

Business Insights

Boost Profit and Growth with Better Financial Processes

Why streamlining payables and receivables is essential to growth and profit

Across the vast business landscape, no two companies are quite the same, but there's one thing they all have in common: the need to manage their finances effectively. Streamlining financial processes — such as payables and receivables — to optimize cash flow lays the foundation for long-term financial health and opens the door to profitable growth.

In this article, we'll dive into why efficient financial processes are critical to success, and how your business can make significant improvements to unleash its full potential.

WHY CASH FLOW IS KEY

Every business needs cash to function properly. But it's rarely as easy as it sounds. Even if your sales are booming, you might run into trouble if you're unable to collect receivables fast enough to cover all your expenses. This could risk alienating employees and missing bill payments, which could damage your credit.

Effective cash management helps to prevent these problems and creates opportunities for your business to thrive. By speeding up receivables and maintaining cash reserves, you can stay in good standing with your company's stakeholders, reduce borrowing costs, avoid late fees, and, when available, take advantage of early payment discounts. More than that, robust cash flow makes your company more resilient against market fluctuations and puts you in a prime position to seize new business opportunities as they arise.

HOW TO OPTIMIZE CASH FLOW PROCESSES

Now that we've established why cash flow is so important, let's discuss what you can do to improve cash flow at your company. While some aspects may be out of your control, there are proactive steps you can take to fine-tune financial processes and put the odds of success in your favor.



Speed up receivables. One key to achieving better cash flow is to reduce the amount of time it takes to get paid. You can do that by instituting formal processes to ensure your employees are issuing invoices promptly and following up on late payments. You can also facilitate the payment process for customers by accepting different forms of payment (such as credit cards and digital payments). And if your company receives a large number of paper checks, consider using a “lockbox” service (offered by some financial institutions like Frost), which collects, processes and deposits checks quickly on your behalf.



Review payables processes. By strategically planning, optimizing and timing your payment schedules, you can improve cash flow and retain working capital longer without compromising vendor and supplier deadlines and relationships. You can also cut costs and save many hours of labor by eliminating paper check writing and instead making payments through ACH.





Upgrade your technology. An investment in modernized software — including automated workflow solutions — can pay for itself as it helps you gain more visibility and control over financial processes such as invoicing and payment approvals. These improvements can save time, minimize costly human errors and enable better decision-making when it comes to budgeting and forecasting.



Redeploy human capital. Many businesses find that as they streamline processes and embrace automation, they simultaneously free up employees

who had been assigned to manual tasks like reconciling receivables or posting payments. With more time on their hands, these team members can be more engaged in activities that improve cash flow.



Enlist a trusted partner. Not every business has the in-house expertise to reconfigure financial workstreams or integrate new technologies. An experienced financial partner can help you identify bottlenecks that are bogging down your financial processes, and work with your existing systems to unlock new capabilities.

Put another way, most companies need their bank to be more than just a bank. That's why the business banking team at Frost prides itself on a relationship-based approach to understanding your challenges and finding realistic, cost-effective solutions tailored to your business' needs. We'll help you optimize financial processes to achieve and maintain a healthy cash flow, so you and your company can worry less about the day-to-day and stay focused on long-term growth.

WE'RE HERE TO HELP

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