

Business Intelligence



6 Ways to Improve Your Business Cash Flow

With consumers and businesses alike buckling down on their spending during this topsy-turvy economic spell, focusing on efficient cash flow can help your organization survive troubled times.

Try these tips for converting products and services into cash. Know, though, that some of the suggested strategies might be at odds with one another; the idea is to choose and combine the specific tactics that work best for your business.

1 Sell more. Your business can increase its cash flow somewhat easily by bringing in more sales or by expanding a product or service line. Try hiring additional sales people or increasing your target market size.

2 Get paid promptly. Be sure payment schedules are met, and call customers promptly when they fall behind. Consider offering percentage discounts for early payments or setting your terms to be payment-in-full when products or services are delivered. For long-term projects, divide the fee into segments and request payment in advance of each new phase.

3 Shorten your days sales outstanding (DSO). A DSO analysis provides general information about the number of days on average that customers take to pay invoices. To figure DSO, divide total receivables by total credit sales for the period, then multiply by the number of days in the period. The lower the figure, the faster you're getting paid. Keeping an eye on this number allows you to be proactive in collecting accounts on time.

4 Cut down on inventory. A sale is one way to quickly rid your business of inventory that is not moving – plus it frees up valuable space for other products that can sell better. Another option is to ask the distributor who sold you the product to buy it all back. You may be assessed an administrative fee to return product, but this tactic frees up capital and space.



5 Work with vendors. Always ask for longer payment terms, and favor suppliers that offer them. Negotiate terms with your vendors for 30 days or more (instead of upon delivery) so you have an opportunity to complete the work, bill your customers and receive payments prior to paying your vendor.

6 Secure a line of credit. At times, borrowing the cash you need can help your business run smoothly. Often rates on a business line of credit are less than the late fees your vendors will charge. The line of credit can help you cover a lapse in cash flow for short periods of time. Just be sure not to borrow too much, and always have a plan in place to pay it back on time.

Seek Expert Help

Now more than ever, a keen eye on cash flow is vital for your business. A MidCountry banker can suggest cash management strategies to help you further boost your cash flow. Call **888-468-8311** to schedule a customized planning session today.

How to Collect Delinquent Accounts

Collecting debts doesn't have to be a game of hardball or require the use of brass knuckles. In fact, taking a kinder and gentler approach to evening up the books can improve communication with existing customers, strengthen relationships with new customers and encourage repeat business.

Outstanding Strategies to Get Outstanding Bills Paid

Unfortunately, customers who pay late – or don't pay at all – are becoming a common problem in today's tough economy. Nationwide, 28% of business owners reported they're stepping up efforts to collect debts this year, according to a poll by the National Federation of Independent Business (NFIB).

Don't let delinquent accounts drain the lifeblood of your business – your cash flow. Regardless of the market, solid strategies like these can help you collect money you're owed and make sure future debts are paid on time.

Know your customers. You know your customers' up-to-date credit information, but how well do you really know them?



Remember customers' birthdays: Free e-cards are an economical way to show you care about them, not just the money they owe you.

Have a contract. Since small business owners typically do get to know their customers better than their big, impersonal counterparts, collecting seriously past-due bills is that much harder. Make sure your friends, neighbors and family members have the same contract as a new prospect off the street. Your standard contract puts everything in writing, which eliminates he-said-she-said scenarios, helps you keep your books straight and avoids hard feelings over favoritism.

Invoice promptly. Send an invoice as close to the date of purchase as possible that asks for payment within 30 days. Re-bill on day 31 if payment isn't received. Follow up with a phone call, and ask if there is a specific reason the bill is unpaid. Empathize with the situation and then initiate discussion of repayment plan options.

Collect late fees. More than 60% of small businesses do not collect late fees or charge interest, according to NFIB research. Building estimates of these fees into your credit terms and interest rates can ensure your overall profitability is not compromised.

Practice positive reinforcement. Customers expect to hear from you when they don't pay. Surprise them! Thank consistently prompt customers with a small token of your appreciation, such as a certificate for coffee.

To learn more about other Cash Management services at MidCountry Bank, contact one of our friendly MidCountry bankers at **888-485-7155**.



Resolve to Increase Business Success

Some people think New Year's resolutions are a waste of time because they too often fall by the wayside after a few weeks.

But done correctly, setting goals is a tried-and-true method for both personal improvement and business success. When making resolutions, remember that they should be:

- **Specific and measurable.** You need to be able to chart progress toward your goal.
- **Time sensitive.** Create a realistic timeline, or your resolution may have a tendency to slide to the bottom of your priority pile.

- **Challenging but achievable.** Set goals high enough to bring a sense of accomplishment when they're reached, but not so high they cause frustration.

To boost your business in 2009, think about making resolutions in these categories:

- Focus more resources on the most profitable areas of your business.
- Go green by reducing energy consumption.
- Learn something new about business.
- Secure your data against natural or man-made disasters.
- Be a better boss – compensate employees fairly and acknowledge good work.

How to Battle Business Burnout

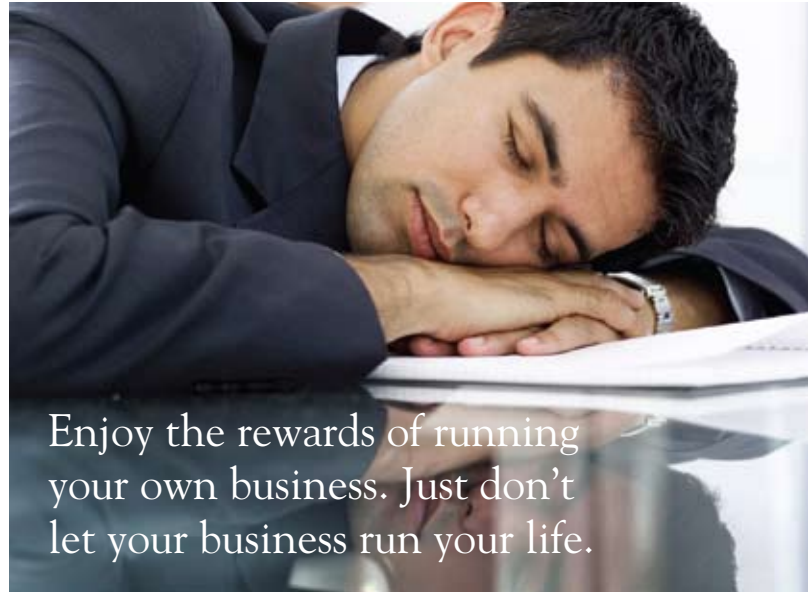
You're in charge of your business – but who's in charge of your life? Long hours, demanding deadlines and lack of family time are a recipe for burnout. You may feel fine now, but a never-ending daily grind takes a toll on your health.

Take charge – and recharge – with these solutions to strike a balance between work and play.

Delegate. Every job has good points and less-than-desirable tasks. Determine what you enjoy and what causes a headache. Then, delegate appropriately. You've hired people to work for you – now let them.

Eat right. If you can't take time off, you still have to eat. Schedule standing lunch dates with those who may not get enough of your time otherwise.

Don't sweat the small stuff. Opening mail and licking stamps is tedious. Save time, prevent paper cuts and avoid that pasty aftertaste by signing up for MidCountry Bank's Online Banking and Bill Pay services.



Enjoy the rewards of running your own business. Just don't let your business run your life.

Shake things up. If your business runs like a well-oiled machine, don't throw a wrench in. But consider a new product/expanded service line. It could make your job fresh and exciting.



How to Perk Up Your Business without Boiling Over

In July 2008, Starbucks® announced its plans to close 600 underperforming stores and cut about 12,000 jobs by 2009. If you're a small business owner, you may think you can't relate to this problem. But there are lessons to be learned for all businesses from Starbucks' loss of steam.

Don't expand too quickly. Starbucks went from a unique neighborhood spot to "one on every corner," which made its own stores compete with each other. Originally known for the simplicity of excellent coffee, great customer service and a relaxing environment, some stores within blocks of each other started focusing on quantity instead of quality – meaning less time to interact with customers and make their experience memorable.

Avoid launching too many new products at once. Another move that hurt the brand was to offer an increasingly

complicated array of drinks. Employees hired for a love of coffee had to spend more time figuring out drink orders rather than getting to know the customers.

Don't lose sight of what makes your business special. While fast growth can seem exciting for a business, it can lose the very customers who helped make a business succeed. Controlling growth and keeping your product line tied to your roots can help ensure your brand still appeals to loyal customers – and gain new ones who appreciate customer-focused attention to detail.

Focusing on customers' needs is one of the best ways to improve a business. Surveys, focus groups and employee feedback about customer experiences can help you know if you are headed in the right direction with your business. If you decide to expand and offer new products and services, MidCountry Bank is here to help.

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Phishers Try to Set Hooks in Businesses

Consider the following scenario: You're checking your e-mail at work and notice a message that appears to be from your company's accounting department. It asks you to verify your personal information and passwords. You click on the link, enter your information and hit "send." Later, you find out the e-mail was fake.

This is a clear-cut case of phishing – a type of scam that targets e-mail users and attempts to compromise their personal data. Recently, phishers have been pursuing small- and mid-sized businesses by posing as legitimate companies and vendors. The scam begins with an e-mail claiming to come from a reputable establishment (perhaps even your own company). Once it's opened, the e-mail may ask for important information and direct you to a professional-looking Web site. The goal of phishing is to gain your trust. However, taking the bait can cause major losses for a business, including compromised corporate data, customer and employee records, network passwords and financial accounts.

On the bright side, there are steps you can take to help your business steer clear of phishing.

1. Educate employees about scams. Ask them to be on the lookout for suspicious e-mails and to think twice before responding. Common phrases used by phishers include, "we need account verification," "please update your information" and "respond immediately."



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2. Ask customers to be proactive. Provide a phone number or e-mail address for customers to report "phishy" activity. Illegitimate e-mails claiming to be from your business can tarnish your reputation and brand.

3. Research related domain names. To fool people, phishers often register domain names that are similar to a business's domain. Keep an eye on domain registrations that are comparable to yours – they may be used fraudulently.

Resist the Lure

At MidCountry Bank we understand the importance of keeping private information private. Our business banking solutions can help your business thrive while offering the highest standards in security. Call **888-480-5811** to learn more.