

SELECTING A TREASURY MANAGEMENT PROVIDER



Financial transactions are growing increasingly complex. For decision-makers and financial managers, monitoring the daily flow of money to and from multiple vendors, creditors and customers can be daunting, especially when you may be responsible for other business matters.

Whether you oversee the finances of a young growing company or a mature firm with established practices, working with an experienced treasury management service provider can enhance your existing cash flow and working capital management processes.

A Fresh Way to Think About Treasury Management

The term “treasury management” covers an array of specialized financial tools and services typically provided by a bank. It may be helpful to think of your treasury management provider as a specialist who collaborates with you to help optimize the value of your working capital. In addition to improving your daily cash flow, your treasury management provider can create technical and administrative efficiencies that can reduce costs and mitigate operational risks.

“It may be helpful to think of your treasury management provider as a specialist who collaborates with you to help optimize the value of your working capital.”



New Tools Level the Playing Field

Because of its complex nature, treasury management was once the domain of large firms with vast resources. Today, financial tools and technology have leveled the playing field for smaller companies. Sophisticated systems and technical solutions can help you monitor daily flows of capital across multiple business units, allowing you to quickly make adjustments to cash management strategies as market conditions evolve.

Five Reasons to Revisit Your Treasury Management Platform

There is no one-size-fits-all approach to treasury management. And while upfront costs and expenses for technology and professional support need to be considered, the return on that initial investment is likely to be positive, both short and long term.

Begin evaluating your treasury management process by assessing whether any of these scenarios applies to your company.

- You have not reviewed your treasury management processes in detail within the past two years.
- You have experienced customer-service problems arising from a gap in your current treasury management platform.
- You oversee a lean staff with limited treasury management experience.
- You are not exploiting proven techniques to maximize the value of your cash flow.
- You need to free up time to focus on other core business activities.

Ask About New Tactics and Technologies

You want to work with a treasury management provider that understands your business and industry and offers a broad mix of skills and services to meet your organization's unique structure and goals. Your treasury management provider should be familiar with new technologies and how they can help you meet your goals.

Make sure you have support to:

Manage your financial position in the office or on the go. Whether you are in charge of your company's financial strategy or responsible for day-to-day transactions, you need an online and mobile banking portal that delivers a single, customizable access point for your banking services. You should be able to view transactions and generate reports online 24/7. Receive customized reports in a format that suits your operation.

Gain clearer insight into your cash position and protect against fraud. Explore services that match checks presented for payment against your check issue file. Those checks not matching your issue information should be presented to you for a pay/return decision.

Automate accounts payable. A single invoice can cost up to \$14 to process manually. What if you could cut the average cost of invoice receipt through payment by two-thirds?

With accounts payable automation, invoices are collected in a central location to allow scanning/digitization and data capture, eliminating the need for paper processing and manual data entry. This service can help you reduce barriers to growth, cut costs, improve control and cash forecasting, meet regulatory requirements, and maintain your audit trail.

Accelerate accounts receivable. New technologies allow companies to better integrate various payment streams and benefit from visibility not only with traditional paper receipts through a traditional lockbox but also electronic payments through a virtual lockbox or an electronic bill presentation and payment system.

Monitor and control ACH debit activity. You should be able to work with your bank to establish "rules" that filter the ACH debits coming into your account(s). You can then review "suspect" ACH debits and determine whether to return them as "unauthorized."

Reduce procurement costs. Purchasing cards reduce traditional procurement costs and procure-to-pay cycle times and provide visibility into travel and/or procurement expenditures for management. Net acquisition costs can be reduced through revenue sharing.

Process payments more efficiently. When you initiate all of your payments through a single file, you can leverage the economies of scale that a provider offers. Outsourcing to printing and mailing your checks or originating virtual card payments can improve your working capital and reduce your net acquisition costs through revenue sharing.

Manage cash securely. Remote safe and on-site deposit services can reduce the time, cost and risk associated with deposit preparation and trips to a bank branch. If you are part of a retail organization that collects large amounts of cash, ask about the advantages of an armored car service.

Grow internationally. Companies of all sizes are exploring the world for new opportunities. Your bank should be able to coordinate treasury management, foreign exchange, trade services and trade finance to support your international objectives.



As You Grow

Your bank should be able to grow with you and scale products and services to meet your needs as your situation changes.

Stepping up your search for a treasury management provider? Consider sending requests for proposals (RFPs) to at least five financial institutions. A properly constructed RFP offers a prudent way to compare the services and expertise of candidates vying for your treasury management business.

“No matter what industry you’re in, working with a strong treasury management service provider can make companies of all sizes more competitive.”

Questions to Ask Treasury Management Candidates

Whether you are evaluating treasury management candidates through networking, word of mouth or through an RFP, consider exploring these questions with providers seeking your business:

- How is your organization investing in technology to stay competitive?
- What impact can your service have on my current A/R and A/P processes?
- Describe the user-training components built into your service offerings.
- How long will it take to “go live”?
- From technical and personnel perspectives, how will my business be affected during the transition period?
- What does my IT staff need to know about integrating into our accounting system?

- How will service to my customers be affected during the transition period?
- If my company chooses you, whom do I call for questions and problems in the future?

Building a Long-Term Business Relationship

No matter what industry you’re in, working with a strong treasury management service provider can make companies of all sizes more competitive. A trustworthy, knowledgeable treasury management service provider can help your company optimize excess cash flow and mitigate operational risks through time-tested accounting processes and capital management techniques.



READY TO HELP

At PNC, we combine a wider range of financial resources with a deeper understanding of your business to help you achieve your goals. To learn how we can bring ideas, insight and solutions to you, please contact your PNC Relationship Manager or visit pnc.com/ideas.

This article was prepared by PNC for general information purposes only and is not intended as legal, tax, accounting or financial advice, or a recommendation to buy or sell securities or currencies or to engage in any specific transactions, and does not purport to be comprehensive. Under no circumstances should any information contained in this article be used or considered as an offer or a solicitation of an offer to participate in any particular transaction or strategy. Any reliance upon any such information is solely and exclusively at your own risk. Please consult your own counsel, accountant or other advisor regarding your specific situation. Any views expressed in this article are subject to change without notice due to market conditions and other factors.

Lending and leasing products and services, as well as certain other banking products and services, require credit approval.

PNC is a registered mark of The PNC Financial Services Group, Inc. (“PNC”).

©2018 The PNC Financial Services Group, Inc. All rights reserved. PNC Bank, National Association. **Member FDIC**
CIB COMM PDF 0318-0206-768601