



# BALANCE

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## Regional Manufacturer uses Cash Resources to **Bridge the Gap**

Cash Resources Australia have assisted a Mildura based company to cover a substantial shortfall in cashflow and assist the company to establish better trading terms with suppliers.

The company manufactures post form bench tops and painted doors for the cabinet making industry in the Northern Territory and regional areas of South Australia and Victoria.

With 40 active customers and over 200 irregular customers it was not unusual to have a substantial amount of money tied up in receivables.

The relationship with Cash Resources was established by the previous owners of the business when it was located in Loxton in South Australia. The company had previously worked with a competitor of Cash Resources but had

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found that their product was difficult to work with.

What lead the company to seek finance was the deteriorating payment record of its customers.

The cabinet makers were offered 30 day terms by the company but were holding onto payments up to 60 days plus. With raw materials to buy, including glues, timber and laminates, salaries, taxes and lease payments to meet the company’s

cashflow was stretched to the limit.

The company worked closely with the State Manager of Cash Resource’s Adelaide office, David Ciccolella, to develop a Confidential Invoice Discounting facility that specifically met the needs of the company.

According to the new owner “ What attracted us to Cash Resources was that they were able to put together a solution for our short term needs”. “There is no doubt that Confidential Invoice Discounting has saved our business,” he said.

Today the company employs 18 people and has a growing turnover approaching three million.

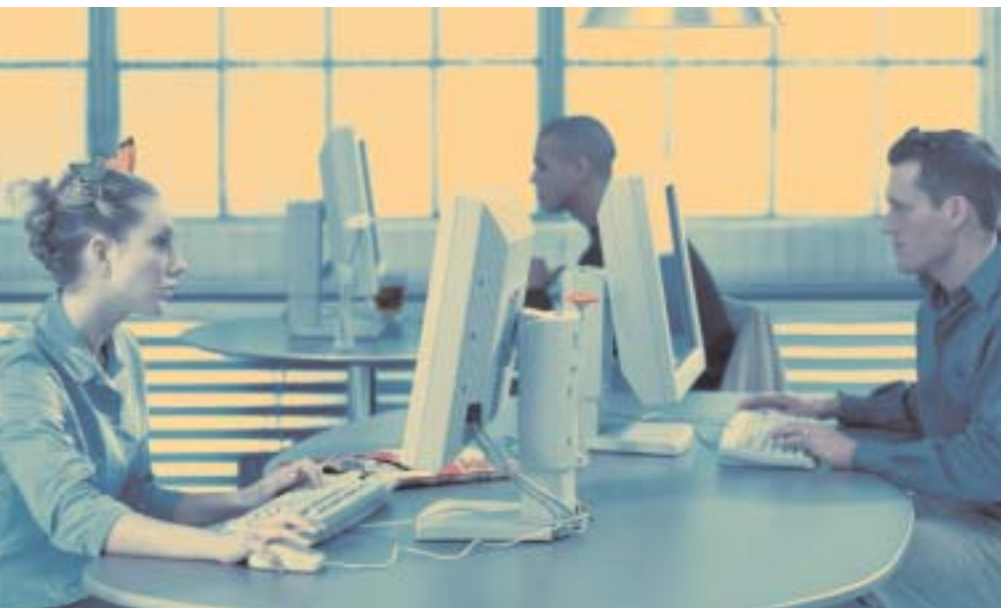


NEWSLETTER

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# Researching a smoother cash flow



When a Brisbane couple set up an outbound telemarketing operation in 1997, little did they know of the highs and lows they would experience over the following four years.

Both had worked for many years in the industry and had a wide network of contacts to develop new business. They understood the sizeable investment that was required to establish telephone and computer systems, which they had financed through a bank. They also established an overdraft to cover short term deficiencies in cashflow. This was secured by the couple's family home.

Initially they had employed six full time staff and a number of part timers, much of their work came out of the fundraising organisations.

With the expertise of the directors combined with successful techniques, they soon gained an excellent reputation and the business started to grow, basically through word of mouth.

They had moved into a number of other industries in particular

technology where they were developing databases and conducting basic market research. The number of full time operators had grown to eighteen with another two part timers.

These were profitable ongoing projects and a fantastic opportunity.

However with the success came some unexpected problems. As a result they had to employ more operators and administrative staff, which also meant that the telephone and computer system was inadequate for their current needs. While their bank partially funded the expansion they had to utilise about 50% of their overdraft to finance the balance.

Within a short period of time they faced a major cashflow crisis. Their new research clients expected 30 day terms but in reality were paying closer to 60 days. To compound the problem the slow down in the technology industry turned our normally reliable payers into slower payers.

Obviously our staff had to be paid weekly and our overdraft was at its limit. The bank and other lending institutions were unsympathetic to the cause and they were not able to meet their day to day financial commitments.

Enter Cash Resources Australia. A friend of the couple had heard of a facility called Confidential Invoice Discounting. So the couple contacted Cash Resources and the rest is history.

As each project is completed the company send out the invoice as normal plus a copy to Cash Resources. They pay up to 80% of the invoice amount usually within 48 hours. The balance is received less fees when the customer pays.

As one of the principals said " The service is completely confidential and the fees moderate".

"With the cashflow worry off our shoulders our business has jumped ahead in leaps and bounds" he said.

## 10 *Tips for Building a Better Team*

- 1 Hire wisely
- 2 Build a team, not your ego
- 3 Reward well
- 4 Be hands on
- 5 Make your employees versatile
- 6 Give away tasks, but not ultimate leadership
- 7 Communicate, communicate, communicate
- 8 Give your best and always encourage the same in your employees
- 9 Encourage innovation and creation
- 10 Have a second in command

# Turnaround Solutions

## through invoice discounting



Companies run into problems for all sorts of reasons. Loss of a large contract, a bad debt, over expansion, a fire, moving premises, negative bank attitudes, etc, etc.

Whatever the problem Cash Resources will take a realistic view of the circumstances and be prepared to assist with re-financing the business

Forced closure and liquidation are not necessarily the only options for businesses facing financial or operational challenges and difficulties. If professional advice is sought as soon as the problem is identified, a business can be salvaged and returned to profitability.

At Cash Resources our team has significant experience in resuscitating drowning businesses.

In recent years, Cash Resources have assisted many SME's with it's Confidential Invoice Discounting service providing the liquidity for companies to trade out of difficult times.

Market acceptance of this kind of lending has now reached a level where it is considered one of the main types of finance for small and medium sized businesses as a cost effective alternative to overdraft and other working capital facilities.

## Why Small Businesses Continue to Fail

It is an unfortunate fact of life that a large percentage of small business start-ups will fail in their infancy stages. In many ways the odds are stacked against small business success.

But why do so many fledgling businesses fail. Here are some of the more common reasons for business failures and some hints on how to avoid them.

### 1. Failure to Plan

You need to create a vision, with quantifiable targets, a strategy how to achieve them and a contingency plan should things go off the rails.

### 2. Inadequate Cashflow

It is important to track when cash comes into and leaves a business. Even the most profitable businesses will flounder if they consistently pay out before they get paid.

### 3. Procrastination

In any business there is always an abundance of paperwork and day to day tasks. Putting them off will eventually overwhelm you.

### 4. Underestimating your Competitors

In most industries customer's loyalty has declined in recent years. Constantly monitor your competitors and try to stay one step ahead of them.

### 5. Hiring Incompetent Employees

Employ only the people who are essential to the operation of your business and when selecting new employees make sure they are suitably trained.

### 6. Not listening to Customers

Your customers are your lifeblood. Make sure you listen to their needs and do everything in your power to satisfy those needs.

### 7. Poor and Ineffective Marketing

You could have the very best product on the market, however if nobody knows about it then it is destined to failure. If you don't know how to take your products to market, consult an expert.

### 8. Closed Minds

To remain competitive today you need to keep pace with new business techniques, technologies and processes. Constantly seek the advice of experts and keep an open mind to new ways of doing things.

## Biography Laurie Beatrice

*Business Development Manager*

Laurie Beatrice has been involved in cash flow finance for 5 years. During this time Laurie has established himself as a professional in this area. Laurie has been successful in assisting businesses in the SME market in their growth requirements, enabling them to take the next step in achieving their financial goals. Laurie's professional approach and commitment in building relationships will benefit CRA and its customers.



# FOCUS on your customers for survival



Survival strategies take many forms. However, for any business to survive, management must focus on their most important resource: customers.

Businesses are born with a product, but die without customers. Companies do not fail because they run out of money. They fail because they run out of customers' orders. Having no cash or money is but a symptom of the deeper problem - the company has failed to attract buyers for their products or services.

Customers provide the revenues needed to achieve profitability. Delight the customer and you can be sure that he or she will come back to you.

In addition to the revenue from the customers' purchases, satisfied customers provide free word-of-mouth exposure that increases your market.

Satisfied customers will always be quick to tell others about good books they've read, handy products they've discovered and helpful services that saved them time, money or aggravation. A happy customer can bring more loyal, buying customers, which in turn bring in more loyal, buying customers.

In addition, they can provide you with feedback to improve your product or services. You'll find that your most loyal customers keep coming back not because of your competitive price but because they like doing business with you.

The quality of customer experience is the key to a small business' survival.

Customer experience should be cornerstone strategy of any firm, whether large or small, if it wants to survive in today's highly competitive marketplace. Everyone involved in the business - from the top management to the receptionist - should be focused on enhancing customer service. All areas of the firm's strategy should boil down to one question: is it good for the customer? So how do you increase your stock of customer goodwill? Simple, make it easier for your customer to buy from you! This can be achieved by getting to know your customers. Gather as much information as you can about your customers. Get to know them better and find out what they like and don't like, their needs and motivations, perceptions and attitudes.

Incorporate their likes into the way you do business, and avoid their dislikes. Try to identify the things that make life difficult for the person making the buying decision and then do everything to remove those obstacles.

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