



# Have you Monetized Your Cash Flow?

## Why it's more important than ever

By Tracy Richmond, AVATAS Payment Solutions

When was the last time you had your key management team members together to talk about your company's receivables process? Have you talked about how your customers are paying you? Sure, you might be acutely aware that people are paying more often via credit card. You might have also had conversations about how it's time to offer online bill payment. Besides those two conversations what other conversations have you had? If your answer is none or very little I would encourage you to read on.

With the fluctuations in oil prices we have seen over the last few years, cash-flow has never been more important. Take the time to sit down with your team and understand how your customers are paying you. Take a look at the customers that are the slowest at paying. Are they causing a strain to your cash-flow? If not today, will it become more of an issue in the future? Is there any way to encourage them to move to a budget plan? What other options do you have to improve the days outstanding? If this year proves to be another year of high oil prices, will you become a "bank" to these customers? Is this customer worth the carrying cost? The only way to make these decisions is

to have the conversations. Take the time to really look at your receivables.

While you are having these conversations, spend some time on your commercial accounts. Commercial accounts are normally discounted. Have you ever monetized the expense of the receivables for these accounts and then added that to the discount to see the actual impact to margin? Let me give you an example.

Let's say your commercial account discount for one customer is 10 cents/gallon. The account pays their bill with an American Express Card. Do you know what your processing expense is for American Express? It is most likely somewhere around three percent. In most instances, this equates to over 9 cents/gallon! Now this commercial account has essentially been discounted 19 cents! Was that in your plan?

Controlling cash-flow, transaction costs and reducing expenses are essential to surviving in today's business world. Most of the dealers I work with tell me they implement a lot of the receivables management processes I mentioned above to be "convenient." Dealers offer online bill payment to make payments easier or offer credit card payments because they think their

customers want to earn points and again, they want to be "convenient" to these customers. If that is the ONLY reason you are offering these services then you are missing a key element in the receivables process! Online bill payment is convenient to YOU! Imagine that your customer goes to your website, reads your marketing material and makes a payment directly to you that shows up in your checking account the very next day. Wow, that sounds pretty convenient to me. Oh, and you can do all of this for about three cents a gallon? What would it cost you to receive that same payment via your traditional receivables method? If you don't know, it's because you have not monetized your cash-flow. ▲

*Tracy Richmond works with home heating retailers across the country to help streamline their payment process and implement SIMPLE cost and time saving solutions. She is the co-owner of AVATAS Payment Solutions and presently works with hundreds of dealers from small one-man trucks to the nation's largest home heating distributors. AVATAS is a long standing supporter of ESPA. Reach AVATAS at [info@avataspayments.com](mailto:info@avataspayments.com) or 866-849-8800.*