

How Recurring Billing Helps To Maintain Cash Flow

Managing expenses is vital to the long-term success of any company, but many small business owners are missing an opportunity to reduce their monthly overhead. Generating and mailing monthly invoices costs time and money, but there is a simple way to minimize its impact on your bottom line – recurring billing.

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Recurring billing allows businesses to automate their invoicing process, making it easier to manage accounts receivable, while providing customers with a more user-friendly payment option. Below are three key benefits of implementing a recurring billing system for your small business.

Cost Savings

Processing, printing, and mailing monthly invoices is a significant expense for many businesses and it takes time away from other important business matters. Add to that the expense of monitoring and trying to collect past due accounts, and the invoicing process can quickly eat away at profits.

It offers a green alternative to wasteful paper invoices and saves time as well. Especially popular among subscription services or other membership-driven business models, recurring billing simplifies the payment process by charging customers an agreed-upon amount each month without the hassle of re-entering billing and payment information. Not only does it help your business by reducing accounts receivable expenses, but customers appreciate the time it saves them as well. Recurring billing can be a win-win for any business that routinely processes standing orders, or charges established monthly fees for services.

Predictability

For many small business owners, sending out monthly invoices can sometimes feel like a game of chance. Once it is out the door, you have to hope the invoice doesn't get lost in the mail and even when it is safely delivered, there is no guarantee your customers will send in their payments on time – or at all.

Recurring billing does away with the uncertainty by automatically generating and delivering your invoices and receiving authorized payments quickly and efficiently. Most businesses that offer recurring billing also support a variety of payment methods, making it even easier for customers to pay their bills on time. By setting up these agreed-upon payment options on the front end, business owners can generate reliable cash flow, while saving the time and money they would normally spend trying to develop repeat business. Once the recurring charge is in place, the business repeats automatically. In fact, many business owners factor these cost savings into their pricing, allowing them to be even more competitive in attracting and retaining customers.

Enhanced Security

While business owners are understandably concerned about online payment fraud, recurring billing can be a safe alternative to one-off online payments. Establishing clear guidelines and expectations up front allows you to facilitate secure, reliable transactions. It's important to verify payment methods and terms of service before initiating recurring billing and then closely adhere to agreed-upon charges and spending limits. Make sure to work with a recurring billing provider that has robust fraud prevention measures in place.

When looking for ways to increase efficiency and add to your business' bottom line, recurring billing can be a safe, effective, and dependable way to increase cash flow and solidify customer relationships. To learn more about how PlainsCapital Bank can [support your business goals](#), call us today at 866.762.8392.