

## AMERICAN EXPRESS PAYMENT SOLUTIONS



### Improve Vendor Relations and the Bottom Line

by Karen J. Bannan

*“Everyone wants to get paid right away, and e-payments makes that happen. I do everything online. I can look at my invoices and determine whether to pay them off in part or full.”*

Charles Barrett  
Founder and Creative Director,  
FZ Media Design

Charles Barrett pays his vendors very quickly, authorizing monthly electronic payments with a few clicks on his computer. The electronic paper trail helps him manage and track his company's expenses. And he gets better service and support from his vendors by using e-payments.

“Everyone wants to get paid right away, and e-payments makes that happen,” explains Barrett, founder and creative director of the Yardley, Pennsylvania, web design firm FZ Media Design. “I do everything online. I can look at my invoices and determine whether to pay them off in part or full.”

While most of Barrett's vendors accept credit and charge cards, some companies still don't want to accept e-payments.

“There are so many advantages of accepting e-payments,” says Charles H. Green, executive director at the Small Business Finance Institute, a non-profit based in Atlanta. The trick is educating vendors so they understand what's in it for them.

#### **Faster payments save money**

Many vendors object to e-payments because of the perceived cost. E-payments incur fees, but they are miniscule compared with the cost of doing business with traditional

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checks, says Green.

“Handling checks [means] employees open envelopes, prepare deposits and go to the bank, and then input those payments into the system,” he says. “If you’re billing someone with 30-day terms and the average accounts-payable gets paid in 56 days, well, that’s money right there.”

E-payments are instantly credited into an account, improving cash flow. You can usually spend funds from an e-payment the same day they arrive, Green says. Transactions can be completed anytime, anywhere using a computer, tablet or smartphone to receive payments. “You can transact business while sitting in a restaurant,” says Barrett.

### Secure payments cost less

“The payment stream for a paper check is open to errors, as well as bounces, which also incur a fee,” says Green. There’s less chance that an e-payment will be mishandled or misdirected.

“People think that payments made online are less safe, but there are so many protection—from banks, from card issuers—against fraudulent charges,” says Marc W. Halpert, managing partner at Your Best Interest, an electronic-payment firm based in Fairfield, Connecticut. “As long as the vendor is using a secure HTTPS connection, there’s much less to worry about.”

### Now is the time

The best arguments for e-payments, says Halpert, are the soft benefits. Vendors who are easiest to do business with don’t have to chase payments “because it’s just easier to pay them.” Being easy to work with translates into a deeper trust, says Halpert, and fosters repeat business.

Eco-conscious vendors get the satisfaction of reducing their carbon footprint. They’re using less paper by not using printed checks and envelopes and burning fewer fossil fuels. “No one is driving your check around by car, truck or plane,” says Halpert.

Accounting becomes easier. When an e-payment lands, the information is instantly available in the accounting system, as well as marketing and sales software.

Plus, user perks encourage loyalty. Shari Glassman, owner of East Meadow, New York’s M.B. Cohn Interiors pays her merchandise and fabric vendors with credit and charge cards because she likes earning rewards points for her purchases. Glassman says she uses her points for airline tickets and hotel stays whenever she travels for business. “I’d rather use a vendor that’s going to help me get to conferences and design shows,” she says.

Vendors who still aren’t convinced may lose customers, says Green.

“Vendors have to realize that it’s really time to step up to the 21st century,” he says. “We live in a digital time, and customers demand a certain level of sophistication and understanding.”

*Karen J. Bannan is a writer, editor, blogger and moderator whose work has appeared in hundreds of consumer, business and trade publications, including The New York Times, Wall Street Journal, Forbes, Woman’s Day, Family Circle and Time.*

