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east business as usual



getting a boost!

In March 2007 Jane Stephens and her business partner Lyn Higgins visited John Beard, the Manager of Business East Inc to discuss the purchase of a "Boost Fruit Juice Franchise" to be established in the Eastlands Shopping Centre. By that time initial discussions had taken place with Boost management and Mr. Craig Connell the Manager of Eastlands on the franchise and the availability of a suitable retail site, respectively.

To assist Jane and Lyn with their business idea they were given detailed information on Business Planning and the entering into a franchise business. They were even encouraged to visit Boost retail sites on the mainland to find out all they could about the products to be sold and how to operate the Boost outlet.

The business was opened in September and it is very pleasing to hear that Jane and Lyn are very happy with their business investment and have created employment for twenty staff members.



inspirational women

Our guest speaker for December was Sue Hickey who is the 2007 Telstra Tasmanian Business Woman of the Year and the 2007 Telstra Yellow Business Owner of the Year.

Sue spoke candidly about the traumas of her early working career and how these would shape her attitude towards running her own business. Sue is the Managing Director of Slick Promotions Pty Ltd, Tasmania's largest supplier of printed promotional products and Sue has grown the company to be a significant customer of the major suppliers in the industry. Slick Promotions boasts the largest showroom in Australia and has an impressive stable of clients including J Boag and Son, Cadbury Schweppes, MyState and Federal Hotels. The company is 17 years old and has 15 staff and 9 agents on the mainland.

Sue spoke of why she believes women in business are usually successful despite the horrendous statistics for failure with start-up businesses these

days. She believes women are more cautious but better with customer service and attention to detail. They are usually more debt averse (which can limit their growth) and they don't like to gamble their home and their child's bed with their business though invariably this is what they must do in order to run their business and give others employment.

From a very shaky start in business Sue has managed to turn her life around and her business has shown impressive growth since its inception due to her extraordinary capacity for hard work and her desire to never let a customer down. She is a graduate of the Australian Institute of Company Directors, a Fellow of the Australian Marketing Institute and a Certified Practising Marketer. She presented an inspirational talk that showed how strong women can be in times of adversity and interestingly, how grateful she is for the tough times which she believes gave her an opportunity to learn, to grow and thrive.

pod of an idea!

SeedPod Natives is a home based business growing Tasmanian native plants in organic biodegradable pots for revegetation, landscaping and habitat formation. Presently the greenhouses are filling up with beautiful little trees, shrubs, grasses and groundcovers, and SeedPod Natives will be open for trading around March 2008.

Creating an income, while looking after what is important to me, our native flora and fauna and my young family, has been my long term dream. So when I decided that it was the time to create SeedPod Natives, John Beard, manager of Business East, was my first point of call. His advice, support and workshops, Getting Started, Business Planning, Book Keeping and Marketing, gave me the confidence to launch myself into the exciting world of small business. I also attended sessions with the taxation department on e-record and other tax issues and completed an intensive six week business course under The New Enterprise Incentive Scheme, on John's advice. At the end of the six week course I had a concise and detailed business plan, including two years of projected financials, which I then used to obtain an interest free loan through NILS Women in Business Micro-credit Program.

I am excited and passionate about what I have created in the past few months with the birth of SeedPod Natives and have absolute faith in the unique pots that I am growing in.



Georgina Dolan proudly displays her native plants.

They are manufactured in France from wood fibre by a company that takes its environmental responsibility seriously. The wood is obtained from forest growing around the factory and taken strictly from thinning out. The factory operates on a closed circuit basis and the pots are 100% organic, containing no chemical products or printing inks. Once in the ground they break down to produce a plant enhancing humus.

In addition to minimising plastic waste, another advantage of growing in these pots is the superior root system of the plants.

The amount of information I have obtained and the business contacts I have made since contacting Business East has been fantastic and I believe essential to the success of SeedPod Natives.

clarence cup race day great success

Glamour, colour and air of excitement was experienced at The City of Clarence Race Day at Elwick on Sunday the 25 November 2007. The winner of the Clarence Cup was Stuyvesant, owned by Richard and Miranda Foster and trained by Gary White. Stuyvesant happens to be the Tasmanian Racehorse of the Year and the owners are looking forward to the horse achieving further success.





stepping out in Richmond!

Last month Jennifer Sundstrom called on Business East to seek certain information on business licences, ABN registration, insurance and more in regard to a gift store business that Jennifer planned to purchase in Henry Street, Richmond.

Jennifer was extremely pleased with the information given and is now happily operating her own business called "Richmond Gifts on Henry".

Australian Tax Office e-Record workshop.

Business East recently organised a workshop on the above at the Rosny College. The workshop covered modules to help clients understand how to set up their own business, prepare cashbooks and activity statements, access financial summaries and create tax invoices. Those who attended were very appreciative of the information obtained through the session.

management of cash flow critical for your business

Counting the days until you get paid.

Getting the sales is only the first part of the battle: receiving payments due is quite another matter. You should realise that every dollar you have in Accounts Receivable that you do not collect is a dollar less on your bottom line

Accounts Receivable may be a term familiar to you, but have you heard the term "Accounts Receivable Days"? This is not the number of days that you specify for your customer to pay, but rather the number of days on average that all of your customers are actually taking from the date of the invoice until you receive their payment.

AN EXAMPLE Accounts Receivable Days = Accounts Receivable/Revenue x Time Period.

- Accounts Receivable = \$200,000
- Revenue: = \$1,000,000
- Time period = 365 days
- $200,000/1,000,000 \times 365 = 73$ days

This example indicates that a business with revenue of \$1,000,000 and Accounts Receivable of \$200,000 is taking, on average 73 days to collect payment from its clients.

The value of ascertaining the Accounts Receivable Days of 73 is that the business now has a simple

indicator to work with and use as a starting point to measure improvement.

Another benefit of knowing this number, as opposed to just looking at the dollar value of amounts owed by customers, is that it's a relative figure. That is, using the above example, if the Accounts Receivables rise to \$250,000 is this good or bad? It depends on the relative Revenue figure. Just looking at a dollar number makes it difficult to manage. Alternatively, tracking the number of days is an easy indicator to manage, both for the business owner and the book-keeper.

Importantly, if this is a growing business wanting to fund growth through external debt (i.e. borrowings), any lender would look very closely at this number. It's a prime indicator of how well the business manages its own money, and therefore how it would manage the potential lender's funds.

Many businesses grow rapidly and get very focused on Revenue growth. This is fine, but focus also needs to be on collecting payment for sales made. If not, cash flow can quickly get strained, which can strangle any hope of ongoing business growth. It becomes a vicious circle, as a lender won't lend the necessary funds until the business demonstrates it has firm control over its cash flow.

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UPCOMING EVENTS 2008

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| February | Women in Business Networking Dinner |
| March | Film Evening |



You are welcome to become a member of Business East Inc. The annual fee is currently \$77-00. This membership enables you to meet with other members at networking functions and entitles you to certain discounts offered by a number of business houses.

Managing Accounts Receivable Days

It essentially means making sure you get paid as quickly as possible. A retail business doesn't have this sort of challenge as it generally gets paid immediately. However, most other businesses give terms for 'customer credit'.

Here are some strategies that you could utilise to shorten the number of Accounts Receivable Days:

- Invoice as quickly as possible.
- Make sure the customers know what the credit terms are.
- Provide professional looking invoices, with payment terms specified clearly on them.
- Send out statements regularly.
- Provide as many payment options as possible – although credit card merchant fees may seem expensive, they are often not as expensive as waiting three months for the debtor to write and post a cheque.
- Be prepared to follow up with phone calls and emails.
- Keep records of reasons that were given for non-payment and politely repeat back to slow payers why they didn't pay last time. They soon get to understand that you are diligent with your bookkeeping, and this will contribute to more prompt payment.
- Be prepared to sue those who refuse to pay – although this may seem like an extreme measure, unless you are really dependant on one or a number of customers, you may consider that you are better off without those who are slow payers. They may be costing you valuable time and resources that you could be using to service those who pay on time.

**Remember – the longer you leave a debt outstanding, the harder it is to collect.
Do anything you can to speed up the processes as it increases your chances of being paid.**



Business East Inc. continues to provide "Free and confidential" premium small business guidance and advice to potential and existing businesses. **For further information please contact:** John Beard or Sally-Anne Wise.

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