



GROW YOUR BUSINESS

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How To Keep The Cash Rolling In

Cash flow, as they say, is the lifeblood of any business. It doesn't matter whether you're making thousands of cars a year or selling lemonade to neighbours, if you're stuck waiting for payment from customers then you can't pay your suppliers for the next batch of products to sell.

“Here are 10 tips to help you improve your cash flow.”

These 10 tips could help you improve your cash flow.

1. Consider giving discounts for payments upfront. Some businesses will have a discount window of a month that customers must pay within to receive the discount. This is easier to enforce than a penalty for late payment and is more attractive to customers too.

2. Take as long as you can to pay your bills without incurring a late fee. If a supplier gives 30 days, then take the full 30. Pay regular suppliers before others; early payments can generate goodwill and improve the likelihood of obtaining credit.

3. Invest surplus funds in a high-interest bearing account or other financial vehicle. There's no point having idle money in a business, but just make sure you can get your hands on it quickly if the need arises.

4. Create a cash flow forecast. Know when the money should come in, when it is likely to come in, and when you will have to pay it out. Knowledge is power as it will help you prepare for the inevitable delays.

5. Issue your invoices as soon as possible. This is one task that should be first on the list every day. Once sent, make sure you follow up the day after the invoice is overdue. A polite phone call to jog the memory or a second email can help things along.

6. Give customers many options for payment and emphasise your preference for electronic payment such as direct debit.

7. Split payments for longer projects so that you're not waiting for the full invoice at the end of the job. This has the advantage of providing some security of payment as well as increasing cash flow.

8 Monitor your stock and replace

products that are unlikely to sell. Focus on the better selling, higher-margin items.

9. When things get tight, triage your payments. Call all your suppliers and negotiate extended periods or deferred payments. Don't pay the biggest debt first, pay the most important.

10. Link sales commissions to invoices paid rather than revenue billed. A cold call from your accountant to a customer asking why a bill is unpaid is going to be less well received than the sales rep giving a friendly reminder at the next meeting. It also gives the sales person a reason to speak to the customer again - and perhaps lay the ground for another sale.



Get Your Staff Out of The Office

Your bookkeeper calls in one morning to say her son is sick and can't go to school. She will have to stay home and look after him.

In some businesses that would mean writing off the productivity of that employee for the day with possible knock-on effects for meetings, projects or appointments. What if the employee could still contribute at least half a day to get crucial work completed? Or they might want to avoid using up a day of leave?

Every business-grade router (the box that controls your computer network) and even many consumer routers have the ability to create an encrypted private connection to a computer outside the network.

This connection is called a virtual private network, better known by its acronym VPN, and it is a basic feature that can give your employees the opportunity to work remotely.

If an employee has broadband internet access at home they can type in the co-ordinates for the VPN, including username and password, and create a connection. The employee can then see

all the files as if they were accessing the server from their desk in the office.

“Raise productivity, employee satisfaction and customer service.”

VPNs are really useful for several reasons. They are free to set up and operate; they are highly secure thanks to strong encryption; and they can be accessed from anywhere with a broadband internet connection.

The latter is particularly significant. It means you no longer need to run back to the office to check a file. Just log into your VPN and look it up. Sales staff can check the latest figures from their hotel room or even from their car if they have internet access via the mobile phone network. And staffs who are stuck at home, because of family matters, heavy traffic or stormy weather, can still log in and complete a full day's work.

The upshot is your business is more productive, your staff will be grateful for the flexibility and your customers will appreciate the fact that, even when you are in their offices, information to help

close a sale is only a couple of clicks away.

PICK ANOTHER NUMBER

“Customers like to know that a business has a local presence. If you have developed a large customer base in another state, consider renting a phone number with an area code for that state. Even if there is no local office, customers in that state will appreciate the acknowledgement - and the cheaper calls to a local number.”



Emails When You Are Away

Are you connected to your email all day with customers, co-workers and business partners expecting an immediate response until home time?

Email etiquette is partly set by expectations. If you are in a role with high levels of communication, people will grow to expect a quick turnaround to their questions. This can be frustrating and annoying, but if they are customers it can also be a great opportunity to show off the company's customer service.

In these cases, how you handle vacancies from your desk is obvious. The Out of Office Assistant in Microsoft Exchange (or equivalent in other email application - they all have them) can let people know that you won't be able to give them the instant response they may be expecting.

The away message should give a brief description of what you are doing, when you will be back and when you will return their emails.

It could also leave an alternative form of communication ("if it's urgent please call my mobile") or point of contact ("if urgent please ring the receptionist").

"Don't leave your customers guessing."

An out of office message shows your email contacts that you respect the effort that they have made and that you value what they have to say.

It also acknowledges receipt of their message, if only by automated response. Email is still not a 100 percent reliable form of communication; legitimate emails can get caught by spam trapping software, they can get accidentally deleted by a wrong key press, or an email server can crash and messages disappear.

When someone fails to get a reply to an email they will inevitably wonder whether the receiver has reacted negatively to the email's contents. Was it not important, offensive, over-reaching?

Even if you're not in a customer facing role, using an out of office responder is a professional touch that can increase the likelihood that a customer or business partner will try to get in touch with you again, just because they will expect an answer if they don't see the auto-responder message.

Of course, you need to make sure that when you are in the office you respond to emails promptly. If you have an extremely busy schedule then set aside a half hour in the morning and in the afternoon to respond to emails. Regular contacts will know that receiving a response in the middle of the day is unlikely and will modify their behaviour and expectations accordingly.

Google and Microsoft have instant messaging applications which can transmit your "status" to all your contacts as either available, away from your desk or busy. This can reduce the amount of phone tag where two people get stuck in an endless round robin of voicemails.

For most people, email is the preferred mode of communication. The key is to set up a predictable routine, stick to it, and treat the emails you receive with the same respect and attention you hope other people treat yours.



How To Get Hold of Cash Quickly

“Liquidity” was a term little known to the non-financial world until two years ago when the Global Financial Crisis sucked the liquidity out of the world’s money markets.

For small business the crisis meant an end to cheap loans from banks, creating another crisis on its own. Small businesses rarely have a monetary buffer large enough to cushion against the inevitable hiccoughs that choke cash flow, most often a slow paying customer for a large job. So how can small businesses get their hands on money without resorting to loan sharks?

The most tempting and easiest source of debt is to use credit cards. Banks and financial institutions are often criticised for luring customers with cheap credit cards with promises such as forgoing interest for a six or 12 month period. The obvious problem is that credit card interest rates can be exorbitant, over 20 percent in some cases. A business can sink under the weight of spiralling interest payments so a credit card is a last resort.

One alternative is to turn to individual investors. Peer to peer lending has bloomed with several websites

introducing lenders to borrowers without a bank as intermediary. Sites such as

Prosper.com and Lending Club are a source of unsecured and secured loans. Prosper.com considers itself to be “the eBay of loans”; potential borrowers write a request for a loan of up to US\$25,000 and specify what it will be used for and the maximum interest rate they are willing to pay. Lenders can choose to fulfil the entire loan amount or part of it, and need only reveal their screen name. Loans are repaid over one, three or five years and there are no repayment penalties if you would like to pay it off earlier.

Friends and family are another source of funds. If you are concerned about souring important relationships, consider a site like Virgin Money. This website doesn’t provide loans, only a mechanism and guidance for borrowers who have already found lenders.

Virgin Money deducts money automatically from the borrower’s account on agreed dates, and can arrange payment terms that would be difficult to negotiate with a bank. These include a delayed start to payments or seasonal repayments that match your income.

There are more conventional sources, too. The most common business loan is an overdraft which is a limit set by the bank on the amount of money a customer can draw from a cheque account after his or her own funds have been exhausted.

“Sometimes an unexpected cost - or an opportunity – breaks ground and you must scramble to find the money.”

Like a credit card, an overdraft is tempting because it is a revolving loan (money paid back can be borrowed again) that can be conveniently accessed without setting up another financial arrangement. Interest is charged on the amount owed to the bank.

Overdrafts have their own shortcomings. They can be called in by the bank at any time with no warning, and extra conditions can stipulate that a percentage of the money must remain in the account.



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