

5 procurement hacks to boost your **bottom line**

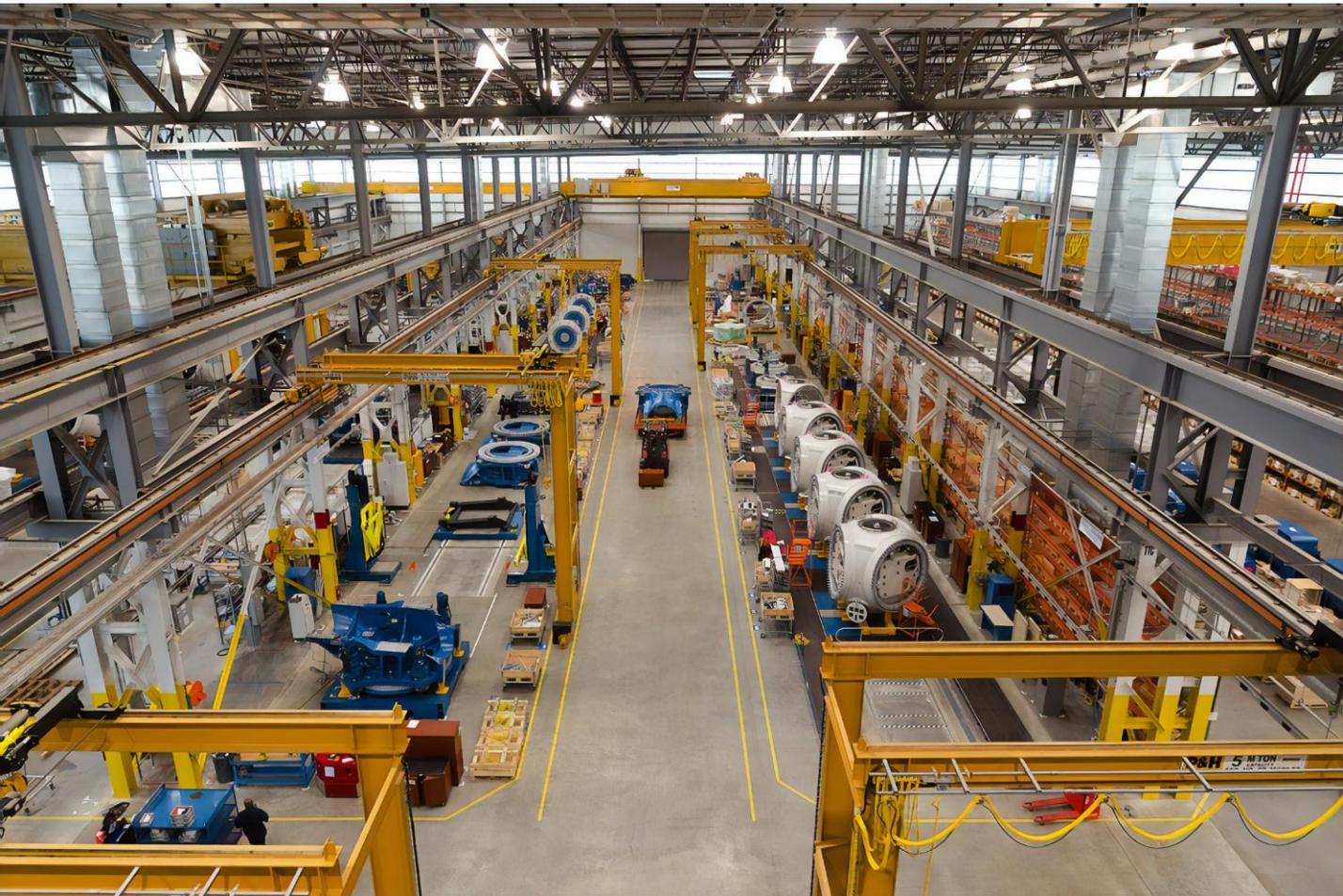
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Introduction

Making sure your business has the resources - goods and services it needs to successfully operate is not an easy task. The procurement work with each and every vendor starts way before its first shipment reaches your facility. Selecting the right vendor, conducting due diligence, contracting, ordering and on-going relationship management requires a lot of knowhow, effort and experience.



This e-book presents 5 hacks enabled by a 3rd-party funded vendor early payment solution that will help you generate incremental savings, avoid cost and improve your vendor relationships.

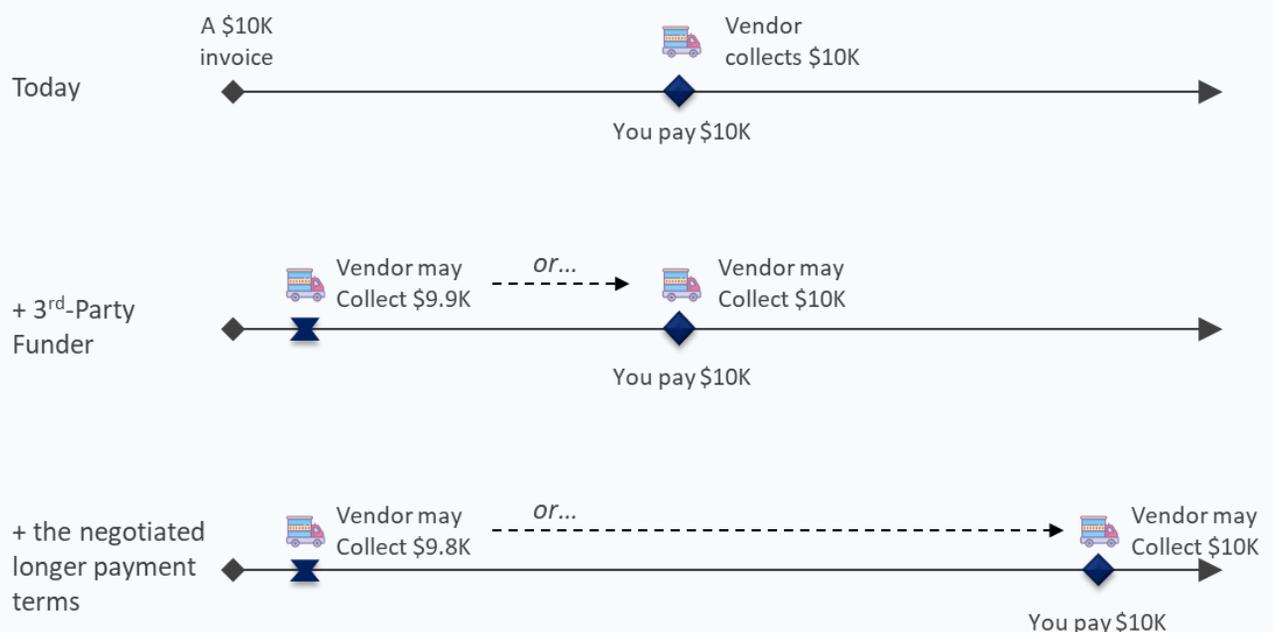
Negotiate longer payment terms while letting your preferred vendors collect quickly

Extending payment terms with your vendors (from 30 days to 60 days, for instance) generates clear benefits for you. It increases your Days Payable Outstanding and your Accounts Payable volume, accelerates your Cash Conversion Cycle and reduces your Net Working Capital investment.

However, extending payment terms with vendors creates friction. Vendors do not like to wait longer to get paid. A 3rd-party funded vendor early payment solution can help reduce, if not eliminate this friction, and serve as a negotiation asset to complete the move.

Through this type of solution, vendors may get paid sooner than they would normally expect, at a small discount, while you make the actual payment (the face amount of the invoice - no added fee) down the road - when the invoice reaches maturity.

This solution provides real value to your vendors - an additional on-demand, unsecured credit line to advance payment on your invoices - which can translate to bottom line savings for them too! By providing this tool to your vendors, term extension discussions become easier and your success rate climbs significantly.



Eliminate friction resulting from vendor early payment requests

Some of your vendors probably call you from time to time and request to advance payments - especially during season peaks (or global pandemics). This causes friction for you both internally and externally. You need to check with your treasury department if this can be done, and oftentimes the answer is no. If that's the case - you then need to decline the vendor's request - not a great situation to be in. This takes time and may hinder the relationship with your vendor.

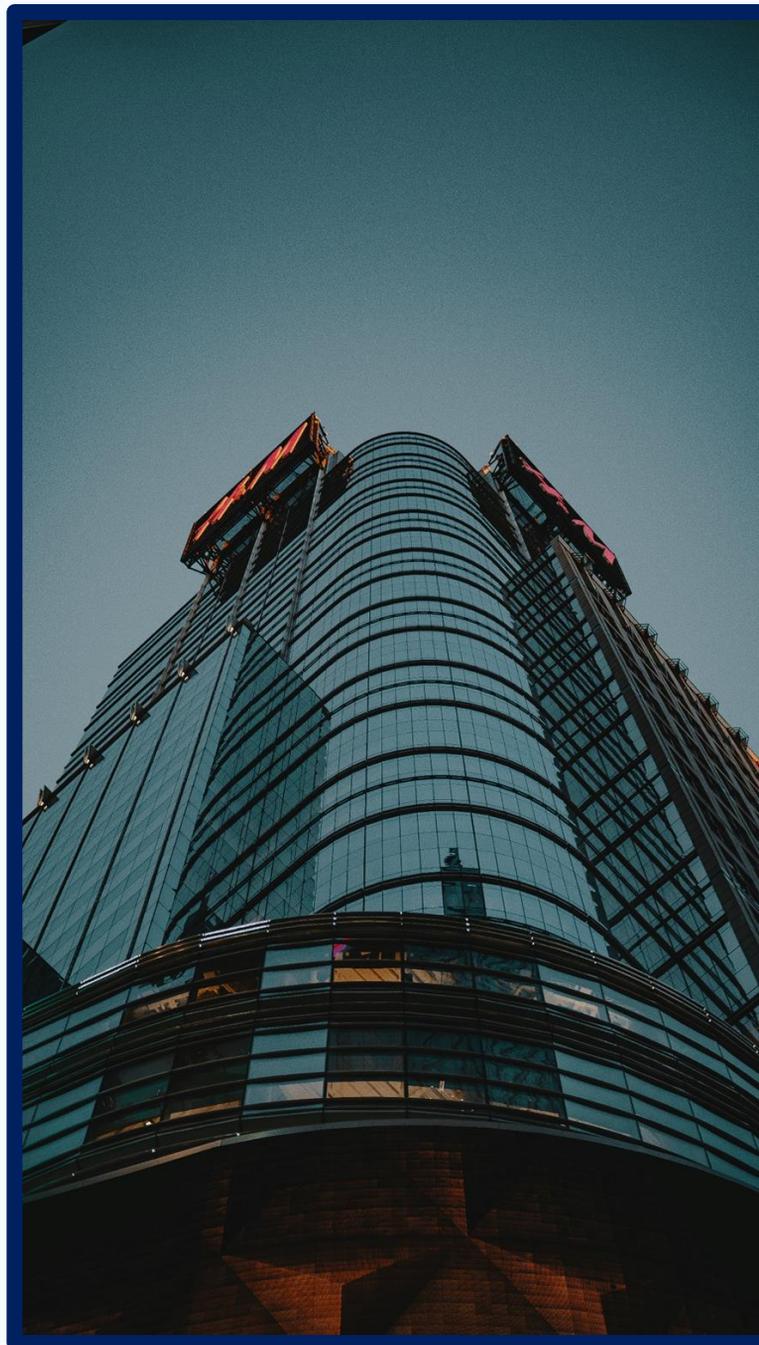
If you allow your vendors to collect their cash quickly using 3rd party cash, you can completely avoid these situations while never having to pay your vendors early with your own cash, making it a great tool for you to completely avoid these situations.



Reduce vendor turnover

Replacing vendors costs you money. Switching vendors may sometimes require to adapt processes or to delay projects. Looking for a replacement vendor requires an RFI, RFP, RFQ, conducting due-diligence, contracting and more. This can lead to a 5-figure direct and indirect cost for you and sometimes more - depending on the vendor.

Allowing your vendors to collect their cash whenever they want (without you paying them yourself) is a gesture towards them that costs you nothing but strengthens your relationship and partnership with your vendors. This leads to higher vendor loyalty and lower vendor desertion, reducing the number of times you'd need to replace vendors. This translates to cost avoidance (and headache avoidance!) to you.



Help your critical vendors stay afloat

Replacing vendors is a pain, but replacing critical vendors might be a threat to your business continuity, disrupt your operation and incur real, direct costs to you.

It's often hard to tell which of your vendors might be struggling financially. Unlocking an optional financing channel for your critical vendors that's always available to them will allow them to better manage their cash and collect whenever they want - without any impact on YOUR cash flow. The result - increased certainty of a continuous delivery of their product or service to you and reduced supply chain risk.



Reduce business disruptions due to failed / missed payments

Payments to your vendors may sometimes be unintentionally delayed due to administrative reasons or simply due to a clerical error. Smaller vendors may cease to render the service or stop shipment of goods. Having the option to get paid early or even just before the maturity dates would give those vendors the certainty of payment when they need the money and you will avoid mishaps due to lack of payment.



Summary

Vendor payment terms used to be a zero sum game - if you want to pay later, your vendors have to wait longer, and vice versa. By injecting external capital into your supply chain, you can break this trade off and allow your (select, preferred) vendors to accelerate receipt of their payments at no cost to you, and without paying a day too early.

Supporting your vendors this way provides direct and indirect, quantitative and qualitative benefits to you and to your vendors. A select few of them were described in this e-book.



About Quartix

Quartix helps make any vendor negotiations a win-win situation by providing clients with a vendor-friendly early payment solution they can unlock to their vendors. With Quartix, the client never pays early!

Learn how a 3rd-party funded vendor
early payment can boost your financial
and operational results

Get in touch!

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