

# Get More Working Capital to Fund Your Cash Conversion Cycle

Optimize Cash Flow and Scale Your Business Faster

A Playbook by  
**plastiQ**



## STEP 1:

# What is the Cash Conversion Cycle (CCC) and why does it matter?

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Simply put, the Cash Conversion Cycle (CCC) is a metric that expresses the number of days it takes for a company to convert its inventory into revenue.

CCC measures the length of time each net input dollar is tied up in the production and sales process before it gets converted into cash received. This metric takes into account the time needed to sell the inventory, the time it takes to collect receivables, and the time it has to pay its bills.

Legacy retailers (like department stores) have a CCC of up to 70 days. Hyper-efficient Walmart and Costco have a CCC of between 12 to 4 days respectively. Amazon.com has a CCC of -24 days. What this means is that Amazon makes revenue on its inventory 24 days before suppliers need to be paid. How is this possible?<sup>1</sup>

Being aware of your CCC gives you an indication of how management can use the short-term assets and liabilities to generate and redeploy the cash and improve the company's financial health with respect to cash management.<sup>2</sup>

Plastiq can help you operate as efficiently as Amazon.



## STEP 2:

# Know the reverse credit card processing model & how-to leverage cards as working capital.

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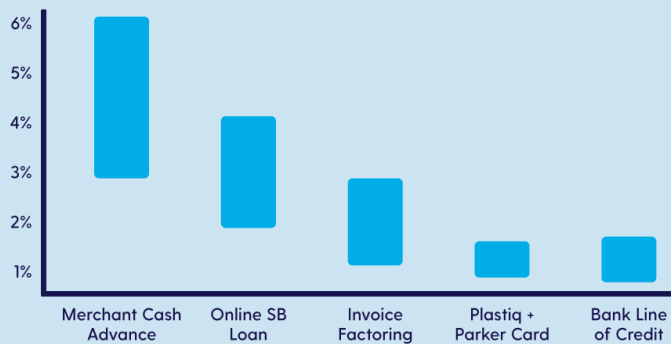
In the 2000's, PayPal disrupted the financial services industry by bringing simplified B2C payments into the digital realm. Today, PlastiQ similarly disrupted B2B payments by taking a simplified approach to reversing the credit card processing model. Instead of the merchant or vendor paying the processing fees, the buyer pays. This reverse model unlocks payment disbursement flexibility since any vendor can get paid by card regardless of whether or not they normally accept card payments.

## Paying with PlastiQ:

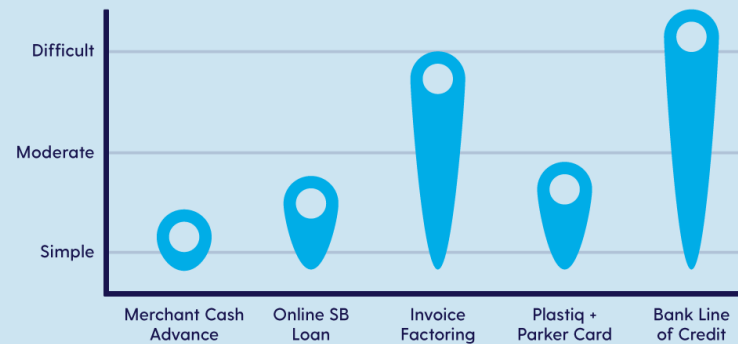
- Amplifies cash flow: Paying vendors with a credit card unlocks working capital and a way to extend your terms of up to 60\*days with cards and 120 days with cards + PlastiQ short term financing\*.
- Adds flexibility and saves time: Payers can pay vendors by any method they prefer no matter how the vendor wants to receive payment. PlastiQ funds the payment the way the payer prefers (card or ACH) and sends vendor payment by paper check, ACH, or wire transfer.
- Is a better alternative to bank loans: When you compare the cost of the fee associated with the reverse credit card payment model with other forms of business financing—factoring in cash back from credit card rewards, early pay discounts, and extra time to pay off bills, the benefits add up fast.

# Lets Compare Business Finance Options

Average cost of financing



Ease of access to financing



Short-term financing with Plastiq is the lowest cost and easiest to access, compared to invoice factoring, merchant cash advances, and bank loans.

See how paying  
by card adds up  
for you with our  
savings calculator.

Get more working  
capital to fund  
your cash  
conversion cycle

How much will  
you save?

get started

ENTER PAYMENT AMOUNT	PLASTIQ FEE ⓘ
<input type="text" value="\$ 50,000"/>	<input type="text" value="2.9%"/>
<small>\$50,000</small>	<small>\$1,450.00</small>
Total PlastiQ fees: \$1450.00	
CASH BACK	TAX WRITE OFF ⓘ
<input type="text" value="3%"/> ▼	<input type="text" value="28%"/>
<small>\$1,500.00</small>	<small>\$406.00</small>
EARLY PAY DISCOUNT ⓘ	
<input type="text" value="2%"/>	
<small>\$1,000.00</small>	
Total benefits: \$2,906.00	
Your Savings	
<b>\$1,456.00</b>	

## STEP 3:

# Expand credit with high credit line cards offering rewards & extended terms.

With PlastiQ partners' cards, you can tailor the way your working capital functions to best meet your business goals.

	Brex	Parker	Ramp	Torpago	Silicon Valley Bank
What you get	Monthly Billing cycle - up to 30 days of float 1% or more in Rewards Bill payment and Expense Management Option to extend payment for up to 90 days	A full 60-days to pay for each transaction - pay vendor on day 1, pay Parker back on day 60 Marketing effectiveness platform for eCommerce	Monthly Billing cycle - up to 30 days of float 1.5% cash-back Bill payment and Expense Management	Monthly Billing cycle + 7 days to pay - up to 37 days of float 1.25% cash-back on PlastiQ Expense Management	Monthly Billing cycle + 24 days to pay - up to 54 days of float Rewards and cash-back SVB Banking products
Why we like	Card limit based on your sales Bill payment and Expense management	60-day to pay - great for businesses with long Cash conversion cycle Card limits based on your sales	1.5% Cash Back Expense management	Limits based on your sales and business credit 1.25% cash back on PlastiQ payments	Up to 54 days of Float + Rewards



A 60 day credit card is better than a points / rewards cards because you will be able to buy an extra 30 days for your large business expenses. That trumps the the benefit of a free flight / free hotel if you have a burn rate you want to keep in check. With the parker card, you have 60 days - a long time to pay off that inventory.” - Ronak Shah, Founder & CEO, Obvi

## STEP 4:

# Negotiate early pay discounts with vendors.

Just like your business, your suppliers want to be paid as fast as possible. Managing your payables with Plastiq gives you the power to pay suppliers ASAP with your credit card while deferring your own payment relative to the terms of the card you used.

If you agree to pay a vendor fast, **negotiate 2%-3% discount on your invoice**. It's likely your vendor will appreciate the fast payment and agree to the discount.

“When a vendor doesn’t accept credit cards, we negotiate a 45 day ACH payment term with early pay discounts. My cards are in a 60 day repayment cycle, so effectively, I can extend the time a bill comes due up to 105 days with Plastiq. Plus, the Plastiq fee is tax deductible so I come out ahead in a strong cash flow position. – Sam Garvin, CEO, Garvin Promotion Group

[Read the case study →](#)



## STEP 5:

# Explore Short Term Financing (STF) in PlastiQ.

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Short Term Financing with PlastiQ provides another option for immediate access to capital when you need to make a payment. In many cases you can have access to funds more quickly and simply than with a bank loan and with better terms than a credit card cash advance.

- No trips to the bank required.
- Get access to unsecured working capital with only a soft credit check—no need for a personal guarantee.
- Can be paid back with ACH or in conjunction with credit cards.
- Using STF in conjunction with a credit card can provide additional terms extension.

Short Term Financing Example: If you have an invoice with 2% 10 NET 30 terms that would give a discount 2% if by day 10 and you were going to miss the discount if you paid it by cash. Pay it with NET 30 financing for 2.8%. The net cost would be .8% and you could actually extend your payment to near 40 day for a cash payment. This would provide an intermediate option between cash and credit. Additionally, you could use credit at a net fee of 3% and still have credit float at the time of payback.



## STEP 6:

# Fund your Facebook, Google, and TikTok advertising with Plastiq.

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To be able to use your credit card for Facebook advertising, you have to make daily payments. If you want extended payment terms, Facebook does not allow payment by credit card.

When you pay with your credit card via Plastiq you have the power to take control of your Facebook advertising payment terms and more effectively tailor your cash flow management to your business objectives.



“ With Plastiq, I don’t have to pay my Facebook advertising bill for January until April, freeing up cash flow and making my business run smoother.”  
– Jason Rappaport, Universal Standard

## STEP 7:

# Let PlastiQ power your entire Accounts Payable (A/P) process.

PlastiQ is a powerful tool that can help you gain a competitive edge at every stage of your A/P process. When you run your A/P through PlastiQ you can:

- Connect your bank account to PlastiQ and get a total view of your cash flow position and dynamics at a glance.
- Send fee-free ACH-to-ACH payments to any vendor. Make ACH bank transfers at higher volumes and don't get held back by arbitrary bank limits.
- Manage team permissions, set up payment approval workflows, and ensure your business stays compliant.
- Connect your accounting software to PlastiQ for an automatic two-way sync of vendors, bills, and payments.

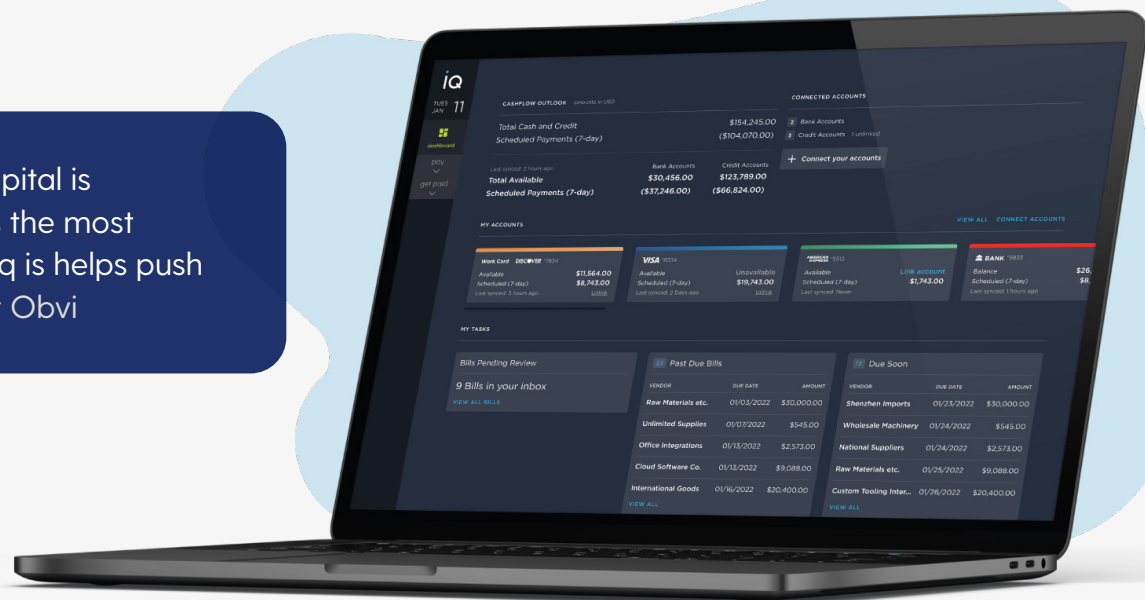


## STEP 8:

# Predict your cash flow with PlastiQ.

The PlastiQ dashboard is a first-of-its-kind cash flow control center. Get a full view of all of your card and bank account balances, quickly see payments that require fast approval, and get a snapshot of your entire accounts payable A/P outflow—all in one place.

“When you are starting up, working capital is paramount. Extending your burn rate is the most imperative thing you can do and PlastiQ helps push that burn rate back a little bit.” – Ron at Obvi



## STEP 9:

# Ease supply chain pain with PlastiQ global payments.

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PlastiQ gives you the ability to pay vendors in over 50 countries with a next day wire and competitive F/x rates. Reduce errors and keep your international payments simple by doing everything through PlastiQ.

“We source wines from countries all over the world. Paying them with PlastiQ makes inventory sourcing much easier. Cash flow was a big concern. We’ve really leveraged PlastiQ basically to help extend payment terms.” – Marian Leitner, CEO, Archer Roose



## STEP 10:

# Accept B2B payments with zero cost to your business.

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Plastiq Accept works just like Plastiq Pay where the payer funds the credit card processing fee. ACH to ACH payment processing is free for both parties. Plastiq Accept also offers features so businesses can capture payment from any customer touch point—a unique payment URL or pay button can be added to a web site, digital invoice, converted to a QR code for in-person capture, and even embedded in an checkout experience or ordering portal with one simple line of code.

“Plastiq is an innovative product that allows traditional B2B wholesale businesses to change with the times. With the Checkout SDK, we were able to embed our Plastiq payment link right in our checkout flow to start accepting cards. We get paid sooner and customers love it.” - Ankit Gupta, CFO Nandansons

# Open your Plastiq account

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Now you have the ultimate playbook for staying profitable and scaling your business fast despite the current inflationary business landscape.

To get started, visit [Plastiq.com](https://Plastiq.com)

## SOURCES

- 1) *Marketplace Pulse, Amazon Cash Conversion Cycle 2001-2021, 2022*, <https://www.marketplacepulse.com/stats/amazon/amazon-cash-conversion-cycle-96>.
- 2) *Hayes, Adam. Cash Conversion Cycle, 01, February, 2020*, <https://www.investopedia.com/terms/c/cashconversioncycle.asp>.



The smart payments platform for your business

To learn more about what Plastiq can do for you,  
please email us at [sales@plastiq.com](mailto:sales@plastiq.com) or visit [plastiq.com](https://www.plastiq.com)