

J.P.Morgan

GUIDE TO GROWTH

# Building a financial strategy to keep your business future-ready

As your revenue grows from \$25 million to \$100 million and beyond, you need new financial capabilities at every stage. This guide helps you assess your current level and identify what to build next.



**3** Level 1: Foundation  
**Building core treasury functions**  
You're managing cash manually, using multiple financial providers or lack centralized treasury.  
**Includes:** Treasury formalization checklist

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**7** Level 2: Operations  
**Leveraging technology and reducing manual processes**  
You have basic treasury functions but are ready for automation with an ERP.  
**Includes:** ERP implementation readiness assessment

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**12** Level 3: Optimization  
**Using data and tools to enhance payment strategy**  
You're ready to use an ERP to innovate payments.  
**Includes:** Accounts receivable streamlining worksheet

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**16** Level 4: Strategy  
**Building a comprehensive working capital strategy**  
You have integrated systems and are ready for cash positioning and forecasting.  
**Includes:** Capital structure planning template

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**20** Level 5: Transformation  
**Building strategic financial relationships**  
You're ready to start thinking about future events, including M&A, succession or equity investments.

LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

## FOUNDATION

# Building core treasury functions

Growing companies will reach a point when their current approach is no longer sustainable—what worked for a company with \$10 million in annual revenue isn't effective for the volume and operational requirements of a \$50 million or \$100 million company. Whether your growth has been organic or the result of a merger or acquisition, you should establish core treasury functions to match your new corporate footprint.

### What are core treasury functions?

Function	Description
Cash management	Daily monitoring and control of cash inflows and outflows
Liquidity management	Ensuring access to funds when needed beyond daily operations
Risk management	Identifying and mitigating financial risk that could impact your business
Investment management	Investing excess cash safely while maintaining liquidity
Payments and collections	Processing payments and managing receivables
Operations and controls	Creating and maintaining policy and internal controls, ensuring compliance

LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

LEVEL 1:  
FOUNDATION

## Why establish core treasury functions?

- Gain visibility into cash flows
- Optimize liquidity across the organization
- Increase operational efficiency
- Reduce cost and ratios
- Manage risk more effectively

Often midsize business owners are wearing many hats and handle accounting responsibilities, which can make establishing and operationalizing core treasury functions difficult. If you already have an accountant or bookkeeper, build from there. Add team members—such as a CFO—who have the expertise put your business on the path for lasting success. Plus, a banking team that goes beyond day-to-day transactions can help your business build a solid treasury management foundation.

Bringing the full power of the firm, J.P. Morgan Commercial Banking clients receive support from a local banker, treasury management officer, in-market credit teams, fraud specialists and other experts to help them achieve their business goals.

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

## Risk management

An often-overlooked core treasury function is risk management and fraud prevention. Your treasury function should develop a comprehensive risk management framework that identifies, assesses and helps mitigate the financial impacts of the risks confronting your organization.



**Market risk:** Diversify investments strategically across different sectors to mitigate potential losses and capture growth opportunities.



**Liquidity risk:** Control and optimize liquidity structures to keep operations on track.



**Compliance risk:** Update financial processes to comply with evolving regulations and requirements.



**Customer risk:** Speed up receivables and maintain healthy cash flow by offering customers more ways to pay.



**Supplier risk:** Ensure consistent delivery by monitoring supplier health, material flows and data flows.



**Fraud risk:** Leverage digital payment solutions and [fraud prevention](#) services such as [Connect](#)® with [Cashflow360](#)<sup>SM</sup> to enable faster fraud detection and better protection against future threats.



**Counterparty risk:** Monitor and assess counterparties' financial strength, geographical risk and reputation, consider requiring collateral.

For more resources on **building core treasury functions and risk mitigation**,

- Follow us on [LinkedIn](#)
- [Talk to a banker](#)

## Treasury centralization checklist

As your business grows from \$10 million to \$50 million or \$100 million in revenue, treasury functions should evolve to match your operational complexity. Use this checklist to establish essential treasury capabilities, and set up a meeting with a banker to discuss a plan for achieving sustainable growth.

### Assessment and planning

- Evaluate current treasury capabilities against business size and complexity.
- Identify gaps between current processes and what's needed for your revenue level.
- Assess current team capacity and expertise for treasury functions.

### People and organization

- Define treasury roles and responsibilities for your organization's size.
- Establish a reporting structure (who handles treasury functions).
- Identify if current accounting or bookkeeping staff can expand into treasury roles.
- Plan for hiring specialized expertise, such as a CFO or treasury professional, if needed.
- Develop a change management plan for implementing new treasury processes.

### Risk management

- Identify potential risks, including counterparty ones, and begin mitigation strategies.
- Assess the volume and velocity of payments.
- Establish policies and procedures, including ones for risk management, treasury investment and accounts payable (AP) strategy.

## OPERATIONS

# Leveraging technology to reduce manual processes

As your business grows and payment activities accelerate, it's important to explore how technology can help you optimize operations. Implementing an enterprise resource planning system (ERP), for example, may reduce manual processes and automate treasury tasks, which can help streamline processing, lower operational costs and access data to drive strategic decision making. Investing in technology can also impact your company's valuation down the road.

### Overcoming challenges to reducing manual processes and automating treasury

#### Problem:

#### Solution:

#### Limited IT resources



There are multiple options to consider, and you don't have to invest in everything at once. Explore options such as application programming interfaces (APIs) and build a business case, including potential return on investment, for future additions.

#### Lack of technical experience



Contract with a specialist or expert who is familiar with ERP implementation and tech innovation, including APIs. Involve external stakeholders in the process—your banker, ERP provider or other third-party specialist.

#### Resistance to change



Clearly communicate implementation milestones, process improvements and the power of better decision-making. Address what's not working, along with opportunity costs, customer experience, headcount capacity, cash deployment opportunities, risk reduction and competitive disadvantages.

LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

## Preparing for ERP-bank implementation



Integrating an ERP with a bank is a complex but critical process. That's why it's important to take steps before, during and after combining systems to ensure success:

- 1. Define objectives:** Start by outlining the integration's goals and expected outcomes, whether that's improving financial data accuracy or streamlining banking transactions.
- 2. Work with stakeholders:** Your IT, finance and treasury teams should be at the table, along with your banker. The integration will impact many stakeholders, and you'll want input from all of them to ensure you meet requirements and stay aligned on goals and processes.
- 3. Ensure systems are compatible and connected:** Confirm your ERP and financial systems are compatible. Then establish a secure host-to-host connection between them for easy communication and data exchanges.
- 4. Map data:** Mapping financial transaction data between your ERP and banking systems is critical for successful reconciliation and accurate reporting. For example, vendor payments, customer receipts and operational expenses must be correctly mapped to appropriate accounts in the ERP.
- 5. Create a detailed migration plan:** Drafting a comprehensive data migration plan can help you transfer historical financial data, customer contracts and payment histories into the new integrated system.

LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

**6. Conduct comprehensive testing:** Rigorous integrated system testing is crucial, particularly for high-volume operations where minor errors can cascade into significant financial discrepancies. Your finance team should verify that customer payments flow seamlessly into the ERP, while IT should test functionality for automated vendor payments and reconciliations.

**7. Provide targeted training:** Conducting specialized training for operations managers and finance and IT staff can help them handle common issues, such as late payments, contract modifications and vendor payment holds.

**8. Monitor and maintain connectivity:** Post-integration, continue to monitor the system for discrepancies and performance to swiftly identify and resolve any issues. Your team should also regularly examine financial data and customer payments that the systems process to confirm they are accurate and error-free. It's also important to implement regular maintenance cycles to address API updates or new banking features that may affect the integration.

**9. Establish ongoing IT support:** Continuous IT support can help you manage issues such as file transmission errors and unexpected cash flow discrepancies, ensuring alignment with evolving operational and business needs.

For more resources on leveraging technology and automation for your growing business,

- Follow us on [LinkedIn](#)
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LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

# Assessing your foundation for ERP implementation

There are many benefits to implementing an ERP, and talking with a J.P. Morgan banker can help. Ask yourself eight questions to help determine if your business is ready for ERP implementation.

1. Do we have a clear understanding of the problem we're trying to solve?

2. What's the state of our data, and what will it take to get it to a ready state?

3. If we're looking at point solutions, have we considered the implications?

4. Should we rethink our operations?

5. How much customization will we require?

LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

# Assessing your foundation for ERP implementation

6. Are we thinking long term?

7. Who has experience we can learn from?

8. How will we measure success?

J.P. Morgan Commercial bankers work with their treasury management specialists to help clients plan and optimize ERP implementation.

LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

## OPTIMIZATION

# Using data and tools to enhance payment strategy

ERP systems can optimize treasury and business operations by providing a unified platform for managing financial data, improving efficiency, reducing friction and enabling strategic decision-making. They're at the heart of an ideal collection and payment strategy.

A valuable addition to an ERP is an API, which allows ERPs to connect and share data with other software. When treasury teams leverage APIs, such as the [J.P. Morgan Embedded Solutions](#) plug-in, they can start initiating payments directly from their ERP and receive real-time account and transaction information for seamless reconciliation.

### Potential benefits of connectivity and integrated systems



Improved working capital and cash rebates



Strategic focus for accounts payable organizations, reducing fraud risks



Enhanced vendor payment reliability, minimizing service interruptions and disputes



Reduced errors and more timely payments



Reduced administrative burden through digitization

An ERP can also help reduce friction related to having a lot of vendors by:

- **Creating a centralized vendor database:** ERP systems maintain a comprehensive database of all vendors, including details like industry, location, performance and contract terms.
- **Creating segmentation capabilities:** Users can categorize vendors by industry, size, risk level or other criteria within an ERP. This segmentation helps procurement and treasury teams tailor strategies for sourcing, negotiation and risk management.

LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

# Innovating payments: Understanding your payment strategy

Innovating payments begins with a clear understanding of your payment strategy. This involves evaluating your payables environment, optimizing current payment methods and transitioning to more efficient, secure solutions.

## Common payment strategy elements:

- **Payment acceleration:** Evaluate current payment terms and explore credit-based products such as virtual cards to accelerate payments and offer rebates.
- **Vendor endorsement:** Reinforce the payment strategy to clients, suppliers and vendors, explaining the benefits and importance of preferred payment methods.
- **Preferred payment methods:** Virtual cards offer security and efficiency. They are used one time for specified amounts, reducing fraud risks compared to traditional card programs. Other preferred methods include ACH for predictable, recurring payments.
- **Payee profile management:** ERPs store detailed profiles for each customer or supplier, including payment terms, banking information and transaction history. ERPs can also automate workflows, such as approvals and compliance checks.

For more resources on [enhancing your payment strategy](#),

- Follow us on [LinkedIn](#)
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LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

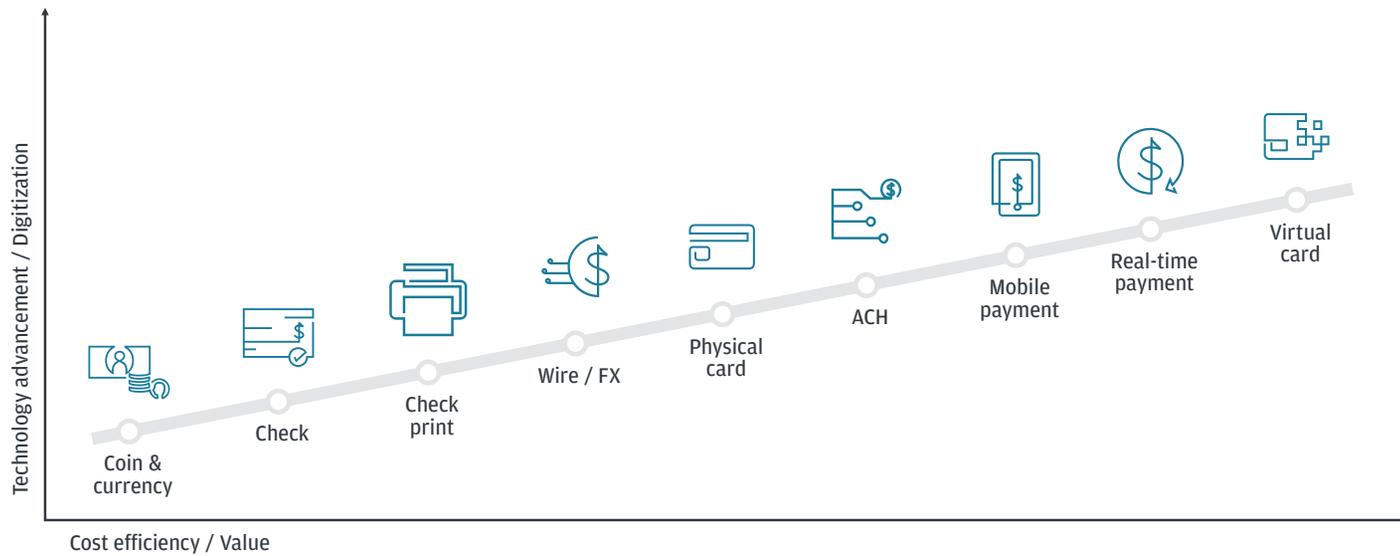
LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

# Evaluating your payment environment

Use the following charts to determine where your business lands regarding the types of payables and receivables it currently uses. Talk to a banker about incorporating more efficient and advanced payment types.

## Payables continuum



LEVEL 1:  
FOUNDATION

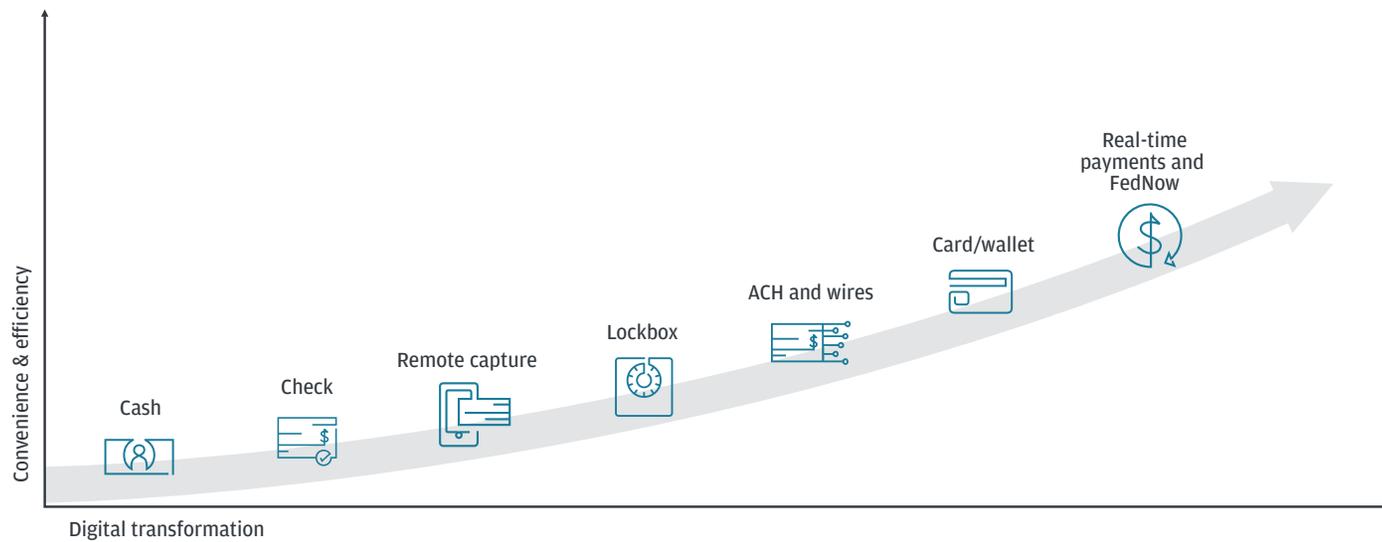
LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

## Receivables continuum



LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

26%

Organizations report that just over one quarter of their B2B payments are made by check.

Source: [2025 AFP® Digital Payments Survey Report: A Triennial Publication](#)

## STRATEGY

# Building a comprehensive working capital strategy

As your business level shifts into strategic mode, it's important to consider your working capital, cash positioning and cash forecasting—and how they relate to your everyday cash flow.

## Cash positioning vs. cash flow vs. cash forecasting



### Cash positioning

Cash positioning measures how much cash you have at a single point in time. It's the process of aggregating all cash and liquid financial asset balances to provide a complete picture of a company's current state of liquidity. It helps to identify whether or not there is enough cash in each account to cover upcoming expenses while ensuring no account has excess cash. [Learn more about cash positioning.](#)



### Cash flow

Cash flow is a historical record of where your cash went over a period of time. It looks at the movement of funds into and out of a business over a specific period, typically a month, quarter or year. It includes all cash flows from sales, investments and financing activities, as well as all cash outflows for expenses, purchases and debt payments.



### Cash forecasting

Cash forecasting is a forward-looking process to calculate your positioning at a point in the future. Companies study their current positioning, their cash flow history and any expected changes in the business environment—such as sales growth, new investments or changes in market conditions—to predict what's ahead. Cash forecasting is used to anticipate cash shortages or surpluses and make informed decisions about how to manage cash flow in the future.

Optimizing your cash positioning involves regularly assessing and managing accounts payable (AP) and accounts receivable (AR) to ensure funds are used efficiently. By gaining detailed insights into AP and AR through comprehensive reports in your banking system and ERP, your treasury team can accurately track cash flows and identify opportunities to improve liquidity. You can also use this data to establish a robust cash positioning process, which tools such as [J.P. Morgan Insights](#) can enhance.

LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

# Implementing cash forecasting **best practices**

Cash forecasting is the process of estimating the amount of cash inflows and outflows your business expects to have over a specific period, usually a few months to a year. It helps you anticipate how much cash your business will have on hand at any given time, so you can make informed decisions about spending, saving and investing.

## Cash forecasting best practices



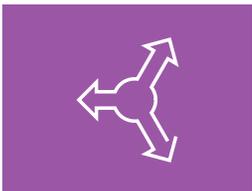
### **Budget-based**

Use budgeted income statements and balance sheets to estimate future cash flows. Project sales, expenses and capital expenditures to predict how these activities will impact your cash position.



### **Driver-based**

Identify and monitor key drivers that impact cash flows, such as sales volume, pricing changes or payment terms.



### **Scenario analysis**

Create multiple cash flow scenarios based on different assumptions and factors, such as changes in market conditions, customer behavior or economic trends to prepare for various outcomes that could impact your cash position.



### **Cash flow modeling**

Use mathematical models and algorithms to predict future cash flows based on historical data and assumptions. These models can range from spreadsheets to financial software.

LEVEL 1:  
**FOUNDATION**

LEVEL 2:  
**OPERATIONS**

LEVEL 3:  
**OPTIMIZATION**

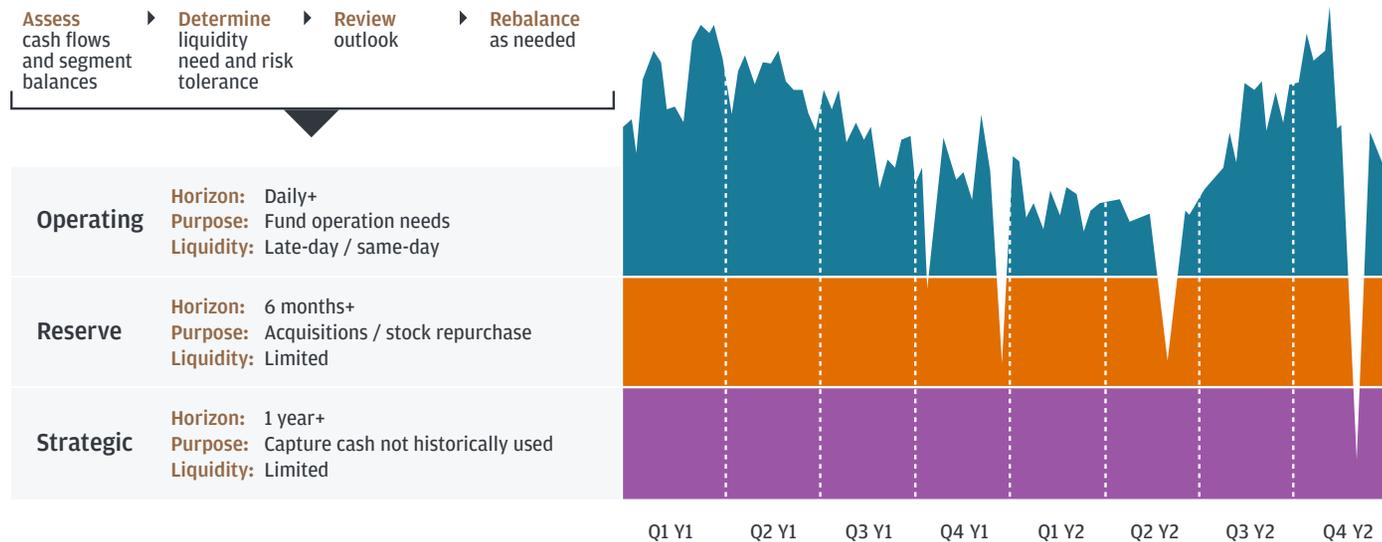
LEVEL 4:  
**STRATEGY**

LEVEL 5:  
**TRANSFORMATION**

# Cash segmentation for long-term growth

When operating your business in strategic mode, implementing cash forecasting and segmentation can help fuel long-term success. Cash forecasting involves determining immediate versus surplus cash needs, using scenario analysis for portfolio optimization and segmenting liquidity into three categories:

- Operating cash for day-to-day needs with late day/same day liquidity
- Reserve cash, for items such as acquisitions or R&D, that does not require same day liquidity
- Strategic cash for long-term investment with limited liquidity



Source: <https://am.jpmorgan.com/gb/en/asset-management/liq/insights/liquidity-insights/leveraging-the-power-of-cash-segmentation/>

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LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION



## TRANSFORMATION

# Building strategic financial relationships

Once the previous levels and practices are in place, your business will have a solid foundation for building strategic financial relationships and achieving a higher valuation. Whether it's planning for an ownership transition, M&A or equity investments, the J.P. Morgan team can help with your long-term business strategy.



Ownership transition/succession planning



Joint ventures



Private equity investments



Liquidity event



M&A

LEVEL 1:  
FOUNDATION

LEVEL 2:  
OPERATIONS

LEVEL 3:  
OPTIMIZATION

LEVEL 4:  
STRATEGY

LEVEL 5:  
TRANSFORMATION

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