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## The CFO, Financial Controller And Business Financial Management Issues Many Businesses Are Still Not Addressing

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So much has been written about the Global Financial Crisis and the impacts on businesses but what have we learnt? Not much for some businesses!

We still see business struggling everyday with the most basic financial and commercial management issues when they don't need to! With the start of the new financial year we thought it would be a good opportunity to review the main issues we still see businesses struggling to deal with every day and what to do about it.

The top five issues businesses still need to address are:

### 5 - Marketing

Marketing is not just advertising. Some businesses think that spending thousands on Yellow pages ads is going to increase their sales and save their business, it might. But in our experience businesses need to be smart about their marketing. Don't go out and spend for the sake of spending. By all means do spend on marketing, but do the analysis first. Simple things like record where your new clients come from or survey your existing clients and find out what they like or don't like. After all it has been proven to be up to 24 times cheaper to sell more to existing clients than it is to acquire new clients. In a recent example one client of Avegna gained approx \$50,000 in new sales leads from a \$800 targeted direct marketing campaign compared to their \$18,000 yellow pages advertisement which was proven to be, at best, a break even campaign. Do the analysis and don't be afraid to get assistance from a reputable marketing consultant if required.

### 4 - Borrowing Money

A lot of businesses are struggling with cashflow issues such as paying for new assets. In the absence of the banks increasing commercial lending what are your options? One possible option is the ATO! Yes you read that correctly! Recently the ATO announced they would suspend interest charges on overdue accounts for some businesses. Your business may qualify for the interest free tax payment arrangements on extended payment terms for your tax bills. This in turn may enable you to buy new assets, expand your business or use the cashflow to pay other bills first. You will need to demonstrate to the ATO that you need the assistance so talk to your accountant about the best approach.



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## 3 - Credit Control

Do you have a formal credit history checking policy to review any new clients wanting credit accounts? Don't forget during tough times some of the "not so good" paying businesses get declined by businesses with credit checking procedures. They will keep moving until they find someone willing to give them credit without checking – don't let it be you! Some of the leading credit control agencies have relatively cheap checking facilities which may prove invaluable, especially if you avoid them putting you out of business!

## 2 – Cashflow forecasting

Live it and love it. If you don't you might not be in business for long. When the economy as a whole tightens it's purse strings it is the smart ones who plan that will get through. This should be done daily but there is no need to make it a major exercise. A basic cashflow forecasting spreadsheet is all that is required for most businesses. Aveгна is happy to share, free of charge, a simple, easy to use, cashflow forecasting spreadsheet model that we have developed and use for ourselves and our clients. Please email us with your request.

## 1 – Collections

In our opinion the most important but least managed areas of SME's. Don't be afraid of it... if you don't ask you won't get paid. Unless you have the words "Bank" or "Charity" in your business name don't be slack about this and don't be afraid to get on the phone.

Now is also the time to implement a formal collections policy and stick to it – Strike whilst the iron is hot – after all it will be easy to say to your clients "it's a new financial year and we are implementing a new policy". If you have any doubts about what to do please let us know, we have some collections letter templates and standard policies we will share with you for free!

For any further information on the issues covered in this article please contact. We offer a free, no obligation, initial consultation.