Profit from accounts payable: 3 ways to turn a cost center into a profit center

No matter what your business sells, you incur expenses as part of everyday operations – for supplies, equipment, utilities and other essentials. If you're paying those bills the old way, you're dealing with time-consuming and costly processes. But when you modernize your approach, you can drastically cut back on your team's workload while improving your cash flow and even making money. Here's how.

1. **Eliminate manual processes.** If your team hasn't digitized its accounts payable workflow, it's likely spending a lot of time gathering and digitizing receipts, getting paper approvals and uploading paper invoices. Those efforts take time, and paying with checks adds even more time, from writing the checks to gathering signatures. When you switch to automated processes and credit card payments, you can streamline it all – getting approvals digitally with the click of a button and eliminating the expenses related to printing, writing and mailing checks. Those automated processes can make it easier to get your balance sheet, income statement and other files ready for the accountant at tax time too. And with every move you make to streamline processes, you're cutting costs.

2. **Make money with every payment.** Using credit cards for payments isn't just a way to cut costs. It's also a way to earn. If you've thought of credit cards as a tool to employ only when you're tight on cash, think again. These days, most vendors – from utilities to materials suppliers – accept credit cards. When companies pay their credit card bills on time, they don't incur any interest costs. But they do earn rewards that can be used to fund growth or be reinvested to earn even more. If you have a vendor who passes along a fee for using credit, the rewards you earn can cover those fees – and potentially leave you with more money overall.

3. **Grow cash on hand.** Credit cards enable you to pay vendors quickly, and those speedy payments may help you negotiate discounts. At the same time, credit allows you to hold onto your money throughout the billing cycle and grace period. If you're a contractor who needs to buy supplies before a customer pays for the job or a healthcare organization waiting for insurance payments to come in, that extra cash flow is essential to keep your business's financials in good shape. If the float allows you to have extra cash on hand, you can let it sit in a savings account earning interest – something that can add up quickly during this time of high interest rates.

Accounts payable is an essential part of any company, and it may be time to rethink how you're approaching it. With the right modern processes in place, paying invoices doesn't have to be a burden. It can also be a profit center. Wondering how to make the transformation at your company? The U.S. Bank Business Card Consultant team would love to help. We work with all types of businesses to help them find efficiencies, unlock cash flow and get more from their money.

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