

High Outstanding Receivables Means Slow Growth

Imagine having every cent that you're owed by customers sitting in your bank account now. Would that ease the frustration of cash flow constraints and an inability to re-invest WHAT you want to in your business WHEN you want to?

People who owe you money are your debtors (also known as receivables). So what is debt, really? Quite simply, debt is your money—in somebody else's pocket!

Many business owners find the whole issue of dealing with debtors uncomfortable. Let's face it, it can be tricky approaching long standing customers to ask them to pay up.

Too often, the job of collecting debts is handed over to somebody else, or simply isn't done at all.

Cash flow and control of your debtors affects every part of your business. It can have a

Acing Your Tests

Testing the success of your business and marketing plan requires regular testing.

One great example of the value of testing is Steve Houghton, an Australian supplier of a personal alarm called "The Walkeasy Personal Alarm." Steve used radio advertising to test different approaches, different prices,

dramatic impact on your long term profitability too. And it doesn't have to be hard.

The first step is to take a look at the numbers. They always speak louder than words, and in the case of debtors/receivables, they can paint a vivid picture

...reinvest WHAT you want in your business WHEN you want to...

about your business. First, answer the following:

1. What is the average size in days of your accounts receivables?
2. What do you collect before you start the work compared to after the work has been completed?
3. What is the ratio of your bad debts to accounts paid? The

different commercial lengths, different words, and even presenters of different sexes.

For example, he found that changing from a male voice to a female voice in the commercial doubled his sales. He found that moving from a 60-second commercial to a 45-second commercial, with a 15-second "tag"

answers to these questions are your telltale signs. Consider them the Key Performance Indicators of your debtor situation.

Now do the numbers for yourself. If you could reduce the time you have to wait for an account to come in by 10 days, (from 30 days to 20 days) how would this affect your cash flow?

What would happen if you collected 10% more of your fees before you started the work? Or instead of just 20%, try collecting 30% before you start the job. Or, instead of sending your clients a final bill at the end of the job, you bill them periodically at the end of each completed stage?

What impact would these simple changes have on your bottom line?

Future editions of Profit Builder will look at different ways to make collecting what's owed to you FUN!

played later in the break, doubled his sales.

Steve made over \$1 million in additional sales by exploring all the possibilities. In fact, when testing what price he should charge for the alarm, he discovered that the alarm he was barely selling at \$9.95/unit sold like hot cakes at \$39.95/unit!

Inside this issue...

Writing From The Readers Point Of View	2
The Past Can Hold Keys To The Future	2
Monthly Record Keeping: The Basics	3
Creating Synergy	3
Marketing Plan Diversification	4
About Our Consulting Services	4

Writing From The Readers Point Of View

The chief complaint of readers today, in this age of information overload is they don't know what writers want from them.

As writers, it's easy to get caught up in our own agendas rather than put ourselves in the readers' shoes. The solution: always put your readers' needs first by using "reader-centred" writing.

Reader-centred writing means considering readers' needs at every step of writing for any business document—whether it's a memo, a letter, a proposal, or an e-mail. Thinking, drafting, editing, and organising from your readers' points of view improves clarity and drives action.

Take time before you begin writing to:

Clarify your purpose for writing—since the purpose of most writ-

ten communication is to influence or to drive action, make the purpose of each document as specific as possible. Ask yourself "What is my reason for writing this document? What do I hope to accomplish with it?"

analyse the needs and attitude of the audience—what will your readers' attitudes to your message be? Receptive, indifferent, resistant? What do they already know about the subject? How much technical information do my readers understand? What's their reading style, and how can I match it?

isolate the "bottom line" or key message—this is the one key message you want your readers to remember. The earlier in the writing process you can isolate your key message into one or two sentences, the easier it will

be to write the entire document. Stick to one topic per document to get the fastest response.

confirm your delivery strategy for writing—are you the right person to communicate this information? What is the best method of delivering the document? Is it timely?

By creating a habit of 'reader-centred' writing, you can significantly increase the impact of your writing—be it a simple email, or a major proposal. You'll find it much easier to get started, save yourself time in editing and re-writing, and you'll better meet the needs of your readers, meaning faster, more effective responses.



Success is never final. Failure is never fatal. It is courage that counts.
-Winston Churchill

The Past Can Hold Keys To The Future

Bring your goals to the present for a moment. Look around you and ask yourself a few things:

- What's your personal income now?
- What profit is your business generating to give you that income?
- What are your gross revenues is it generating to produce that profit?
- How many hours a week do

you work, if any?

- How many team members have you got?

And so on. Now look back at how you got there. Write down the strategies and activities you performed to get you where you are.

Now come back to the present. Notice how the future you has kindly dropped in and given you an action plan of how to get where you want to be?

Often, we find ourselves so caught up in our problems, we're too busy to see how to really move forward. Our current experience of nothing but hard work and lack of resources can cloud our ultimate vision.

Taking the time to 'look back from the future' every now and then can help you create that 'Critical Path' to achieving your goals.

Monthly Record Keeping : The Basics

The following checklist outlines the monthly tasks required to maintain accurate accounting records.

1. Balance checkbook. Reconcile all records with your bank statements so they are in agreement.
2. Total all ledgers. Compute monthly totals for sales, expenses and payroll.

3. Make tax deposits. Report and remit withheld employee taxes. Also file and remit any federal or state income taxes due.
4. Update your unpaid accounts, listing them by length of time on the books, i.e., 30, 60 or 90 days. Use this list to discover which accounts require extra collection attention.

5. Review inventory and see which items are and aren't moving.
6. Reconcile petty cash. Make sure the actual cash, plus the total of the paid-out receipts for expenses from petty cash, are equal to the starting balance. Replenish if necessary.

You need to be aware of what others are doing, applaud their efforts, acknowledge their successes, and encourage them in their pursuits. When we all help one another, everybody wins.

-Jim Stovall

Creating Synergy

In his book *The 7 Habits of Highly Effective People* (Simon & Schuster Fireside, 1989), Stephen Covey identifies the sixth habit as *Creating Synergy*. He defines this as *creating several parts that work together to achieve results that as a whole are greater than the sum of the parts*.

Synergy can be created both inside your business, and outside it. Fostering internal synergy may involve such activities as:

- building a shared vision for your business and your team

- encouraging an 'ideas' culture
- use the *4 Ways to Grow Your Business* in concert with one another, rather than individually.

To foster external synergy, you may like to try some of these approaches:

- Form a win-win Host Relationship—this is an alliance you form with a non-competing business that deals with the same type of 'ideal' customers. By working together, both busi-

nesses can leverage each other's well-qualified customers without having to make substantial investments to generate new leads.

- Create a synergy of design and content on your website—both elements directly impact how long, a user's visit to your site will be, and whether they'll be back anytime soon.



When it comes to building business profits...

Knowledge is POWER.

'Power up' your business today with the Business DashBoard™.

Ask us how.



Marketing Plan Diversification

One of the fastest ways to waste money is on a misguided marketing effort. Whether it's advertising or direct mail, one sole means of marketing is likely to deliver less than stellar results. The key to maximizing your marketing efforts and dollars is diversifying your marketing plan.

An important part of your marketing plan should include professional and association membership. This will put you in contact with people outside your industry, who might have a need for your products and services. It's not enough to just attend meetings. Participate in special events or join a committee. Personal contact, even in this age of high-tech, is still one of the best ways to market your business.

A regular part of your marketing plan should include reviewing your promotional materials from

business cards, letterhead and envelopes to ads, promotional materials and anything that may carry your logo on it. If you haven't had a makeover in the last five to 10 years, it's probably time for a new look. Work with a graphic designer to develop a strong logo and then be sure to include it on all your promotional

Personal contact is still one of the best ways to market your business

pieces including advertisements, Web pages and direct mail pieces.

A frequently overlooked part of a marketing plan is charitable and community giving. Good will marketing often has the longest

and most lasting impact on the people you want to attract to your business. You may want to donate merchandise, contribute to fundraising auctions or sponsor an event for a local non-profit.

Staying in touch with current customers should be a central component of a well-diversified marketing plan. You should consider a direct mail piece at least four times a year. This can include letters, tip sheets, postcards, newsletters, thank you notes, holiday cards or other informative, humorous or timely, soft-sell mailers.

Make sure you include an online component to your marketing campaign. Register your company domain name. Today's marketplace demands businesses have at least e-mail address and a one-page Web site. Start out small with one or two pages.

The man who will use his skill and constructive imagination to see how much he can give for a dollar, instead of how little he can give for a dollar, is bound to succeed.
- Henry Ford

About our consulting services

We're not your average advisory firm. Far from it.

Our membership in the Principal Alliance means you have access to the collective knowledge and expertise of an international network made up of hundreds of professionals who specialize in consulting to small and medium-

sized businesses, just like yours.

When you add to that our experience, support and guidance, you can be confident you'll have all the help you need to make your business truly extraordinary. *We can and will do so much more for you than just 'keep the score'.*

Our goal is to help you build a stronger, more profitable business, so you can enjoy greater financial freedom and a higher quality of life as a result.

Contact us today to discuss how we can help you build a business that delivers on its promise—to you, your team, and your customers.



5001 California Avenue
Suite 212
Bakersfield, CA 93309

For Questions or Comments:
Phone: (661) 716.1160
Fax: (661) 716.1166

Email:
rblanton@odellcrosscpa.com

DISCLAIMER: Information provided in this publication is intended as general information only and should be considered carefully for your own business situation before use. This firm and any associated companies accept no responsibility or any form of liability from reliance upon or use of its contents.

**For additional information about O'Dell Cross, and for back issues of Profit Builder, please visit:
www.odellcrosscpa.com**