



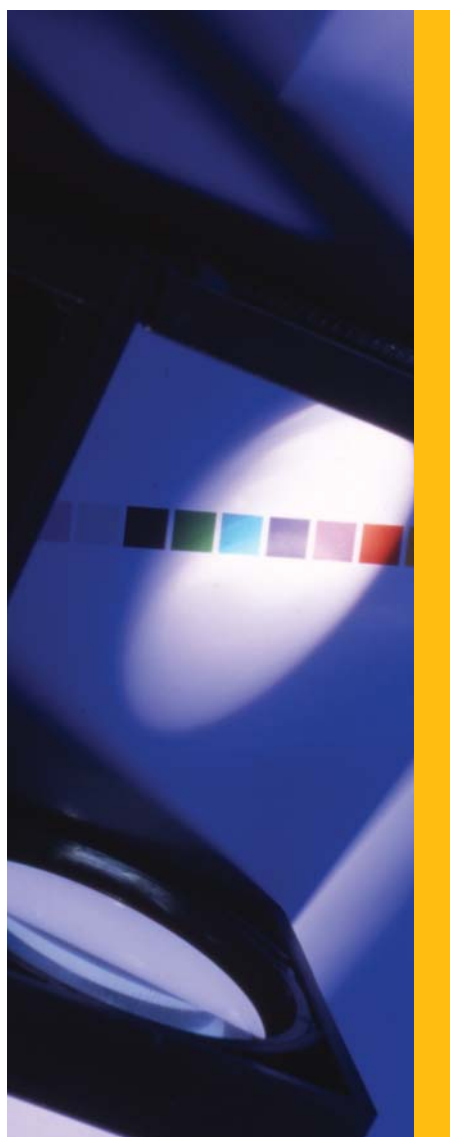
CASH RESOURCES
AUSTRALIA

B A L A N C E

1985 - 2005 Serving Australian Business for 20 years

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Tasmanian Printer *Jumps Cash Flow Hurdle*



About eighteen months ago the owners of a Tasmanian printing company were at the crossroads.

The family had been in the printing industry for over twenty years and together with their son had built a solid business.

As they explained, "We reached a crisis point 18 months ago where we were seriously considering how we could still continue. While there was plenty of business, our cash flow was drying up. We were undercapitalised and had far too much money on our debtors ledger", they said.

"These days, supply companies are very stringent with credit and our cash flow was not sufficient to continue to purchase supplies to complete the work that was coming in. Add to that our wages and taxes which had to be paid on time, so obviously we could not continue without some assistance".

They looked at a number of business finance alternatives, however, they were so highly geared that traditional forms of finance were not an option.

Then the family sought advice from their Finance Broker who suggested debtor finance. They were introduced to Laurie Beatrice at Cash Resources

who suggested an invoice discounting solution. With this facility, they would invoice their clients as normal. They send copies of the invoices to Cash Resources who pay the company up to 80% of the value of the invoices, usually within 48 hours. They receive the balance at the end of each month after reconciliation.

The company is now in a phase of rapid growth.

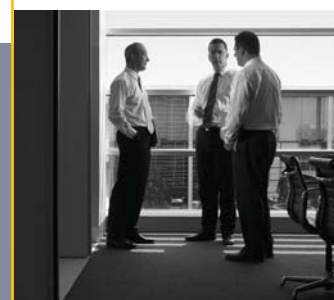
At first the family was sceptical of the facility. "We knew of a printer in Hobart who had used a factoring facility from another company and through their own mis-management fell deeper into trouble so we were very reluctant", they explained.

However, with very few other options they proceeded with CRA and have not looked back since.

The company is now in a phase of rapid growth. They have moved into larger premises and have purchased a new 2 colour and 4 colour press which has allowed them to tap into the lucrative tourism market in Tasmania. Their total sales figures have also increased by 30% over the same period of the financial year as last year.

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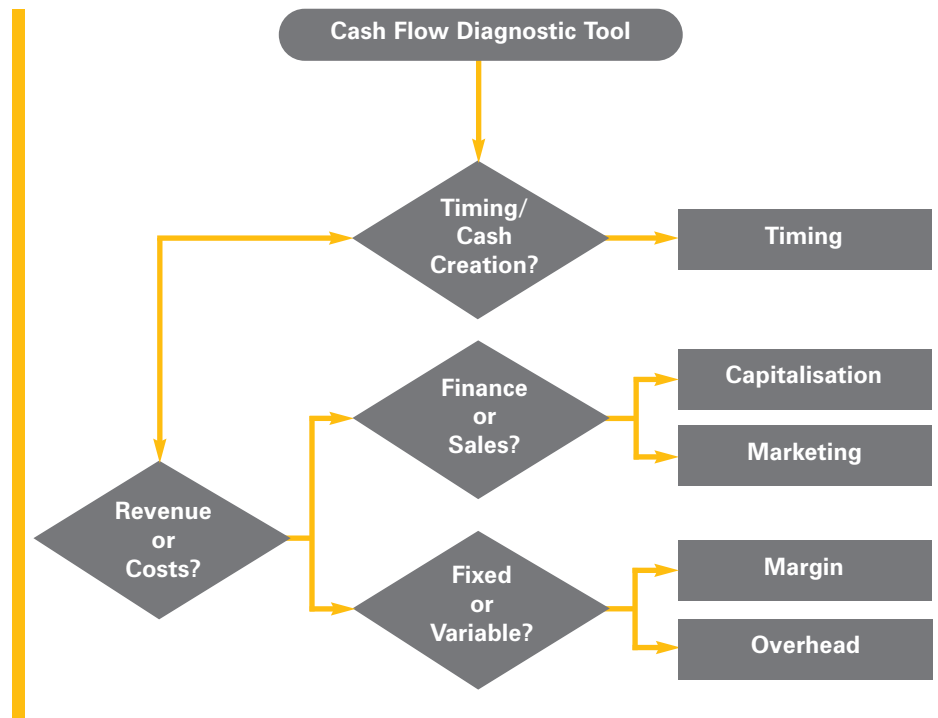
The Cash Flow Diagnostic

The Cash Flow Diagnostic is a tool that helps the business owner consider which aspects of the business could be worked on to deliver a more robust cash flow. In the first instance, a poor cash flow can be attributed to either the timing of payments and receipts or on the actual level of cash generated by the business.

Cash timing issues can be relieved by either extending terms with suppliers, reviewing and enforcing customer payment terms, tight cash budgeting and through the use of debtor finance to accelerate cash receipts.

Cash Resources Australia has specialised in improving this type of cash flow situation for 20 years! If the timing of cash flow is acceptable but the business is failing to generate sufficient cash, this can be attributed either to a lack of revenue or high cost levels. Revenue growth is constrained by either marketing factors or the amount of working capital available to the business.

Talk to Cash Resources Australia if working capital is your constraint. If your growth issues are more marketing related, review your "four p's" of marketing (pricing, product, place and promotion). Many good web sites offer helpful marketing hints.



You could start by visiting Microsoft - <http://office.microsoft.com/templates/> - here you will find marketing plan templates that will help you step through the marketing planning process.

High costs also fall into two categories - high fixed costs (overheads) or high input / variable costs that result in low margins. With extra cash (via a Cash Resources facility) you can improve your bargaining power with your

suppliers to drive down the cost of your purchases, thereby improving your margins. If fixed costs are an issue, you may need to consider restructuring your business - and again, you may need funding to help you through that process.

Cash Resources Sponsors **ICAA Golf Day**



As part of its ongoing commitment to supporting Australian Accountants, Cash Resources Australia recently sponsored the annual Institute of Chartered Accountants In Australia Golf Day.

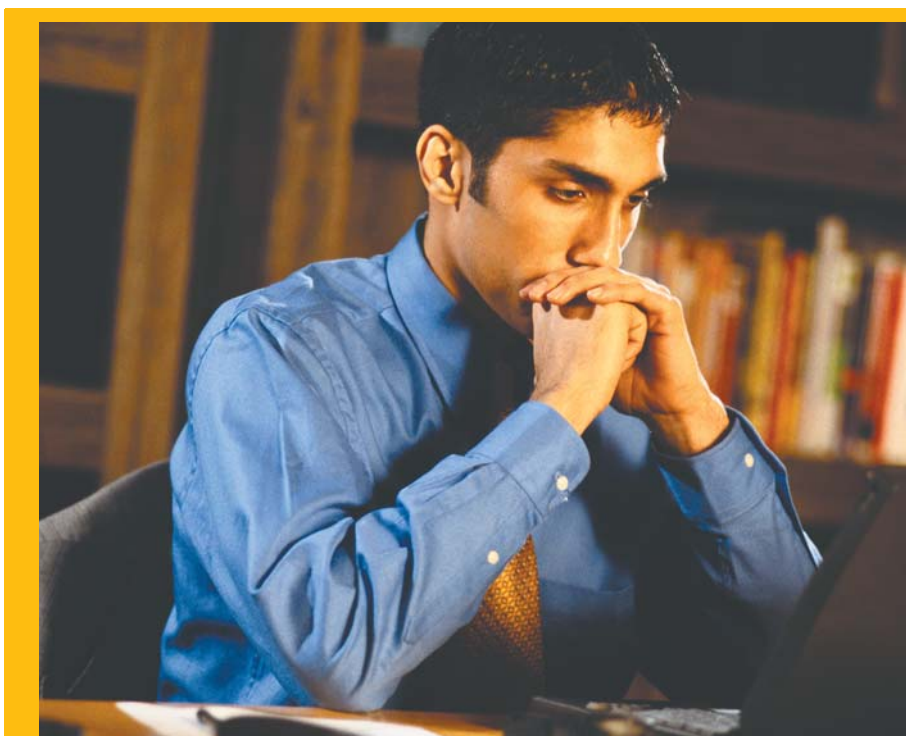
This event has been played every year since the 1920's on some of Sydney's leading golf courses. This year it was played on the testing layout at New South Wales Golf Club at La Perouse.

Over 150 ICAA members contested the four ball best ball stableford event with our own James Webster along with Mark Sample winning the best ball handicap trophy.

Pictured left: Cash Resources NSW State Manager, Nick Samios, playing with Stephen O'Brien from ICAA.

Financial Management

It's mundane, it's not glamorous – but it's essential



However, in the hectic world of small business, where owners are everything from the Managing Director to the cleaner, chasing debtors often gets lost in your list of priorities.

As one new business owner explained, "The worst offenders for slow paying are the large corporates. In my case, once I secured business to a large company I thought I was made. What I did not anticipate was having to wait 75 - 90 days to be paid". Generally, larger companies enjoy more muscle in negotiating terms and pretty much set the terms they want to pay.

To guard against cash flow difficulties, experts recommend that small businesses have a broad range of clients and thoroughly check out new business prospects before they start trading with them.

While borrowing is often essential in the initial stages, experts also say that over borrowing can lead to tighter repayment schedules which can also have a negative impact on cash flow.

Many people start a business with a grand vision of a new product or service but unfortunately all too often they do not have the financial management to match.

Managing your cash flow is probably one of the least glamorous aspects of running your own business but it is vital and can mean the difference between failure and turning your dreams into reality.

Standard cash flow management advice would suggest invoice early, stringently

"...What I did not anticipate was having to wait 75 - 90 days to be paid."

enforce credit terms, religiously follow up late payers and develop a good rapport with your bank manager.

Tip: Consider Invoice Discounting to fund your start up. Call your nearest Cash Resources Office today.



Staff Profile **Marissa Robbins**

Marissa Robbins has recently joined Cash Resources' Brisbane Office as a Business Development Manager. Marissa has had extensive experience in the finance industry with Scottish Pacific Business Finance, St George Business Finance and Orix Australia.

Outside business Marissa is an Australian and AIS scholarship holder for women's water polo and is a professional Ironman Triathlete.

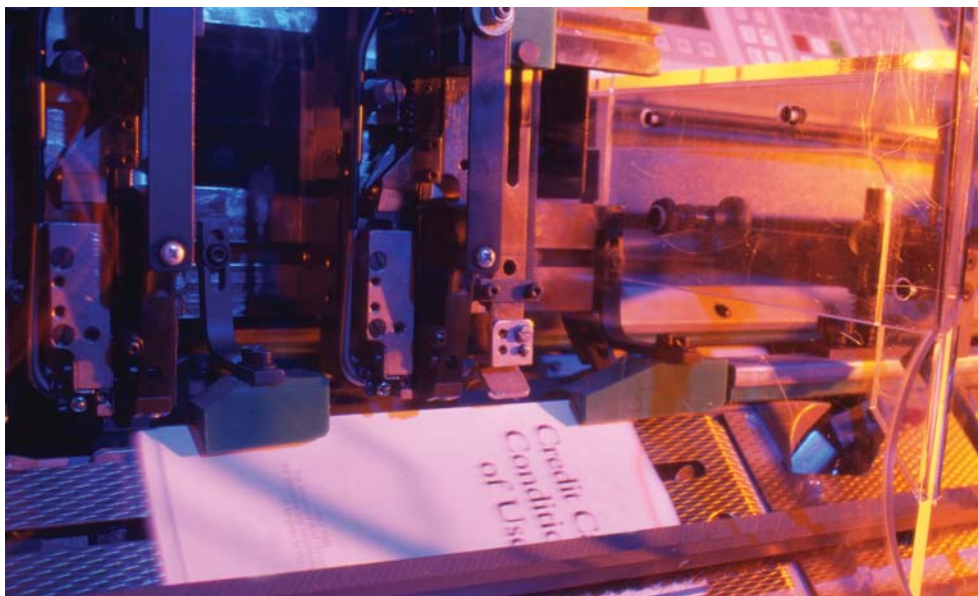
"As a competitive sportswoman I see the cross over into sales for Cash Resources as just another challenge that I hope to succeed in. I am also excited to be joining a company that is flexible with their approach to meeting clients needs and looking outside the square", Marissa said.

Industry Focus

Printing

Today the printing industry is facing some unique challenges that not only affect cash flow but for many printers their long term viability.

1. Perhaps the most significant factor is that in many metropolitan markets there is an over supply of printers forcing prices and margins down to ridiculously low levels.
2. When the economy slows most companies consider that printing is a discretionary purchase and is one of the first budgets to be cut in tougher economic conditions.
3. A printing business is very capital intensive and with new technology emerging almost daily, many print businesses are very highly geared.
4. The biggest raw material is paper and the paper companies are very stringent with credit and rarely extend beyond 45 days.
5. Unfortunately the printer's bill is one of the last to be paid. Raw material suppliers must be paid to continue production, wages must be paid, taxes must be paid ... the printers can be delayed.
6. With many small to medium sized printers, the owner often is also the salesman or the production manager and cannot afford the time to be chasing debtors.



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