



NO MEETING IN JUNE, JULY, AND AUGUST

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[GLEN OAKS GOLF COURSE on October 5th.](#)

MORE INFORMATION TO COME



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**Special points of
interest**

- ◆ NO MEETINGS
JUNE, JULY AUGUST

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Larry Adams
Bobby Gusler**



Are You Making As Much Money as You Could?

Are you satisfied with the growth and profitability of your business?

If you're delighted with your bottom line, congratulations! You're living the dream. Show this article to a competitor. They may need a shot of inspiration or a serious renovation of their business plan. Every time a company in the home improvement sector enjoys success it makes our entire industry stronger and accelerates demand for our products and services. So let's help one another.

Here's a fact. We've learned the three concepts outlined below the hard way. And we're convinced business owners shouldn't repeat errors we see start-up businesses making daily.

So, if you're NOT certain you are set to maximize your potential, ponder these questions:

- 1) Is your business model scalable and sustainable?
- 2) Are you monitoring a consistent set of metrics in each of your markets?
- 3) Do you really understand your customer's point of view on your products?

Stated differently, we suggest three ideas you can implement today.

- Construct a business model that naturally replicates itself.
- Establish a set of metrics that can be measured across your entire geographic scope.

Forget your product perceptions and seek to understand your customer's perspective.

Construct a business model that naturally replicates itself.

Teach everyone on your management team the basics of your business. They will never be accountable for your company's growth unless they can articulate your business essentials as well as you can. Let them demonstrate their ability to mentor new employees in your presence. Applaud their communication efforts. Gently correct their mistakes. Build a team that is committed to the consistent execution of every process. This facilitates scalability.

Establish a set of metrics that can be measured across your entire geographic scope.

Simplify your business planning to the point where you can identify a set of metrics that apply in every market or sector in which you compete. A couple of high level metrics that we monitor are revenue per lead and production per hour. We strive for consistent performance in every branch against these benchmarks. Sure there are some explainable irregularities, but ultimately we know the goals we're stretching to reach in every market. And we seek consistent metric performance in every branch.

Forget your perceptions and seek to understand your customer's perspective instead.

How many business owners do you know who project their value system onto their customer base? As an example, perhaps they assume buyers won't finance their purchase because they personally don't like credit card purchases. These types of assumptions are distractions and inhibit growth. Try new solutions and give your customer new options, products and services. The sales numbers will tell you when they value a new offering. Give the customer the chance to decide what they want. Beauty may be in the eyes of the beholder. Value is in the eyes of the customer.

So I'll ask you again. Are you making as much money in your home improvement company as you should? Start today! Construct a business model that naturally replicates itself. Establish a set of metrics that can be measured across your entire geographic scope. Forget your product perceptions and seek to understand your customer's perspective.

Rejuvenate your growth and profitability! Your customers, your employees and your suppliers will thank you. Take it to the bank!

7 tips to improve cash flow

The Cash Principle. Cash is king. That's what everyone tells us, and it is true! You cannot function successfully in any business without proper cash flow. So if this Cash Principle is so well known, why is it that so many businesses struggle? Sometimes the obvious is not always so obvious when you are entrenched in running the day-to-day aspects of your business, so here are seven ways you can improve your cash flow!

1. **Cash and carry.** Operate a cash and carry type business versus worrying about receivables. This is not always possible, but the best business plan is one where customers pay at the time of purchase so you don't have to worry about invoicing or collection procedures.

Invoicing and collections take up valuable time, so you want to come up with creative ways to incentivize payment immediately. Set the ground rules in the beginning so your clients know what you expect.


2. **Receivables collection.** Collect your receivables in a prompt manner. Don't let them hang out there forever until your customers decide they want to pay you. Being a good steward of your business is "good business," so have a process in place for invoicing and collections.

The longer your receivables are outstanding, the less likely you are to collect. You don't have to be mean and rough to collect promptly from your clients. A good rule of thumb is that you should always have a due date on the invoice and then send out a follow-up statement within 10 to 30 days from the due date. Each industry and business environment has different insights as to what is the "ideal" time. I would not send follow-up correspondence any sooner than 10 days past due. Payment may just be delayed by the mail; however, waiting longer than 30 days is too long. If you have not received payment within 45 to 60 days of the due date, then a phone call should be made to follow-up with your customer.

Accounts that go past due 90 or more days should be taken to the next level of collections with an outside agency, internal collection "ninja" or any other mode you have established for collections. Find what works best for your business and stick to it. Each day you are delayed in receiving payment is an additional cost of doing business. Time is money.

3. **Receivables funding.** Implement an accounts receivable funding program. Factoring of accounts receivable has become very popular, and it can be a great way of keeping the cash flowing. Businesses that deal with large businesses or government agencies lend themselves to utilizing factoring programs. If your clientele is made up of small businesses or individuals, you may find it more difficult to establish an accounts receivable funding program. Why? Funding companies are monitoring risk. There is less risk with larger companies or government agencies. Or so they think!

CONTINUED



4. Vendors. Negotiate terms with your vendors to help delay the outflow of cash payments. A lot of vendors have payment terms where you can delay the payment until the end of the month or maybe even up to 60 days. This allows you a little float time to use their money while you are working on your project.

Then hopefully you'll receive payment from your customers prior to needing to pay for the products you purchased. Some companies also go the route of consignment. Then you are selling someone else's goods and don't have your money wrapped up in inventory. This option can help you increase your product offerings without having to invest large amounts of money in inventory.

5. Customer deposits. Have your customers pay a deposit prior to the start of the job. This will help you cover your up-front costs as you start the projects. It's very common to have a deposit with the signing of your contract. It decreases the risk associated with nonpayment because you've received a portion up front. You can also implement periodic payments throughout the contract versus a single payment upon completion of the project so that cash is flowing in consistently.

6. Revolving credit line. Establish a revolving line of credit through a lender to help you with potential cash flow crunches - especially if the amount of savings from prompt pay discounts is greater than the financing charge from the lender or if the lender's financing charge is less than what your vendors might charge for late payments. This helps give your business a safety net so that you can continue to operate during those times when you are offered great specials if you buy today but may not have extra cash available.

7. Savings Fund. Establish a savings fund to help you operate through slow times. Most businesses have swings in their business flow, and managing cash effectively can be a challenge. Store away extra during the good times to help alleviate issues during the slow season. I know this sounds easier than it is, but if you take out a percentage each month and transfer it to a savings account then it will be "out of sight and out of mind."

"Anything that you can do to focus on better cash flow will provide benefits to your business. The worst thing you can do is sit back and "hope" that things go well. Look around! See those "CLOSED" signs on the surrounding windows? They played the "hope" game and lost. What are you going to do? Hope? **No...**implement a plan for cash flow management starting now."