sometimes added to an account without the client's knowledge. Surcharges related to limits on data transfer, available phone lines or long distance use could be tacked onto the monthly bill. These additional fees unreasonably inflate communication costs, and unfairly penalize the client for using services to which he should already be entitled. Knowing what's in your contract is important here and keeping on guard for any additional fees.

5. Cramming, Slamming and Modem Hijacking

The most unethical of billing errors is the intentional altering of the agreed upon terms between the client and provider. 'Cramming', as it is commonly called, involves additional fees that are unrelated to any actual use or services. The provider will select and choose additional 'phantom' services and amend them to the original contract. They may be labeled as a 'Membership Fee' or 'ISP Service Fee', but are in fact nothing more than boldfaced attempts to slyly bilk more money from clients. Occasionally the terms of the original contract are ambiguous and reserve the provider's right to increase or otherwise manipulate future rates and options. A client must take charge and directly confront telecom providers that engage in this practice. They should ask their provider why they were charged those specific fees and attempt to have them removed.

"Slamming" is the practice of switching a telephone customer's long-distance service provider to another carrier without the customer's permission. In recent years, this practice has lessened because customers now have to go through a series of verifications to change their long distance service.

"Modem hijacking" is a variation on cramming. It occurs when software, usually delivered through a pop-up ad, is downloaded onto a business computer over the Internet. It then uses dialing software to reroute the computer modem to dial long-distance numbers. The fees charged for this can be ridiculously high.

6. Unreimbursed Refunds or Credits

Another error involves a late or absent refund or discount from a telecom provider. This occurs when billing errors have been brought to the attention of the provider, but the expected refund is not given. A special rate or discount reserved for business clients may likewise not be actualized. These delays and errors can be frustrating, increasing the animosity between client and provider.

The wide range of errors that can effect your bottom line, and the subsequent monitoring that preventing them entails, is a time and resource drain that is sometimes best managed by professionals who have the industry experience to know both the needs and demands that business clients have. Though it is possible for some small clients to adequately manage their telecom expenses on their own, for most the task is demanding. Effective TEM should not be relegated to beleaguered employees already busy with other daily obligations. Using experienced experts provides the peace of mind to focus on the more important task of successfully managing your business.

About the Author

Nermine Shaker has generated millions of dollars worth of savings for her clients. She is a Partner at The Sygnal Group, a telecom consulting firm that offers telecom expense management, telecom auditing and VoIP management to businesses of all sizes. Find out how to lower your telecom expenses at http://www.SygnalGroup.com or visit our blog at http://www.TelecomExpertise.com