

Run your business. Don't let it run you.

Cash flow management

CASH IS A COMPANY'S MOST PRECIOUS ASSET and managing it is a problem for almost any company, especially for small businesses. For most small businesses, cash flow is more important than profits, particularly for a new business. In fact, a new or small business that focuses on cash flow rather than profit lasts longer and is more profitable in the long run.

For financing purposes, cash flow analysis is more important than any other form of financial management. Banks and other financial institutions almost always look for a cash flow analysis in preference to any other financial statement.

Cash flow management isn't easy. Indeed, it can be a complex process. But there are a few sound practices that every business can implement to effectively manage its cash.

- **Select a core group of banking partners** to support your cash management needs. Banks offer many services, from payroll to accounts payable to secure exchange, which makes outsourcing

affordable and secure. Consolidate your accounts to use fewer banks. This way you rely on a few selected banks as partners, but are not dependent on a single bank. Shop thoroughly. Once the choice is made, changing banks can be costly.

- **Develop cash forecasting models** to help offset the uncertainty of cash flow. Forecasts are based on seasonal, monthly, daily, and cyclical patterns and trends. Divide these forecasts into

short term (one day to two weeks), mid term (a few weeks up to one year), and long term (one to several years).

- **Improve investment yields** to take advantage of opportunities as they arise. Avoid having funds sit idle in non-interest-bearing accounts by investing in a portfolio of short-term investments.

- **Review your cash management system** regularly to identify where processes can be improved and to ensure that the financial data is accurate and reliable.

Cash flow planning enables a company to ensure that it has short-term sources of funds negotiated and arranged well in advance of any shortages. And in times of higher-than-necessary cash balances, it allows the company to invest the surplus cash in short-term money-markets instruments to preserve its purchasing power and contribute to the company's profitability. ■



A new or small business that focuses on cash flow rather than profit lasts longer and is more profitable in the long run.

The art of saying "No"

MAINTAINING OPEN LINES OF COMMUNICATION sometimes require you to refuse a request made by someone—a subordinate, peer, supplier, or customer.

There are many ways of saying no. An effective refusal has three steps. First, the refusal itself. You can say something such as "No, I cannot do that," or "No, I will not do that."

Second, you say something that will prevent the person from thinking you are being

unreasonable. Give him or her a reason or explanation for the refusal, such as "I cannot do this because..." and give the reason.

Finally, the most important step is a statement that overcomes the person's feeling of rejection. Find a way to demonstrate that his or her needs are important and that you would like to try to meet these needs. Offer an alternative solution. Saying "I can't do that, but I can..." and offering an alternative lets the person know that you are being

responsive and respectful of his or her needs.

Saying no artfully can help you avoid hard feelings between you and others, clear up misunderstandings, and shake away the person's fear of asking you for something else.

Saying no also shows that you have the confidence of a leader and are willing to make tough or unpopular decisions, when necessary. ■



JOE ZALEWSKI is accredited by the Institute for Independent Business and is supported globally by more than 3500 Accredited Associates, one of the world's largest international networks of business advice providers.

For more information call 719-219-9530.

jjzalewski@jazadvisory.com

www.jazadvisory.com



Division of Pride Enterprises, Inc.

15954 Jackson Creek Parkway
Suite B-551
Monument, CO 80132

719-219-9530: phone
719-488-6942: fax
jzalewski@jazadvisory.com
www.jazadvisory.com

Culture corner: Customer service

WHY AM I STRUGGLING AT DEVELOPING A SERVICE EXCELLENCE CULTURE? Financial and strategic short-term thinking, and lack of vision are the biggest culprits. As business owner, ask yourself if you are providing the leadership, and living the values of a customer- and service-focused company. Are you communicating these to others, and rallying everyone's efforts around these objectives? This is not rocket science, but it needs consistent effort and application. People, especially front-line people, need to know that the company means what it says, they need to feel that they are an integral part of the service excellence culture, and that their efforts and skills are recognized.

HOW DO I GET CONSISTENCY OF SERVICE ACROSS THE WHOLE ORGANIZATION? The key is internal communication linked with an excellent training program and culture that encourages empowerment, but sets standards, processes, and procedures. It is well known that the real problem is that employees **DO** listen to what you tell them, so mixed signals, or no signals at all,

lead to problems. Praising good practice and passing it on is invaluable, and ensuring that all of the support controls, such as processes and procedures are well known and always up to date are far too rare.

WHAT SHOULD I MEASURE? Always measure the right things, not the easiest things. You will find that if it can be measured, then there is probably a system out there that will measure it. But ask yourself this question—will measuring it lead to action, is it really important?

The two things that you should always measure are employee and customer satisfaction. These two are so closely related and have a big impact on your company's success.



Do customers think you're Number One in service excellence? Do you know?

And finally, be honest as to why you are measuring. Are you doing it to make yourself feel better, or to really understand where you have to make changes? Remember the adage, "You get what you measure." ■