

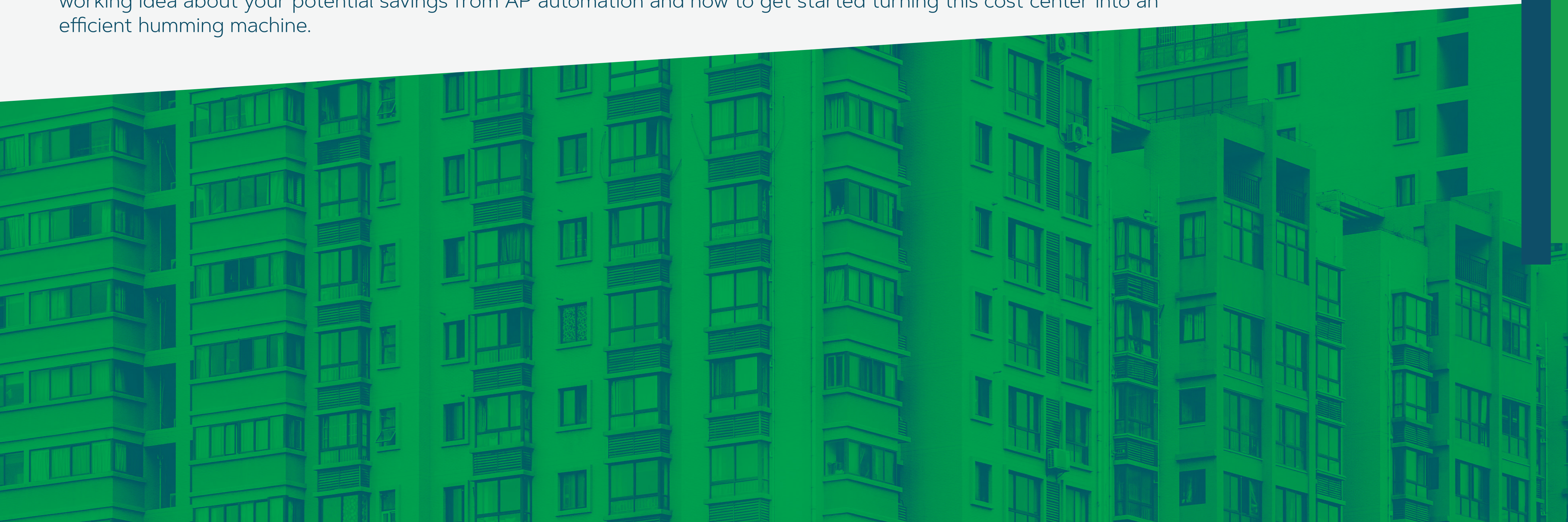
**THE TOP 3 REASONS**  
AP AUTOMATION IS CRITICAL FOR  
PROPERTY MANAGEMENT COMPANIES

Property management companies play a vital role in the real estate ecosystem. From managing tenants to handling building maintenance to performing their back-office functions such as managing paying bills, property managers have plenty to keep them busy. With so much to worry about daily, any opportunity to lower costs and save time should be welcomed with open arms.

Handling Accounts payable (AP) is a challenge that property managers can easily solve with the right resources. Whether you oversee single-family rentals, multi-family rentals, condos, commercial properties, vacation rentals, or industrial properties, you probably manage many bills and expenses. Imagine dramatically cutting the time and cost it takes to handle AP.

You could save money by lowering your staffing or redirecting your employees to more lucrative functions. The possibilities are endless when you have more resources at your disposal. But you won't have them unless you take steps to automate your AP process.

Read this guide to learn more about how AP automation works and how it fits into property management businesses. By the end, you should have a working idea about your potential savings from AP automation and how to get started turning this cost center into an efficient humming machine.





# 1. **MAINTENANCE**

It doesn't matter if you manage one property or one thousand, maintenance issues come up from time to time at any property. Maintenance means invoices, and invoices mean payments.

According to the [2017 State of the Property Management Industry report](#) and the National Association of Rental Property Managers, maintenance and repairs are the number one service offered by property management firms, with 86% offering this service.

Among survey respondents, one in three reported that maintenance and efficiency are their biggest challenges. Lucky for those managers, AP automation can help with both of those areas at the same time.

Property management software can help track expenses by property and issues, but when it comes time to make the actual payment, you may be stuck going to a slow manual check writing process or clunky online bank bill pay system. With AP automation, the process from invoice to payment can be reduced to just a few clicks, and the payment automatically goes from your bank account to your vendor's bank account. No paper check needed.

## SOLVING PAYMENT FRUSTRATIONS

In the previously mentioned property manager's report, 73% of property managers said their ideal property management software would include online maintenance requests and tracking, but when they are not all-encompassing solutions, you could end up with missed bills and upset tenants.

Jeff Fruhwirth, a property owner in Cheyenne, Wyoming, recently fired his property management company after missed bills led to a cancellation of his insurance policy. "This type of service is unacceptable," said Fruhwirth. "Getting my monthly expenses paid accurately and on time is a primary reason I hired a property manager in the first place."

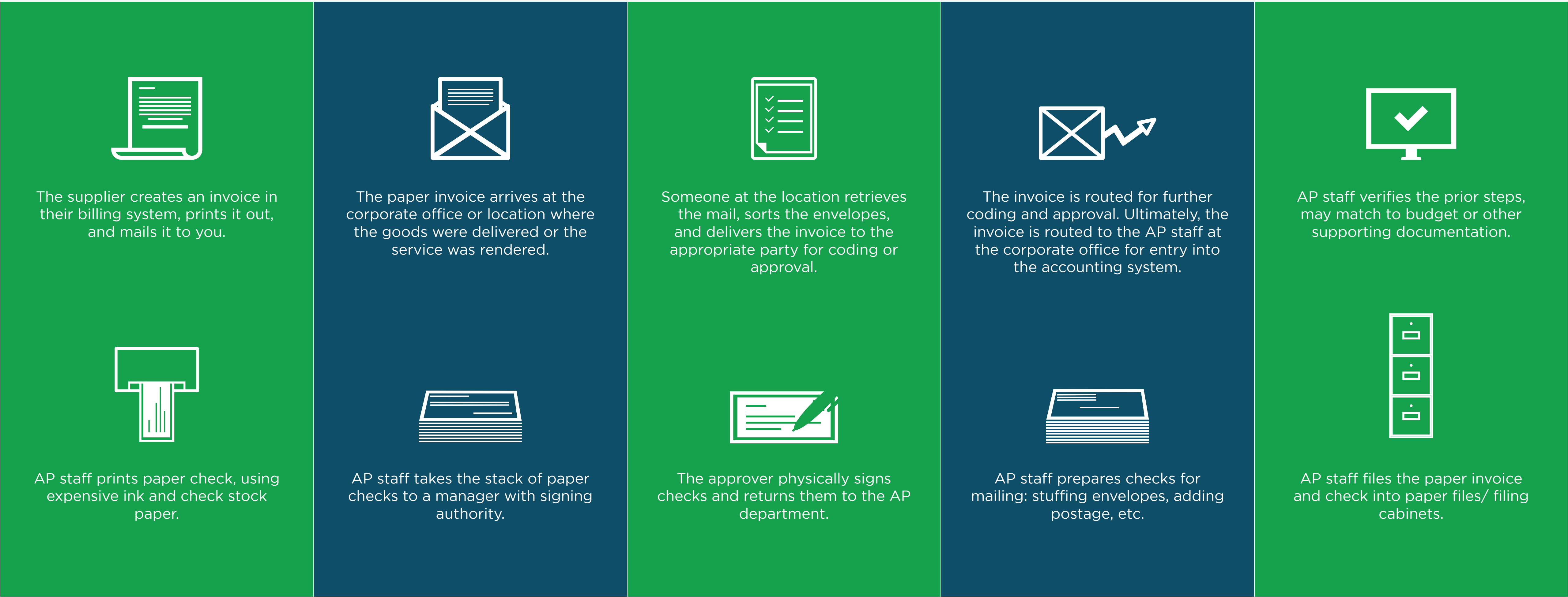
While property management software does a good job of helping you receive payments from tenants easily, they often lack the features to prevent the situation Fruhwirth experienced. Missed bills reflect poorly on property managers and can cause serious problems for clients. Without the right systems in place, you could end up giving poor customer service to your clients and their tenants.

Just think about the bills that come up with one maintenance request. You may have to send payments to one or more contractors or repair workers, one or more parts suppliers, and pay for other incidentals that come up.



# THE TRADITIONAL AP PROCESS

With a traditional AP process for property managers, the maintenance billing process looks something like this:



Sound familiar? There are a lot of steps in the manual process and ample room for delays, errors, duplicates and lost items. Invoice routing is inefficient and slow, documents may get lost in the mail between the property and your corporate office, or checks may not arrive on time to their destination, incurring a late fee. These are just a few of the problems inherent with a paper-based system.



## 2. EFFICIENCY

Monthly bills for property managers may include mortgage payments, insurance payments, maintenance vendor payments, supplier payments, cleaning service payments, among others. Any time you cut a check, you are performing an AP function whether you realize it or not.

With the right focus on AP, property managers can find dramatic efficiency improvements, which can free up valuable time to focus on growth and customer service, rather than the manual process of paying bills. This free time can go to important tasks like quick responses to tenant needs, supplier negotiations or follow up, AR collections and better overall service experience for tenants and your suppliers.

Some property managers can save tens of thousands of dollars by reducing staffing needs from AP automation. Others, particularly small and midsize firms, can redirect their staff hours into more profitable activities.

## HOW AP AUTOMATION WORKS

You may be apprehensive to turn your AP processes over to an automation solution, but those fears should be easily put to rest as you better understand how the controls and features of AP automation fit together.

Large companies have long relied on AP automation to improve efficiency, while better managing and controlling how money flows out the door. After all, manual systems are riper for fraud, theft, and overpayment. With automated systems, you always have the ultimate control over your AP and electronic tracking of every move.



This process means no more paper mail; no more stamps; no more wasted hours of your time or your employees' time opening envelopes, carrying checks around the office, signing checks, or preparing payments to send.

The [average cost to process a single paper check](#) ranges from \$4 to \$20 for most companies once you factor in the time it requires of your employees, among other costs. On the other hand, ACH payments cost around \$0.26 to \$0.50 each. And in many cases, no human time is required.

After your payment is sent, the manual account processes required for paper checks are taken care of for you. AvidXchange's AP Automation solution integrates with most major accounting software or ERP systems to automatically record each expense—no accounting time needed.




## IMPROVED CONTROLS WITH IMPROVISED EFFICIENCY

One of the most common worries after realizing this efficiency is the prospect of accidentally sending unauthorized payments. With AP & Payment automation, you can set up custom rules to ensure you never process a payment in error.

When setting up your new automated AP system, you can establish clear rules that tell the software when to send payments and when to queue them for manager review. Rules can require a review when something does not match; e.g., a bill is over a certain dollar amount, or for specific vendors.

On the flip side, you can set up certain trusted vendors for automatic payments without review, while all new vendor invoices require manual reviews. You are always in control of how the system works.

Once it is running, you can go back and fine-tune or update the rules. You may have to tweak a few rules shortly after getting AP automation in place, but once your rules work the way you want them to, you can simply trust the system to handle the rest and alert you, or another manager, whenever there is a need for manual review.



**JUST GOING FROM PAPER CHECKS TO ELECTRONIC PAYMENTS SHOULD SAVE YOU UP TO 80% ON PAYMENT PROCESSING COSTS. A FULLY AUTOMATED AP SOLUTION CAN MAKE THOSE SAVINGS EVEN MORE MEANINGFUL FOR YOUR BOTTOM LINE.**

## **CLIENTS AND TENANTS SHOULD BE THE PRIORITY**

Your business has many stakeholders, but the bulk of your efforts should focus on growth and customer-centric activities. Any time you have to spend on administrative tasks takes away from quick responses to property owners and tenants and can lower the overall quality of your property management business.

If you struggle with meeting client expectations for response times and keeping properties serviced to your standard or the owner's standard, explore ways to find more time to focus on their needs. Automated AP is an ideal way to make that happen.



### 3. **GROWTH**

A manual AP process does not scale. As you add new payments, you add more time.

If a payment costs you \$10 on average, every new payment adds \$10 in new costs. From employee time to postage, there are very few economies of scale to find in manual payments. More payments mean more staff, more complication, and more expense.

With automated AP, one system can scale to take on a virtually an unlimited number of payments. Each new payment will incur a small cost for the electronic payment, but an automated AP system does not increase in price or take more time for each new invoice. It saves you money and allows you do to more without adding more people.

If you want to stay small and handle a few properties, you probably won't see a great return on investment from a switch to automated AP. But if you are a sizeable business or aspire to grow, automated AP could pay for itself within months.

Not only will your expenses decrease, but automated AP joins your suite of systems to help you scale for growth to reach your biggest business goals. Adding the types of automated AP processes AvidXchange offers to your back office could be akin to adding rocket fuel to your business trajectory.

## **BUILDING YOUR BUSINESS CASE**

Owners of a few duplexes might not be too worried about your ability to scale and grow, but larger complexes certainly want to know that you can easily manage their tenants and provide a high level of service.

If you were bidding on a 500-unit complex, for example, what could you do to set yourself apart from the competition? The property owner will have certain minimum standards, but if you show you can go above and beyond their base expectations, you are better poised to win the business.

Using innovative technology, including AP automation from AvidXchange, you can show your ability to handle anything they need. With a great tenant management system, accounting system, and AP automation from AvidXchange, you have everything at your disposal to win over even the most demanding new clients.



## SUPERCARGE YOUR ACCOUNTING

Property managers have many balls to juggle and keep in the air at the same time. If you drop the ball on any one thing, the entire system can come apart. That's why AvidXchange integrates with your existing accounting software to seamlessly connect your payments and expense accounting.

Having your books up-to-date keeps your clients apprised of what they owe for maintenance services rendered. When you use systems that work well together, electronic invoices that match outstanding purchase orders, record to your accounting system, and update your client financial statements without minimal human intervention.

With fully integrated property management software, you can automate things like budgeting and revenue tracking. It can also automate budgeting for expenses related to advertising, repairs and administrative staff, and other parts of the business. This eliminates several manual steps from the process, and you and your staff are sure to benefit from how seamlessly everything integrates.



## GROW YOUR PROFIT MARGINS WHILE GROWING YOUR BUSINESS

There are two ways to grow your profits in a property management company. First, you can increase your profit margins, so you keep more of every dollar you bring in as revenue. Second, you can add more clients and properties to your business, increasing your top-line revenue. With automated AP, you can do both at the same time.

AvidXchange AP automation solutions can help you better manage your costs overall while lowering costs to process invoices and send payments. At the same time, automating AP gives you and your team more time to focus on clients, tenant needs, and marketing your business to take in new clients. And because your AP is automated, you can scale up to the task whether a new client wants you to manage one unit or 1,000.

While it is tempting to remain status quo in your business, Accounts Payable is not a place to ignore. Modernizing to the newest systems can save you money and propel your business to the next level. Take this opportunity to prepare your property management company for many years of success.



**INTERESTED IN LEARNING MORE? AVIDXCHANGE'S AUTOMATION SPECIALISTS WOULD BE MORE THAN HAPPY TO SCHEDULE A CUSTOMIZED DEMO FOR YOU. CALL US AT (888) 918.2843, EMAIL THE SALES TEAM DIRECTLY AT [SALES@AVIDXCHANGE.COM](mailto:SALES@AVIDXCHANGE.COM), OR [CLICK HERE](#) TO SCHEDULE A DEMO TODAY.**



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