AP AUTOMATION FOR PROPERTY MANAGEMENT

CIRCULUS

INTRODUCTION

Long gone are the days when a property manager did simply that: manage property. Nowadays, the role of this profession can turn on a dime, requiring management to wear any number of hats at any given time. Within a single workday, you could find yourself jumping into everything from contracts and compliance issues, to handling maintenance and marketing.

On top of all of this, you still need a keen eye on the financial operations of any given amount of properties. It's a lot, to be sure.

Like many businesses, a solid back-office organization, while crucial, rarely receives the attention afforded to client or prospect needs. There simply aren't enough hours in the day to be operationally omnipresent across a single property, much less several.

The good news is that technology is providing more and more opportunities to streamline operations, and doing so is becoming more affordable. Sure, many companies require the incredibly complex functionalities of a niche ERP platform. However, for many others, cost-effective (yet capable) tools are transforming legacy processes.

Even with advancements in tools, transforming into an automated accounts payable organization takes buy-in and internal support to succeed. Once you get up and running, however, you will soon realize that the benefits of such a solution extend far beyond what may be visible from the surface.

This eBook sets out to uncover some not-so-obvious benefits of automating accounts payable, and lays the foundation for making a case for the switch.

UNIVERSAL CHALLENGES

While some challenges are unique to the property management industry, there are a handful of difficulties that apply to accounts payable, regardless of industry. These typically revolve around four topics:

Visibility & Access – Businesses need to be able to access information at any time, from any place. Otherwise, bottlenecks can creep in and disrupt the payables process.

Efficiency – Tools which cause extra time and work to operate simply don't provide value. Companies need a way to solve their problems in order to focus resources elsewhere quickly.

Controls & Security – Certainly security and controls are paramount, especially when it comes to financial access. This control applies not only to deliberate dishonesty but to simple oversight and human error as well.

Cost Savings – Operations are increasingly being pressured to run a lean organization, and the tools available should provide value, while still being budget-friendly.

These likely all apply to you to some degree, but it's the combination of priorities that make AP automation a good idea. For some industries, the approval workflow is paramount. For others, it's about the ease of access to critical information. Others still, the synchronization with account software is worth its weight in gold.

Regardless of where your particular needs place emphasis, it's likely that automating your payables and migrating to the cloud offers measurable benefit, if not solving all pain points at once. How automation helps property management extends beyond these universal benefits, and can help you commit to the decision to move to a cloud-based automate workflow.

DEFINING ROLES
&
ACCESS

One size doesn't fit all when it comes to assigning financial data access. While some employees need access to bank accounts or payment approvals, others simply need to provide background information, upload supporting documents or just to provide an extra set of eyes. In traditional paper-based processes, it's difficult to regulate specific access while still accounting for the day-to-day reality of getting invoices approved and paid promptly.

Part of a well-run AP organization is a clear delineation of responsibilities. Data entry clerks need to enter data. Approvers need to approve, and so on. In doing so, the process is not only streamlined, but necessary checks and balances are enforced automatically. AP automation tools offer the technology needed to enforce the rules you define, and apply them automatically, with no human intervention required.

Even the ability to define and modify the role-based accesses themselves are easily modified. Migrating AP to the cloud allows your organization to standardize access, and make adjustments in real time, as needed.

DEFINING ROLES

For those new to formalizing the accounts payable process, some of the more standard roles to consider are:

Clerk
This function typically collects invoices, extracts the data within, and sends the document into the workflow for completion. This role should be the specific focus of someone dedicated to getting documents registered within the platform, coded, and assigned promptly.

Reviewer
For companies who need an extra set of eyes on invoices, the Reviewer role is a good fit. Frequently, users in this role are expected to inspect invoice data, ensure everything is associated with the right property or tenant, and provide any additional details on assignment rules.

Approver

In property management, you no doubt have strict processes in place which require oversight and approval for certain spend types, such as anything that exceeds a certain dollar threshold or items which would be considered capital expenditures. The Approver role is ideal for ensuring that these rules and thresholds are executed consistently.

Payer

This role is the last line of defense regarding fraud prevention and the role which can execute payments. This permission is typically reserved for a company owner, CFO, Controller, or senior accounting personnel.

Admin

This role has all capabilities, including overrides and the ability to create and assign permissions to all other users. This role is typically reserved for company owners, regional/multi-property managers, or the highest-ranking employee with access to financial information and transactions.

Accountant

Incorporating your accountant into your process is beneficial for all involved. For property-related concerns, allowing your accountant access to payables is helpful when it comes to evaluating spend comparisons across all of the properties within your portfolio.

These are just a few examples of roles commonly utilized in this type of work, and most automation tools provide various levels of customizing to fit a company's unique needs.

When it comes to maintaining clear responsibilities, technology can alleviate guesswork and consistency. So while there are certainly exceptions to the rule and role-based nuances to consider, incorporating the best practices enforced by digital tools is a significant first step in streamlining your processes.

PROTECTING YOUR BUSINESS

It's easy to think that internal misdoing is impossible in your organization. You have a solid team in place, and the idea that someone would take advantage of the company seems completely far-fetched.

For the vast majority of properties, this is true.

However, there is a risk regardless, and you may be surprised to learn that almost 30% of internal fraud is the result of a lack of internal controls[1] Not only that but that the accounting function alone accounts for over 16% of total fraud[2]. Also, for companies writing paper checks, it gets even worse – check fraud accounted for a whopping 77% of total fraud cases[3].

It's a sobering reality, but it need not overwhelm you. AP automation technology offers many benefits which obviously can't guarantee fraud prevention but can provide the capabilities to enforce process, along with insight into potential process deviations or changes which may raise red flags.

16%
Of total fraud is attributed to the Accounting function

30%
Of fraud is attributed to the lack of internal controls

77%
Of total fraud is attributed to check fraud

LEVERAGE AUDIT TRAILS

Among the many strengths of a digital ecosystem is the sheer amount of data at your fingertips at any given moment. Not too long ago, this exercise littered with filing cabinets, sticky notes, and hallway updates has become a mere click of the computer mouse. Did an employee make several updates to a specific landscaping vendor within a short amount of time? Was bank account data for a utility provider modified? Was an employee not typically associated with a given supplier unusually active with their invoices? Was a key approver omitted from the process?

If suspicion arises, digital audit trails can provide granular detail on any aspect of the bill lifecycle. You can quickly access dozens of invoice, user, and payee attributes and who executed a given action, and precisely when it was executed.

A SAVVY MANAGER
CAN EASILY SPOT
DEVIATIONS FROM
THE NORM

KNOW YOUR BUSINESS

So how can a busy business owner or accounting manager keep tabs on the pulse of their payables quickly and easily? While it may sound obvious, it simply comes down to knowing the business. By having a handle on averages, seasonalities, volumes, and pricing, a savvy manager can easily spot deviations from the norm.

So while fraudsters are inherently resourceful and crafty, some tell-tale signs may be helpful to raise an eyebrow or pique your interest into a deeper dive:

- Invoices are missing important details, such as GL, class or quantity.

- Vendor details include PO boxes or public emails, such as Gmail or Yahoo.

- Abnormal change to expected vendor pricing.

- Approved amounts are just below the approval limits of a given user.

- Rounded invoice values ($25.00, $50.00, etc.).

- Invoice volume for a particular vendor is significantly higher than usual.

- After-hours logins and modifications to invoice and vendor bank account records.

CONSOLIDATION
&
OPTIMIZATION

BUSINESS RULES & WORKFLOW

An efficient workflow is only as good as your ability to enforce it consistently. Traditional workflows are notorious for ad hoc approvals and scrambling to make it in time for the check run or to get board approvals on major expenditures.

A lot goes into something as simple as paying a supplier. From opening mail and entering data into account software to tracking down approvers and support documentation. Add into the mix multiple properties, each with their challenges and priorities; you can see how easily this simple process can escalate.

Once again, the cloud comes to the rescue.

By utilizing workflow and business rules, virtually all of the process overhead can be minimized, if not eliminated. This also removes mistakes or non-compliance with internal invoice routing and processing policies – it is enforced digitally and can be modified as needed by assigned company administrators only. Some of the more common uses of systems and workflows offered by AP automation platforms include:

• Multi-step approvals
• Individual approval thresholds
• Exception handling workflow
• Automatic invoice routing
• Recurring payment scheduling
• Digital PO matching

CROSS-PROPERTY VISIBILITY

Which locations keep up with their payables and which fall behind? Do some properties frequently incur late payment penalties while others receive early payment discounts? Are all properties using approved suppliers? Unless you have a centralized view of payables activity across all properties, it can be difficult to tell. By consolidating into a single cloud payables platform, you can easily view the payables of any location at any time.

This helps find areas of improvement, identify possible cost savings, and illustrates where additional employee training may be needed.

ACCELERATE TIME-TO-PAY

It's not uncommon to require board approvals for capital expenditures or significant repairs, but sometimes the need is urgent. Our cloud solution allows you to enter all expense data, along with supporting photos, pricing schedules, and warranty documentation. From there, it's as simple as assigning your required approvers and completing your workflow. What used to take days or weeks, now simply takes minutes!

REMOVE BOTTLENECKS

Having access to data at the moment needed is crucial. However, so is having this access where it's needed. Busy property managers are not tethered to their desk, and employees can be hard to track down when timely approvals are required. It's a daily mad dash in and out of units, or between properties blocks, cities, or even states away.

So while this is the nature of the profession, the need to pay your vendors does not wait for you to slow down.

Access is another fantastic capability of the cloud. From virtually any device with wifi capabilities, you can access the data of every one of your properties with a few mouse clicks or taps on a mobile device. Not only that, payment reminders and reporting provide selected users with the ability to identify laggards in the process and make adjustments as necessary.

This is particularly when your board members or Treasurer require additional documentation, contracts, proposals, etc. before approving certain expenditures. Rather than being bound by monthly expense reviews or in-office meetings, providing everything they need to proceed with approvals can be sent in real-time, eliminating geography and access to information.

MAXIMIZE SPEND

When done at an average level, the AP function can keep things moving along. When done well, it can operate as a profit center. It takes effort and discipline in the approach, but enforcing consistent processes can benefit many factors which can affect your spend.

Avoid Erroneous Payments

With so many suppliers, it's easy to pay a vendor twice accidentally or to pay the wrong vendor entirely. After all, in a hectic accounting workflow, Evergreen Gardens and Evergreen Gables can look pretty similar. AP automation tools can automatically alert you about potentially duplicate invoices, while the oversight provided by our approval workflow can help prevent misdirected payments.

Increase Purchasing Leverage

There's obviously common goods and services utilized across all properties. If locations are each securing their own suppliers for frequently ordered goods, you could be missing out on huge cost savings. By consolidating suppliers, your overall purchase volume can have a direct impact on reducing unit costs.

ENFORCING CONSISTENT PROCESSES CAN BENEFIT MANY FACTORS AFFECTING SPEND.

IN CLOSING

It's a lot of information to absorb, and the prospect of migrating to an automated cloud approach may seem daunting. However, rest assured that tools exist which make this surprisingly simple, with integration consisting of a few clicks, and ramp-up a matter of hours rather than days. Once you take the leap, even the thought of your prior processes will immediately validate your decision to change.

REFERENCES

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CIRCULUS

Circulus SMB was created to provide small and medium-sized businesses with the tools they need to harness the power of an automated and online AP workflow. It is our goal to offer a solution that is affordable to any business, while not compromising on technology or features. With Circulus SMB, we have developed a solution which allows users to streamline processes, enhance data quality, tighten AP controls, and consolidate bill management into a single interface.

Bill Pay Has Never Been Simpler.

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