

CASHFLOW

THE PRUSHKA FAST DEBT RECOVERY CLIENT NEWSLETTER

PRUSHKA
FAST DEBT RECOVERY
NO RECOVERY - NO CHARGE

**JULY/AUGUST
2011**

IF THINGS ARE SO GOOD, WHY AM I STRUGGLING?

On paper, Australia has one of the best performing western economies in the world.

Apart from the impact of natural disasters, we have house prices which are holding their own, a government deficit which is miniscule by world standards and terms of trade which are at their best level since the Korean War.

You have no doubt worked out that you are a victim of the two speed economy.

Our economic figures are kept artificially high by the massive resource investment and export boom whilst the eastern states economies are probably at close to recession levels.

The feed-back we get from many of our 43,000 small to medium size business clients across Australia is that they are finding business difficult.

Whilst the orders are there, margins are getting skinnier and skinnier. Tie this in with sustained pressure by staff for higher wages and it is clear that profits are being squeezed.

When times get tough, you have to stay one step ahead of the game.

Maintaining **cashflow** is crucial because if it dries up, you will find that your friendly banker has become quite a bit less friendly than he used to be.

Cashflow will provide you with practical tips and advice for improving the **cashflow** of your business. Read it and pass it on.



JANUARY/MARCH BERMUDA TRIANGLE

If a business is going to fail, the chances are that it will do so during the horror January/March quarter.

Accordingly, if you have survived, you can probably relax a little – for a while.

The reason for the horror quarter is that businesses get hit with huge holiday pay and leave loading in December, a large part of which is usually unbudgeted for.

In the meantime, most businesses will start winding down by about mid-December and will not get going until at least mid-January.

Couple this with the fact that businesses dealing with householders will find that their customers have got little money in January and February to pay their bills. The Christmas binge would have taken care of that and will often result in a credit card hangover as well.

Just because you survive each year is no reason to become complacent. Start planning now and budget to put aside a fixed amount each month to cover your holiday pay liabilities.



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DEBTOR REPORTS

Your bookkeeper should be able to provide you with a detailed, comprehensive and accurate aged debtor report any time you ask for it.

The report will list all of your outstanding book debts, allocated between current, 30 day, 60 day, 90 day and over 90 days.

If you are unable to obtain this report then treat this as a warning signal that your debt collection system is probably in some disarray, notwithstanding assurances you may receive to the contrary.

We deal with accounts departments of thousands of businesses across Australia on a weekly basis and are constantly amazed at how many accounts departments are really in a mess.

The major cause of businesses going in to liquidation is the failure of the directors to receive reports which tell them what is going on.

Test your bookkeeper or internal accountant today.

If they can't have this report on your desk within 10 minutes, do something about it.



CREDIT FORMS

The most basic building block for any credit system is the **credit application form** which new customers must complete.

This applies for any business or professional practice which is providing on-going credit to its customers, clients or patients.

Building a credit and collections system without this is like building a house on sand with no foundations.

Prushka provide **free** credit application forms for a wide variety of businesses and practices.

Simply go to our **website** and download the appropriate form for your business.

Alternatively, call our **Client Services Team on freecall 1800 641 617** and they will be happy to email a form to you.

STAT DEMANDS - THE MOST EFFECTIVE MEANS OF GETTING MONEY FROM COMPANIES



All legal enforcement steps firstly require a judgment to be taken out against the debtor, with one exception.

The exception relates to claims against companies for a sum greater than \$2,000 which are not subject to dispute.

In that case, it is possible to proceed straight to preparation and service of a statutory demand on the company.

The debtor company has 21 days within which to pay the amount due or enter into an arrangement acceptable to you. If it fails to do either of these, it is **deemed to be insolvent**.

From that point on, if the directors continue trading, they risk being sued personally for any losses suffered by creditors.

The option at that stage is to also then proceed directly to a petition to wind the company up.

Stat demands are relatively cheap, the process can happen quickly and the results tend to be exceptional.

To find out more about stat demands, feel free to contact **Sue Stevens from our Legal Enforcement Team on (03) 9872 7289 or svs@mendelsons.com.au**

DIRECTORS' GUARANTEES

All smart businesses insist on obtaining directors' guarantees when they are providing credit to companies (other than public companies)

This one simple step will be guaranteed to substantially lessen your risk of losing money if the company goes into liquidation.

To obtain the simple Directors Guarantee form prepared by **Mendelsons Lawyers**, our in-house lawyers, simply go to our website or call the Prushka Client Services Team on freecall 1800 641 671



SMALL DEBTS

Prushka collect debts from as low as \$45.00, so never write-off small debts.

There is no need to complete an individual Action Form for each debt. Simply complete one Action Form and attach a copy of each invoice or alternatively, a detailed print out providing details of each debt.

GROW YOUR BUSINESS

Add thousands to your bottom line by turning drive time into profit time



Prushka has partnered with the experts at Business Essentials to bring you the latest ideas and advice to help your business grow.

Managing cashflow is critical but we know there are many other keys to business success.

Founded by the highly respected Michael Schildberger in 1984, the Business Essentials monthly CD series is packed full of practical tips that will help you run a strong, profitable business. You'll discover the latest ideas on leadership and management, sales and marketing, legal updates, health & safety, IT, tax, the economy – and you'll hear fascinating insights from some of Australia's most successful entrepreneurs.

SPECIAL PRUSHKA OFFER
SAVE 50% IN JULY

Readers of CASHFLOW will receive 50% (\$212.50) off the annual subscription price of Business Essentials (12 CDs).



To listen to a free sample Business Essentials interview or to take advantage of the special Prushka subscription price, visit www.be.com.au/prushka

Simple, effective tips which will be guaranteed to improve your **Cashflow.**

Does your customer own a house?

If your customer is a homeowner, you have an excellent chance of recovering your money. In that event, you should take a hard line and get the debt through to legal action quickly because your debtor will become liable for most of the additional legal costs involved. Knowing this is the reason why he will pay – because he really has got something to lose.

The best way to find out if he owns a house is to include that question on your credit application form.

When your debt comes in to Prushka, this is one of the first things we look at and we have techniques to enable us to find out whether or not your debtor is a home owner.

If you are in the business of providing home services, such as air conditioning, plumbing, carpet supply and installation, curtains, roof repairs etc, the chances are very high that your debtor is a home owner, for the obvious reason that tenants rarely spend money on the property.

Adding collection commission to your account will significantly improve payments.

Your debtor is going to pay their electricity provider, telephone provider and credit card company before he pays you.

The reason is that he knows that it will cost him more if he delays. In the case of power supply, he knows that the power will ultimately be turned off if he doesn't pay. In order to move your account from the "pay later category" to the "pay now category", **you need to impose a penalty.**

The most effective penalty you can impose is to provide in your terms and conditions that in event of the account being referred to Prushka, the commission payable by Prushka will be added to the account. That is, your debtor will end up paying you back for the commission charged by Prushka.

To find out how to do this, call our **Client Services Team now on freecall 1800 641 617**

Review your invoice and statements.

Thirty minutes spent with a person with graphic design skills in reviewing your invoice and statements will be the best 30 minute investment you are likely to make in a long time.

Get away from nasty 1960's style black and white forms.

Introduce colour, make the document friendly, highlight clearly the amount to be paid, detail precisely the goods or services provided, list the payment options in large print, make sure your postal address is particularly highlighted and provide a reply paid envelope.

Everyone today is time poor and nothing grates more than an account which is confusing or irritating. Those accounts will simply go to the bottom of the pile.



All you can lose is a bad debt
Offices across Australia

FREECALL 1800 641 617 · Website: www.prushka.com.au