



# BALANCE

A Cash Resources Australia Publication  
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## Cash Resources hands out *Cash on a Plate*

An Adelaide company has opted to use Cash Resources Confidential Invoice Discounting facility to provide working capital rather than sourcing traditional forms of finance.

The company produces magnesium plates for embossing and foil sampling. They service the printing industry, in particular those producing embossed brochures, folders, business cards, books and foil work such as wine labels.

The business has been in operation for nine years, however, its current owner bought out his partners about eighteen months ago. The business is only one of two companies providing magnesium plates to the printing industry in South Australia and they are currently market leaders.

The company has over sixty regular active customers and while there is never any doubt that they will pay, the company's thirty day terms were often stretched to forty five, sixty and sometimes more.

### ***"The reasons we sought supplementary finance were purely cashflow"***

As the owner explained, "The reasons we sought supplementary finance were purely cashflow. We looked at a number of options including a bank overdraft.

"We received a mailer from Cash Resources so I thoroughly investigated Invoice Discounting and factoring facilities. Being a national company, it provided me with an opportunity to deal with a local office rather than calling interstate."

There were a number of other features of Cash Resources services that appealed to the owner. Firstly, it is a confidential service, none of the company's customers are aware of the facilities.

Secondly, the owner can choose the invoice he wishes to discount.

According to the owner, "Invoice Discounting has made life so much easier, with less sleepless nights worrying about how we can juggle our finances. Knowing we can invoice one day and receive up to 80% of these funds within forty eight hours gives you the peace of mind that you can always meet salary and creditor commitments with ease."

"Importantly, it has allowed me to concentrate on servicing our existing customers and chasing new business".

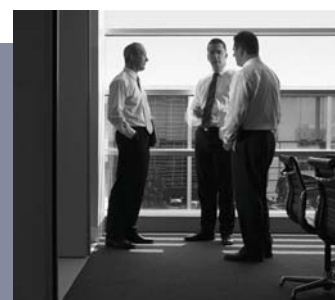
"Cash Resources has been excellent to deal with. They have one person, Bridget who handles our account. She is always very helpful and prompt coming back to us when we need information," he concluded.



NEWSLETTER

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# Cash Resources in the News

## CASH COLLECTION – TO FACTOR OR NOT TO FACTOR?

Traditionally, business owners and managers have viewed factoring as a last resort financing option. Nevertheless, many of our sound businesses use various forms of this financing method as a cornerstone of their funding strategies. For firms with sound credit and collection practices in place, a good spread of customers and the discipline to not overspend the dollars that can be generated from factoring, this finance method can allow them to reduce debt, fund growth, obtain settlement discounts and secure better credit ratings.

Up until say five years ago, it developed comparatively slowly in Australia compared to the US and the UK, where it has increasingly been a more accepted form of funding. In those countries, overdrafts are uncommon and factor facilities tend to take their place.

One company providing these services is Cash Resources Australia Pty Ltd, a firm run by the very energetic and progressive Alan Kaye.

Starting up in 1985 from Surrey Hills in Melbourne, his firm has established branches in all major cities around Australia. The firm has recently transacted a number of deals within the printing industry and, according to Kaye, "We want to conclude many more."

Cash Resources Australia has adapted the traditional factoring concept into a more modern and flexible finance facility called Confidential Invoice Discounting. Under this approach, firms pass on or discount selected invoices to Cash Resources Australia on a confidential basis. They receive up to 80 percent of the face value of their invoices (normally within 48 hours) and continue to collect on the debtor accounts in the normal manner. Payment collections go directly into Cash Resources Australia's bank account (which is actually in the name of the customer), fees are then charged to the customers and deducted from the excess 20 percent collected on a time-equalling-cost/fee-basis. The shorter the time actually taken to collect the debts outstanding, the smaller the fees and costs.

According to Kaye, cash is king. "Cashflow is the lifeblood of any business," he says. "Without cashflow your business will fail."

How many times has one heard this saying and how many times in business do we neglect the importance of a healthy cashflow? Kaye continues, "Traditionally, bank overdrafts have helped fund businesses. However, the lack of flexibility by both the banks and the finance product often leaves your business short. If your business has to offer extended credit terms for payment, the more you grow the more pressure will exist on your cashflow."

According to Kaye, the alternative solution is Confidential Invoice Discounting.

Cash Resources Australia has been providing Invoice Discounting since 1985 and is a specialist in the SME market. The company is also privately owned and, wait for it, people rather than machines actually answer the phone. Kaye says, "At Cash Resources Australia, customer service is our number one priority. We aim to provide you with quick answers and have the flexibility to tailor a deal that suits your business."

Extract from Print 21 April 2004 edition -  
Courtesy Stan Solomidis and Patrick Howard  
editor of Niche Media Pty Ltd

## Tips to help you realise the full **Potential of your staff**

### 1. Get the Right Person for the job

Define the job and find the person who can do it rather than redefining the job to fit the capabilities of the incumbent.

### 2. Create Expectations

Tell people up front what is expected of them with clearly defined job specifications.

### 3. Set Realistic Goals.

Insist people develop their skills and encourage them along the way.

### 4. Involve People in both DEVELOPING and IMPLEMENTING Strategy

People will be more inclined to embrace change if they have ownership in the development of change.

### 5. Clearly Communicate your Concerns

Address poor performance or it will cost you.

### 6. Reward your Stars!

Pay good performers what they're worth, and it will be returned to you tenfold.

### 7. Move Swiftly on Critical Personnel Decisions

Procrastination can really hurt your business.

### 8. Require that People do Their Homework

When people are not prepared for meetings, the company is not prepared to make decisions.

### 9. Constantly Upgrade Skills

Provide continuous training to keep people at their best.

### 10. Recognise That Pride Drives Performance More Than Money

Complement people for a job well done.



# Growing Pains?

A common problem shared by many entrepreneurs is how to raise working capital to fuel their business expansion and growth?

In recent years we have heard "gloom and doom" from small businesses as they seem the hardest hit group of business people when it comes to securing funding for expansion. Not all companies are stagnant by any means, the majority in fact are in expansion mode - there is business to be done and orders to be taken. Many companies are in the midst of a growth cycle that will create good earnings, providing they can secure a regular and constant funding source to supplement their own resources.

So often when the banks say "No" or "No more" the average business person accepts that as the status quo and tries to live within those constraints - this often means turning away business.

It's NOT the end of the world - there are other alternatives to the bank as a source of outside working capital. It's just a case of knowing who to call for the particular need at that time.

One quick and easy method of enhancing cashflow and working capital

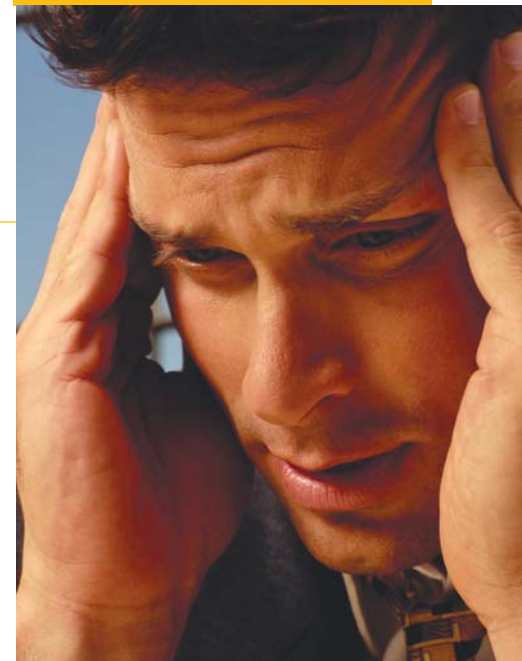
levels is to look closely at an Invoice Discounting facility. Invoice Discounting is NOT factoring, although it does provide many of the positive features found in a conventional factoring relationship. However, Invoice Discounting does not carry long-term obligations or cost areas that the user invariably does NOT need. Importantly it is totally confidential.

Some of the other positive features of a good Invoice Discounting program

## ***Invoice Discounting is truly a "use-it-as-you-need-it" facility***

allows the user to pick and choose when they will need the program - a company isn't locked into a long-term contractual situation where fees and costs are incurred and little benefit obtained. Invoice Discounters look at transactions on an invoice-by-invoice basis. With no standby fees or set up fees, Invoice Discounting is truly a "use-it-as-you-need-it" facility. Costing is geared to the usual elements in the transaction, and however you look at it, the availability of funding has a tremendous value for any growing company.

In its simplest form Invoice Discounting puts a business on a C.O.D. basis.



This literally means that as a company invoices for goods sold or work completed, they get paid.

Any business that operates on a Cash-on-Delivery basis immediately eliminates the majority of their day-to-day cash flow problems. They also create immediate cash that can be profitably used to start or complete the next order, and so on...

Talk to your nearest Cash Resources office to find out how Confidential Invoice Discounting can provide the necessary funds for you to expand your business.

## Late Payment Excuses

# To make you smile

People will go to extraordinary lengths and give you the most ridiculous excuses to delay or avoid paying your bills. If it wasn't so serious you would fall about in fits of laughter.

**We have heard all the standard excuses such as:**

- the cheque is in the mail
- the computer is down
- the boss is on holiday and he hasn't signed any cheques
- we didn't receive your invoice
- we're waiting for a payment from our biggest customer
- the cheque is waiting to be signed

**However, what about these gems:**

- the owner of the business has been buried with his cheque book
- I lost my glasses and can't read the mail
- unfortunately I broke my arm last week and can't sign the cheques
- not now, it's our office party

Remember Cash Resources provides Invoice Discounting facilities so that these excuses will not bring your business to its knees.



# Cash Resources Provides a Lifeline

For companies experiencing financial or trading difficulties, there is rarely a single reason why. There are usually a combination of reasons which might include:

- Insufficient working capital
- Poor credit collection
- Poor profit margins
- Inadequate financial management of costs
- Uncontrolled growth

In today's business environment, directors of a company that are experiencing financial difficulties are legally obligated to take appropriate action. In addition, if the business is to be saved from liquidation, it is essential that, over and above their legal responsibilities, the directors act without delay in securing help to mount rescue activities promptly.

This action gives the company the best opportunity of recovering from the difficulties which it is encountering.

During this rescue phase, the most appropriate course of action is to create a tailor-made rescue plan for the company and its directors particular circumstances.

## ***In today's business environment, directors of a company that are experiencing financial difficulties are legally obligated to take appropriate action***

This plan needs to be implemented quickly. Too many companies fail to take decisive action early enough. Delay simply lessens the chances of effective recovery.

When it comes to funding a rescue, many directors' enquiries start and finish at their bank. Unfortunately, many of these enquiries fall on deaf ears. It seems that



few business people in this predicament recognise that there are other alternatives.

One such alternative is Invoice Discounting. Cash Resources provides alternative funding facilities to companies seeking a fresh start. Call your nearest Cash Resources State office and find out how we can assist you to turnaround your business and look forward to more prosperous times.

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### Confidentiality Policy

Cash Resources operates a completely confidential service. No third party is made aware of the facilities our customers have with us. As a result, we keep the names of the businesses and the names of principals anonymous.

If you would prefer not to receive our marketing communications, simply contact our Privacy Officer on (03) 9426 7777 and you will be removed from our marketing list. You can opt-in again at any time by contacting us.

This Newsletter is prepared exclusively for the general interest of clients, business associates and staff of Cash Resources Australia and is not intended to be used as a basis for formulating business or other decisions. E&OE.

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