

BUSINESS LINK

QUARTERLY NEWSLETTER

“BIG COMPANIES ARE SMALL
COMPANIES THAT SUCCEEDED”

Robert Townsend

FOCUS ON

CASH FLOW: YOUR NUMBER ONE PRIORITY

Cash is KING. It's the lifeline of any business. Today, many small businesses face a cash flow crisis. A growing number of companies are now caught between vendors demanding faster payments and customers taking longer to pay.

A 2011 survey by Sageworks, an accounting firm that analyzes private company financial statements, found the average time companies take to collect accounts receivable is now 27 days, four days more than three years ago. Companies are also taking longer to pay their creditors. The average time is now 24 days, up from 20 days. In the current economic environment, longer payments are now the “new norm”. Customers are now asking for 45, 60 or 90 day payment terms. **So how can you monitor your cash flow more effectively?** Here are some tips to make sure **YOU** are not caught short.

Improving Accounts Receivable Payment

- * Ask customers to make a deposit at the time an order is taken.
- * Require credit checks on all new non-cash customers.
- * Offer discounts to customers who pay promptly. A 1.5% cash discount is reasonable. Although discounts can hurt the bottom line, there is nothing more valuable than **cash in hand**.
- * Charge a monthly late fee to customers who pay late.
- * Deposit checks the same day they are received.
- * Do not send out additional orders if bills are unpaid.
- * If you do not accept credit cards, consider doing this. Yes, you will pay a processing fee on each transaction (2-3%), but you will get your cash faster. That will let YOU pay your bills on time.
- * When orders are sent, issue invoices promptly. Follow up with a letter if payments are past due. More economically, email invoices may be an option. The emailed invoices will arrive almost immediately and forwarded to the accounts payable department. Whatever method you use, **stay on top of the situation**.

Improving Accounts Payable

- * Take advantage of payment terms. If a payment is due in 30 days, do not pay in 15 days.
- * Use electronic funds transfer to make payments the last day due. Retain the use of your funds for as long as possible.
- * Boost your line of credit, before you are in dire straits for cash.
- * If possible, pay vendors with a credit card. You have more time to sell inventory and collect from your customers.
- * Do not keep extra money in bank accounts. Many small businesses make this mistake. Keep the minimum balance.
- * Keep less inventory in stock. Understand seasonality, and delivery times. Remember, inventory is NOT cash. If inventory is not moving, you will have a cash flow problem.
- * Do not always look for the lowest price when choosing vendors. Also consider favorable payment terms.
- * Create the right mix of short term and long term financing. This is critical for a smooth cash flow.

These are suggestions. The bottom line for managing cash flow is to consistently stay on top of it, anticipate future problems, and set up a plan to deal with problems. For additional reading try these resources at the library.

Schaeffer, H.A. 2002
Essentials of Cash
658.152 SCH (DH)

Tracy, John A. 2004
How to Manage Profit and Cash Flow
658.15 TRA (DH)

PROGRAMS FOR ENTREPRENEURS AND SMALL BUSINESS OWNERS

OCTOBER 2011

QUICKBOOKS FOR SMALL BUSINESS OWNERS

TUESDAY, OCTOBER 4, 7 PM (DH)

Do you have questions on how to use Quickbooks for your company's financial records? Unsure of where to place the numbers? Join Michael Shapey, a Certified Public Accountant, who will answer your accounting questions.

HOW TO COMMERCIALIZE YOUR INVENTIONS

THURSDAY, OCTOBER 13, 7 PM (DH)

Do you have an invention or a great idea that you would like to market? Jason Wen, Ph.D., a Patent Agent with the United States Patent & Trademark Office, will discuss how to evaluate your invention and take steps to protect your idea through patent, copyright, or trademark.

STARTING A BUSINESS, WHAT YOU NEED TO KNOW

WEDNESDAY, OCTOBER 19, 7 PM (DH)

Join Brian Friedman, a Certified Public Accountant and small business consultant, as he discusses the essentials of starting a business. Topics to be covered in detail include: your product, capital investment, financial forecasts, your legal entity, and government taxes and filings.

Refreshments will be available at 6:45 pm. All programs are FREE. Registration is requested. Telephone (631) 421-4530, ext 321 or 378. Register online @hhlibrary.org.

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Universal class offers 500 FREE online classes taught by professional teachers, some for continuing education credit.

For the entrepreneur and small business owner classes of interest include:

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- * How To Start A.....
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BUSINESS LINK ON THE WEB

HHHLIBRARY.ORG/BUSINESSLINK

Visit Business Link on the Half Hollow Hills Library home page. Locate websites of interest, local business organizations, upcoming business events, or access the library's business databases.

If you have suggestions for future programs at the library, e-mail us at bizlink@suffolk.lib.ny.us or call Eileen Effrat at (631) 421-4530, ext. 321 or Rosemarie Jerome at ext. 378.

DID YOU KNOW?

Small Businesses Rank Start Up Mistakes

The top four biggest mistakes new small business owners make are:

- * Understanding monthly expenses (32%)
- * Hiring the wrong people (20%)
- * Not knowing how to sell or market their products (18%)
- * Not securing a large enough credit line (18%)

This survey was conducted by Hiscox, an international insurance company, in 2011.

BOOK CHOICE

Maria Bartiromo, host of CNBC's, *The Closing Bell*, has written a timely book in an attempt to re-define the meaning of success. In *The Ten Laws of Enduring Success*, she uses the financial meltdown of 2007-2009 as the reference point to argue Americans are re-evaluating where their personal achievements really lie. What are the intangibles you can't measure or count? How do you remain "successful" when the worst economic and personal hardships strike? She includes interviews from many successful people in history, business, sports, entertainment, and politics.

The 10 laws of enduring success include:

- * **SELF KNOWLEDGE** -- A strong sense of abilities and aspirations.
- * **VISION** -- Create a blueprint for where you would like to take your life.
- * **INITIATIVE** -- A commitment to act.
- * **COURAGE** -- Be bold, smart, and fair.
- * **INTEGRITY** -- Do the right thing.
- * **ADAPTABILITY** -- The ability to change and find new opportunities.
- * **HUMILITY** -- You are not the center of the universe. Have self-confidence and humility at the same time. That combination is called *maturity*.
- * **ENDURANCE** -- Pave the road with incremental wins.
- * **PURPOSE** -- What do you REALLY want to do? What knocks your socks off?
- * **RESILIENCE** -- Survive and bounce back stronger than ever.

NOTE: None of these laws are dependent on external circumstances.

This book is available at the library.

Bartiromo, Maria 2010
The Ten Laws of Enduring Success
650.1 BAR (DH)

NEW TO THE COLLECTION

Start Your Own Business

Campbell, Jennifer 2011
Start & Run a Personal History Business
658.041 CAM (DH)

Davis, Detra Denay 2011
How to Start a Home-Based Bakery Business
658.11 DAV (DH)

Holtje, Herbert 2010
How to Start a Home-Based Business
658.041 HOL (DH) (M)

Holtje, Herbert 2010
How to Start a Home-Based Consulting Business
658.46 HOL (DH)

Linsenman, Ciree 2011
Start Your Own Retail Business and More: Specialty Food Shop, Gift Shop, Clothing Store, Kiosk
658.87 LIN (DH)

Pittman, Rebecca 2010
How to Start a Faux Painting or Mural Business: A Guide to Making Money in the Decorative Arts
658.041 PIT (DH)

Rose, Bryan 2011
How to Open & Operate a Financially Successful Photography Business: With Companion CD-ROM
658.11 ROS (DH)

2010
How to Start a Home-Based Web Design Business
658.041 SMI (DH)

2010

Start Your Own Blogging Business: Generate Income from Advertisers, Subscribers, Merchandising, and More

658.872 ENT (DH)

2011

Start Your Own Child-Care Service: Your Step-by-Step Guide to Success

658.11 ENT (DH)

2011

Start Your Own Clothing Store and More

658.065 ENT (DH)

2010

Start Your Own Consulting Business

658.46 ENT (DH)

2010

Start Your Own Freight Brokerage Business: Your Step-by-Step Guide to Success

658.11 LYN (DH)

2011

Start Your Own Lawncare or Landscaping Business: Your Step-by-Step Guide to Success

658.11 ENT (DH)

Social Media Marketing

Dunay, Paul

2011

Facebook Marketing for Dummies

658.872 DUN (M)

Handley, Ann

2011

Content Rules: How to Create Killer Blogs, Podcasts, Videos, eBooks, Webinars (and More) That Engage Customers and Ignite Your Business

658.872 (DH)

Sweeney, Susan

2011

Social Media for Business: 101 Ways to Grow Your Business without Wasting Your Time

658.872 SWE (DH) (M)

Turner, Jamie

2011

How to Make Money with Social Media: An Insider's Guide on Using New and Emerging Media to Grow Your Business

658.872 TUR (DH)

REFERENCE USA

Identifying the Competition

Do you need to identify all the health spas in zip code 11747? Are you searching for companies with sales over 2 million in Suffolk County? Do you want to identify law firms with less than 10 employees in Nassau County? This database is great for locating competitors, generating sales leads, and locating suppliers. Over 14 million U.S. businesses are listed. Company data includes: name, industry, executive names and titles, address, phone/fax numbers, employee size, sales volume, web address, credit rating, and corporate affiliations. 120 million households are also included with name, phone, and address. Go to the library's home page at hhlibrary.org and click on **Reference, Business and Law Databases**, then **Reference USA**. You will need a Half Hollow Hills Library card.

Use with your smartphone



Compiled by Eileen Effrat
Reference Department

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Half Hollow Hills Community Library

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55 Vanderbilt Parkway
Dix Hills, NY 11746
(631) 421-4530

Melville Building
510 Sweet Hollow Road
Melville, NY 11747
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