



BALANCE

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Fighting Small Business

Cash Flow Fires



As the NSW property market continues to under perform, many of the major banks are taking a "no prisoners" approach to managing their distressed small business clientele

Finance brokers can suddenly find themselves in the role of "small business fire fighter". The small business is practically ablaze with cash flow difficulties, the banks are spectating (or else fanning the flames) and there is usually very little time to stage a rescue. Here is one example of how we were able to help save a small business in this type of situation.

The business in question had been trading for around 20 years. The directors had facilities with a major trading bank totalling \$520,000 (including an overdraft, leasing and trade finance). These facilities were secured by the director's home, together with a fixed and floating charge over the business.

"Cash Resources Australia paid the bank out in full so that the restructure could proceed unimpeded"

The business had struck trouble, partly because the owner was advancing in years and not able to give the business the energy it needed to stay competitive. A restructure was proposed whereby the business would be transferred to the son - and the son had some exciting plans to take the business forward.

The bank however had lost faith in the business and had withdrawn support, making a restructure impossible. What would you do?

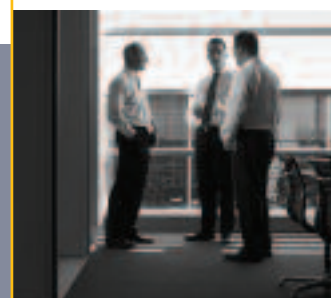
Cash Resources Australia provided three facilities. The first was a simple debtor finance facility against the trade debtors (around \$200,000). The second was a short term loan for \$420,000 (roughly 70% of the value of the home), and the third was another term loan for \$80,000 to replace the equipment finance.

Cash Resources Australia paid the bank out in full so that the restructure could proceed unimpeded. The short term loan of \$420,000 will soon be refinanced at a low interest rate with a new lender arranged by the broker (Cash Resources Australia is not in the first mortgage loan business). The client will then be left with adequate funds to restructure the business and to fund the business plan.

This approach worked for two reasons. Cash Resources Australia has the flexibility to take an open minded approach to these types of situations. And of equal importance was the fact that the business had a future, and there was evidence that under new management, the business could return to the levels of success it had enjoyed in the past.

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With the Big End of Town



So you want to do business with the big guys, here are ten tips on how to do business with a big company.

It is important to be professional when dealing with a big company. You need to remain on a professional level in order to get them to notice your company.

- 1.** Your company does need to be on time with everything. Always keep in mind that if they do not like your services or products that they can always find some other company. Do not give them a reason at all to not want to do business with your company so make sure to always be punctual.
- 2.** Provide them always with information regarding the price costs of any products or services that your company offers. They want to know exactly how much everything costs and why they need this product or service. They need to know how it is going to benefit their company and why your company is the best choice for them.
- 3.** Depending upon the type of company that you own, most big companies usually want to see samples of the products or even services before they purchase. They want to be happy with the service or products.

Some of them usually want a few business references regarding your company. A business reference is someone who has used your company products or received service in the past.

- 4.** Give them a reason to need your company. They might need your company because you can offer a service or product that no other company currently offers at the time. Make sure that your company is unique somehow to be different from most other companies.
- 5.** Always be prepared with brochures and other material regarding your company. You want your brochures and other materials always professionally printed. You want to always provide your future clients with the best image of your company as possible. You want them to believe that you are professional.
- 6.** Make sure the big company is always happy doing business with your company. You don't want to have any complaints from them regarding products or services. You need them as an excellent reference in the future to get more clients.
- 7.** You always want to offer better prices to the big company better than the local competitor. You also need to have good quality products that don't even compare to the competitor.

- 8.** Never lie to the big company. Do not make promises that you cannot keep. Do not make your product or service sound better than what they really are. It does not look good for a company to lie to gain a client.
- 9.** Do your best to impress the big company. Let them know if you can handle the project or not. They need to know that your company is very reliable and can meet their needs for your products or services.
- 10.** Always give them updates on projects. Make sure that you are available to them by phone or email whenever they have any questions or changes wanted to be made. Big companies like to deal with other companies that stay in contact with each other and notify each other regarding the status of projects.

Five tips for Effective Business Planning

- 1.** Clearly define your business idea and be able to succinctly articulate it. Know your mission.
- 2.** Examine your motives. Make sure that you have a passion for owning a business and for this particular business.
- 3.** Be willing to commit to the hours, discipline, continuous learning and the frustrations of owning your own business.
- 4.** Conduct a competitive analysis in your market, including products, prices, promotions, advertising, distribution, quality, service, and be aware of the outside influences that affect your business.
- 5.** Seek help from other small businesses, vendors, professionals, government agencies, employees, trade associations and trade shows.

Use Invoice Discounting

to get a Flying Start



When starting up your business, the process of gaining finance can be extremely difficult. There are many different sources of finance available and you should consider each type carefully before you apply.

Traditionally, a loan from the bank or similar lender has been the most common form of finance for new businesses; and although other forms of finance are growing in popularity, the loan is usually an entrepreneurs' starting point.

“advantageous for new and growing businesses where speed of finance is crucial.”

A business loan is normally quite difficult to get, you will need to demonstrate that you have planned the

business effectively and that the business prospects are good.

If you cannot obtain a business loan or only obtain a lesser amount, then you may want to consider using Invoice Discounting. It can be a valuable tool when starting a business, as it allows you to gain finance from your early deliveries immediately, even if the invoice has a credit period.

Although Invoice Discounting is often perceived as being for large and established businesses; it can actually be most advantageous for new and growing businesses where speed of finance is crucial. Invoice Discounting can provide you with a quick effective source of finance without the need for further excessive red tape and interrogation.

Logistics Business Grows With Cash Resources

Cash Resources have eased the growing pains of a Queensland Logistics Business.

The company commenced in 2001 providing general freight and warehousing facilities. Originally they commenced operations using subcontractors carrying anything from steel, building products to food.

In just five years, they have enjoyed spectacular growth, they now run seven of their own prime movers, employ twenty two staff and operate from depots in Brisbane and three major provincial cities.

As the owner explained, “We have found that customers are being turned off the bigger companies because of lack of personalised service and we have developed a reputation for providing prompt personalised service. As a result, demand for our services grew rapidly”.

However, with this expansion the company experienced severe growing pains.

“We realised that to meet customer demands we needed our own equipment and hire more people. This placed enormous drain on our cash flow, particularly when many of our customers were paying between 60 - 90 days”, she said.

The company was using an Invoice Discounting Facility with a major bank, however, they were totally inflexible, particularly with large limits and concentration.

Our finance broker then recommended Cash Resources to us.

“We were impressed that they took the time to thoroughly understand our business and our future plans. They were then able to come up with a solution that worked well for us”, she said. “As a result, the company

continues to jump ahead in leaps and bounds knowing they have short term funding to meet the demands of our suppliers. If we need to employ subcontractors for overload work we can do so knowing we can pay them immediately”, she concluded.



A Night To Remember

It's not everyday that a business turns 21, but that's how long Cash Resources has been in operation.

As Managing Director of Cash Resources Australia, it is with pride that I announce November 2006 marks CRA's 21st birthday.

From humble beginnings in Surrey Hills Melbourne to being one of, if not **the** largest non-bank providers of Debtor Finance, it has been a great journey to see our company expand nationally.

To celebrate the occasion CRA held a function in Melbourne together with all its senior staff and its professional advisers.

And what a night it was. It was a proud night for me and my fellow co-directors to see everyone together under the one roof.

Many of us present that night are long term CRA employees. Robyn Best, our Administration Manager has just passed the 20 year mark with David Ciccolella State Manager for South Australia not far behind at 19.

Then there was John Hutchings from Cornwall Stodart (Melbourne), Gus Irdi from Irdi Legal (Western Australia), Austin Taylor from Meerten's (South Australia), Andrew Fielding from PPB Chartered Accountants (Queensland), Laurance Davis from Mills Oakley (Melbourne) and Len Milner from Venn Milner & Co (Melbourne). These firms have been advising CRA for 15 or more years.

The night was a great success and a toast was made to all our clients and business partners, past and present, for their invaluable patronage which has allowed CRA to achieve its dream of providing premium cash flow solutions to our many small business clients.

Our Chairman Marcel Kaye closed the formalities of the night asking all present to continue to help CRA maintain its growth and professionalism and hoped that we would all be back in 4 years time to celebrate our 25th birthday!

Finally a special thanks must go to Marilena, PA to Alan Kaye, who ensured the night went ahead without a hitch.

**Thanking you again,
Alan Kaye, Managing Director,
Cash Resources Australia**



From left: Brad Ryan, State Manager WA, David Ciccolella, State Manager SA, Allan Howe, State Manager QLD & Nicholas Samios, State Manager NSW.



From Left: CRA's Directors; Bob Pethard, Alan Kaye & Marcel Kaye

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