

HOW CORPORATE CARDS CAN SUPPORT WORKING CAPITAL

In today's ever-evolving economic landscape, stability matters. Optimizing your working capital with American Express® Corporate Cards is one way you can **help your business succeed**.

Here's how.



HOW TO CALCULATE WORKING CAPITAL

$$\begin{array}{c} \text{Current assets} - \text{Current liabilities} = \\ \hline \text{Working capital} \end{array}$$



Using and accepting Corporate Cards can help improve your working capital. How? Consider this example:

Example Scenario

BEFORE OPTIMIZING WITH CORPORATE CARDS

"Corgi Construction" faced cash flow issues as a result of unexpected events such as harsh weather conditions and an onsite accident.

Project delays caused a gap: The business's current liabilities (accounts payable and short-term debt) started to exceed its current assets (cash and accounts receivable).

Assets

No assets available

Liabilities

- Can't pay insurance or utilities
- Uses cash to purchase supplies for other projects



Negative working capital means "Corgi Construction" is unable to invest in the business.

$$\begin{array}{c} \text{Current assets} - \text{Current liabilities} = \\ \hline \text{Working capital} \end{array}$$

Example Scenario

AFTER OPTIMIZING WITH CORPORATE CARDS

By using Corporate Cards for daily expenses, "Corgi Construction" can maintain a healthy cash flow and reinvest its freed-up funds for growth.

Assets

- Can accept Cards to receive payments from other customers' projects seamlessly
- Can accept Cards to continue equipment rental program

Liabilities

- Can use Cards to pay for insurance and utilities
- Can use Cards to purchase supplies for other projects

Sufficient working capital means "Corgi Construction" is able to purchase the latest equipment and upgrade its storage facility.

$$\begin{array}{c} \text{Current assets} - \text{Current liabilities} = \\ \hline \text{Working capital} \end{array}$$

CORPORATE CARDS: A WIN-WIN FOR CASH FLOW

Corporate Cards can help smooth cash flow for both buyers and suppliers. Buyers gain access to additional working capital from the bank, while suppliers can be paid more quickly to improve their own cash flow.¹

Example Scenario

Like many B2B companies, "Corgi Construction" is both a buyer and supplier. Corporate Cards can help improve cash flow on both sides of a transaction.

Buyer Benefits

"Corgi Construction" needs lumber for a new project. As the **buyer**, they decide to access working capital by paying with a Corporate Card. They get the materials they need to stay on schedule — and if the lumber company offers early payment discounts, Corgi can take advantage.

Supplier Benefits

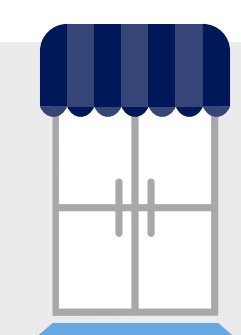
"Corgi Construction" built a new addition to an office building and is awaiting payment from the property manager. As a **supplier**, they decide to accept Corporate Cards. They get paid on time and can use those funds to invest in new projects without worrying about gaps in their cash flow.



WHY UPGRADE PAYMENT SYSTEMS?

Among companies looking to upgrade their real-time payments systems:²

- **52%** said they expect to gain access to new markets
- **50%** anticipated gaining new customers and suppliers



READY TO OPTIMIZE YOUR WORKING CAPITAL?



SOURCES

¹Commercial Cards Give Firms Working Capital Certainty in Uncertain Times, PYMNTS.com, July 18, 2023.

²Real-Time Payments: The Fast Track to the Future of Corporate Payments, PYMNTS.com, May 2022, page 19.



DON'T do business WITHOUT IT™