

# Innovative CFO Solutions

Tips for Managing In Turbulent Times

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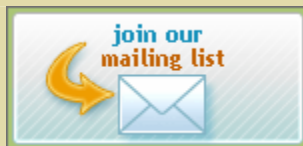
## In This Issue

[Learn the actions you should be taking to manage your accounts receivable](#)

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In this economy, the challenges that business owners face are many and varied. But one challenge that every business owner needs to focus on is managing cash flow. Ignoring cash flow management in turbulent times can be fatal to any business.

This is the first in a series of tips on managing cash flow. These tips are intended to bring you practical advice that you can put to use in managing your business.

There are many business issues that need to be considered in managing cash flow. In this issue, we'll focus on managing what your customers who buy on credit owe you - known as your accounts receivable.

But before you run off to beef up your collection calls and consider this done, read on. The causes of many of your challenges in timely collecting accounts receivable just might reside in your own accounting department.



## Managing Receivables

What your customers who buy on credit owe you is known as accounts receivable. Before you fault your customers for slow payment of their accounts, make sure your own house is in order. You may be your worst enemy in this area.

**Review your credit policies.** Look at who you are offering credit to, the amount of credit you are willing to offer (or establish credit limits for customers), and determine what are acceptable payment patterns from customers. You may need to tighten up in this area - while perhaps extending special terms to your best customers.

**Review the mechanics of your billing system.** Slow payments from customers are often driven by untimely, confusing, or industry inconsistent invoice methods. Here are some areas to look at.

- Bill customers timely with an eye to driving customer payments.

Don't batch process at your staff's convenience.

- Make sure your billing method reflects the industry standard. Slow payments are often the result of confusing or inconsistent invoices and statements sent to customers

- Review who your invoices are being sent to. As simple as it sounds, we found a client who combined his invoice mailing with his promotional mailings to save money - putting the invoices in the hands of the marketing director at clients and not the person responsible for paying the bills.

- Be predictable. Be predictable as to timing, content, format and all other aspects of your billing procedures. That will fit your customers' payment procedures far better than what seem to be random events.

**Tighten up collection efforts.** For many businesses, collection efforts are not managed well and left for "when there is some time available." There is no need to kneecap clients, but assertive measures are called for in these times.

**Tie the collection results into the sales cycle.** Yes, for some businesses their "best customers" are also the ones that most abuse credit policies. Really, that's true.

**Collect the old amounts owed to you.** Re-double your efforts to collect old amounts owing to you. Work with customers to create payment plans and set them to writing. This will work - if you work the situation.

**Sell, invoice, collect.** It is a closed loop that needs to be managed carefully and creatively in these times.

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We hope that you find this information practical and of value in managing your business in these turbulent times.

Innovative CFO Solutions provides the financial management that growing small and medium size businesses need at a cost they can afford. Our solutions to client challenges are customized to the needs of each of our clients. And we right size our work to fit the budget of each company that we are privileged to serve.

Whether your business faces the challenges of increasing economic pressures, or it has identified a solid path for growth, your team needs an experienced financial member to help you achieve your goals. We can be that team member - at a cost you can afford.

Call us today at 941.378.9801 to schedule a free consultation. And learn more about us at [www.innovativecfos.com](http://www.innovativecfos.com).

Please feel free to forward this to associates that might benefit from this information.

**Sincerely,**

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