



Macy's strengthens its supplier relationships with C2FO Early Payment

From its inception in 1858, Macy's has grown and evolved to become one of America's iconic shopping destinations. Today, it continues to excel as a digitally led omnichannel retailer that enables consumers to shop the way they want – whether through physical storefronts, a website or mobile app.



"C2FO has just grown from the internal view that this is a good use of cash for us, but as important, I think it also cements a good partnership with our suppliers. The supplier interaction and communication has been strengthened and grown since we first launched C2FO. So, it's been a good win-win for both sides of the table, which is sometimes not easy to find."

Doug Brauch, Vice President of Treasury at Macy's

About Macy's

What began as a single storefront on 14th Street and Sixth Avenue has grown to so much more. Under the corporate umbrella of Macy's, Inc., its nameplates include Bloomingdale's, another iconic retail brand; and Bluemercury, a luxury beauty products and spa retail chain that's been growing significantly since its acquisition in 2015. All told, the corporation counts approximately 725 locations and around 90,000 colleagues between all three retail nameplates. Macy's remains the largest retail brand of the company.

The company has been an industry leader in innovations offering robust online shopping experiences through its websites and mobile apps that cater to customers' needs. For example, shoppers can buy a coat on the Macy's website and have it delivered to their home, or they can pick it up at a store, an option since 2018. Shelves at Macy's stores display a wide variety of major brands across categories. At every stage of a shopper's life, Macy's remains a premier shopping destination offering great values in apparel, home, beauty, accessories and more.

A laser focus on innovation doesn't stop with the consumer shopping experience for Macy's. Continuing to evolve every aspect of its business operations is critical to its continued success in the competitive retail landscape. This includes how the company supports the health of its ever-growing supply chain. This is where cutting-edge solutions like C2FO help Macy's to continue to evolve.

Macy's is recognized as a colleague-centric and purpose-driven company. "We are certainly a large corporate retailer, but with a small partnership feel," explains Doug Brauch, vice president of Treasury at Macy's. "This is evident in how we manage and treat our suppliers and partners externally."



Seeing the Benefits

One of Macy's credit group partners introduced the C2FO platform to the company as an alternative to overnight investments. Instead of investing excess corporate funds in lower-earning money markets or bank deposits, the company saw that it could use a portion of these funds to fulfill payables early for a return, while also assisting its suppliers with their working capital challenges. Macy's crunched the numbers and realized there was a potential for more return on investment (ROI) via the C2FO platform versus the ROI on overnight investing.

At the beginning, the internal viewpoint was "a good use of cash," Brauch said.

"We viewed it as a riskless opportunity for us," said Jim Schenk, principal, Treasury - cash management at Macy's. "These are bills that we are going to pay, and it just gave us an opportunity to get a discount and simultaneously partner with suppliers."

"[C2FO] also cements a good partnership with our suppliers as well," Brauch said. "The supplier interaction and communication has been strengthened and grown since we first launched C2FO. So, it's been a good win-win for both sides of the table, which is sometimes not easy to find."

From there, Macy's became interested in implementing the C2FO platform and started talking to a few of C2FO's existing clients. Shortly after, Macy's adopted C2FO as part of its cash flow system.

A Winning Solution

From the beginning, the team at Macy's noticed the C2FO platform made the communications and relationships between itself and suppliers stronger, so important in an industry where relationships matter. Macy's offered the platform as a great tool for suppliers to manage their working capital and cash flow.

Suppliers have seen the C2FO platform as a way to remove any perceived risks from the table, while getting cash for their operations in an accelerated manner. White Mountain Footwear, a leading manufacturer of women's shoes, actively uses it.

"The C2FO platform is clear and transparent," said Perriann Knapton, accounts receivable manager at White Mountain Footwear. "We know exactly what to expect, and that helps from a working capital perspective. We have the option to accelerate an invoice or not, depending on our cash flow needs at that moment. Best of all, it's easy to use. That's good for us and Macy's."

For Macy's, the early payment program has increased the yields on its overnight use of cash and improved the company's gross margin.

The retailer has also found the platform easy to use.

"It's very user-friendly. As we onboard new suppliers, it's really just a plug-and-play platform," Brauch said.

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**Perriann Knapton, Accounts Receivable Manager,
White Mountain Footwear**

And the platform is flexible. Depending on the time of year and the company's needs at the time, "we can flex how much cash we want to apply to it," Brauch added.

Macy's has been able to invest the savings from paying suppliers early back into the business, whether it's the company's digital platforms or the stores.

The Results

- **Macy's began using the C2FO Early Payment platform in 2015, and the program continues to grow, achieving double-digit growth.**
- **Since Macy's adopted the C2FO platform as part of its cash flow system, over one-third of eligible suppliers have registered for the program.**



About C2FO

C2FO is the world's on-demand working capital platform, providing fast, flexible and equitable access to low-cost capital to nearly 2 million businesses worldwide. Using patented Name Your Rate® technology and a suite of working capital solutions, companies can get paid sooner by the world's largest enterprises – unlocking billions in risk-free capital. C2FO's mission is to ensure that every business has the capital needed to thrive and has delivered more than \$220 billion in funding around the world. Founded in 2008 and headquartered in Kansas City, USA, with offices around the globe, C2FO is working to build a better, more inclusive financial system every day.

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