

A man in a blue shirt is looking at a tablet with a thoughtful expression, his hand resting on his chin. The background is a bright, blurred office setting.

## 7 TIPS TO IMPROVE YOUR CASH FLOW WITH FINANCIAL ACCOUNTING SOFTWARE



**Cash flow. Two little words that are the source of huge amounts of stress and frustration for many SMBs. Invoicing quickly and accurately is key if businesses want to have enough money to pay their employees and their own bills. But invoicing quickly isn't as easy as it sounds.**

To improve your invoicing, SMBs need to focus on three key areas - keeping all their financial data in one place, avoiding manual re-entry of data and efficiently collecting information from the business so invoices can be sent out quickly.

And just like accounts receivables, accounts payable also benefits from using an integrated system that eliminates manual re-entry and offers better controls. With improved visibility into your accounts payable and accounts receivable, SMBs can make sure they're optimizing their payments to take advantage of discounts for early payments and maintaining a stable cash flow.

## **SUMMARY**

For many SMBs, longer invoicing cycles cause confusion, accuracy issues and serious cash flow problems. Here are three key invoicing issues that SMBs constantly struggle with, along with an explanation about how financial accounting software helps to eliminate these problems, effectively speeding up the cycle time and saving the company money.

## **3 WAYS TO SHORTEN YOUR INVOICE CYCLE**

For many small- and medium-sized businesses (SMBs), longer invoicing cycles cause confusion, accuracy issues and serious cash flow problems.

Without powerful financial accounting software to rein in these complications, SMBs wrestle with maintaining the integrity of their bookkeeping. This struggle makes it difficult — if not impossible — to forecast or make sound business decisions without questioning the validity of the data.

Here are three key invoicing issues that SMBs frequently deal with, along with an explanation about how financial accounting software helps to eliminate these problems, effectively speeding up the cycle time and saving the company money.



### **1) Some SMBs store their invoicing information in more than one location:**

Keeping financial information on several spreadsheets or in more than one system makes it difficult to track anything. What money is coming in? How much money is actually in the bank to pay the bills? Is there enough to make payroll? Without storing all of this information in one location, or at least integrating the different systems that require financial data, it's much too easy to make mistakes. That's because these spreadsheets and systems are not communicating with each other. In other words, there's a lack of real-time updates between the systems.

Let's say, for example, someone in accounting pays a bill for \$1,000. Unless that accountant logs that payment into the spreadsheet and all four of the company's various systems, someone else in another department could go into one of these systems — which hasn't been updated — and assume there's \$1,000 more in the bank than is the case. Without integration between the systems, the second person could easily overdraw funds.

With financial accounting software, all financial data is updated in one location and in real time.

### **2) Storing invoice data in multiple locations means your accountants must use time-consuming processes to maintain accuracy:**

This particular invoicing issue — which is related to the first problem listed above — happens when the accountants must invest significant effort to make the data on each of the different spreadsheets and systems produce the same truth.

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If the accountants have to update two spreadsheets and three systems for every transaction, they'll spend far too much precious time juggling manual processes. Plus, should they forget to update even one of these locations, the accuracy of the bookkeeping goes out the window.

A fully integrated financial accounting system doesn't require any data to be tracked on spreadsheets. So when you correct the information in one system, it's corrected across all of them. You don't need someone to enter it in system A, system B and system C. When a change is made in any of these systems, everything is updated. This ensures that no matter what system you're in, you'll receive the correct and most up-to-date information.

### 3) Longer invoice cycle times cause customers to take longer to make payments:

Studies show the longer you wait to send a bill, the harder it is to receive full payment. By using disparate systems to invoice customers, the process takes longer and delays payments.

Financial accounting software includes fully integrated sales order processes. This means accountants have fewer steps and no manual processes to send an invoice, drastically speeding up delivery time and billing cycle time.

Here's the bottom line: SMBs don't have to endure the confusion and headaches that come with long invoicing cycles. Thanks to its integration abilities, quality financial accounting software is able to vastly improve the quality of your data, enabling business leaders to make better decisions.

## 4 TIPS TO IMPROVE ACCOUNTS PAYABLE

Accounts payable (AP) is a fundamental accounting practice. That's Business 101 and — in general — not overly complicated. And yet, as a company grows, issues can crop up and cause major problems, costing the business unnecessary time, energy and money.



### SUMMARY

Accounts payable (AP) is part of any SMB's financial foundation. But as basic as it may seem, errors and inefficiencies can cause major issues. Optimizing AP takes a combination of technology and process improvements.

The key for improving AP and avoiding these problems is using quality financial accounting software. These tools, especially if accessed in the cloud, can provide growing small- to medium-sized businesses (SMBs) with time-saving processes.



With that in mind, here are several AP issues that can become quite painful if left unattended, as well as ways that technology is able to solve those problems.

### 1) You have inadequate security.

Having weak internal controls encourages theft. Often, companies feel they're too small to worry about theft. Others feel they can trust everyone so there isn't a significant need to worry about additional security procedures.

Improve your security by working with a cloud provider. A recent article on Computerworld.com shows that despite National Security Agency data leaks by Edward Snowden, companies aren't running away from the cloud. While some research in August predicted the leaks could cause American cloud providers to lose business to overseas competitors, "six months later, the impact appears to be less severe than expected," the article reports. In fact, as a whole, the cloud continues to be much more secure for SMBs than most data closets. For example, an article on the [Dark Reading](#) website outlines ways SMBs can improve their security, specifically by using the cloud. With a cloud-based service, companies are able to obtain email, web security and access-management services, and perform automated backups, to name just a few features.

### 2) You're missing discounts from vendors due to poor cash flow planning.

Capture all the discounts you're eligible for by using electronic payments and automated AP. These services also enable SMBs to release blocked invoices held up by data errors, which reduce the opportunity to realize discounts. A study discussed in a blog post on the [Business Finance](#) website showed that AP departments are "slowly but steadily



moving away from paper and to a greater percentage of electronic transactions.” Electronic payments enable SMBs to achieve “better control over their spending and [ensure] purchases are made with preferred suppliers,” the post explains. About a third of companies that use electronic invoices can process a payment for less than \$2 each, the study showed.

### **3) You’re still using Excel spreadsheets for accounting and tracking invoices, and it’s becoming increasingly difficult as the company grows.**

Financial accounting software helps companies better manage and anticipate cash flow and help enforce internal controls. Advanced accounting systems provide financial insights in real time that spreadsheets will never be capable of delivering.

### **4) Too many manual tasks are costing your company time and money.**

A [recent survey](#) of AP professionals showed that most companies have some level of automation; however, only 16.9 percent of these have a fully automated solution.

Invest in a fully automated payments system to cut down on mistakes, identify billing errors and reduce overpayments. A [white paper from Logicbroker](#) outlines several ways that these automated programs work to eliminate manual tasks. Invoices, catalog prices, product inventory,

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purchase orders, shipment notices and everything in the warehouse can be automated. “Errors are most commonly caused because of inaccuracies made while performing manual tasks,” the white paper reports.

If done right, AP isn't that complicated for small companies. As the business grows, however, it's important to invest in powerful financial accounting software to prevent major issues, which could cost your company time and money.

### CONCLUSION:

Stopping your cash flow headaches starts by streamlining your accounts receivable and accounts payable processes and increasing your visibility with financial accounting software. You can focus on growing your business and keeping your customers happy because you've reduced your manual data entry and integrated your business systems. By using the seven tips offered in this eBook, you can make sure that you never miss another early payment discount or panic when payroll is due.



For more information on empowering your business with integrated, service-based tools, call 888-525-6398 or [click here](#) to speak with a cloud-based applications expert at SMB Suite.