

FINANCING

Hide & Seek

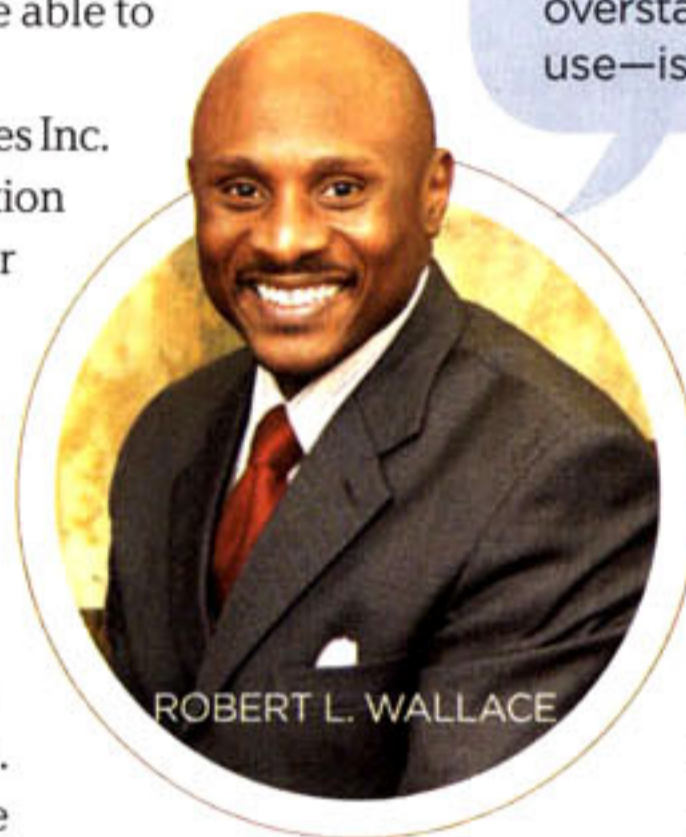
The first step in accessing capital is to identify internal cash

"CASH IS ALWAYS KING," SAYS ENTREPRENEUR ROBERT L. Wallace. "If you have cash, it doesn't matter what is happening in the economy or in the industry, you'll still be able to weather the storm."

As president and CEO of BITHGROUP Technologies Inc. (www.bithgroup.com), a Baltimore-based information technology company, Wallace sees the inability or increased lag in securing outside funding as an incentive for small businesses to look within. Turning a sharp gaze on your own operations, inventory, payroll, and practices to potentially uncover financial resources you can then reallocate is a doable and necessary task for any entrepreneur. Here are three ways to speed up and increase inflows while slowing down and reducing outflows.

1. Accelerate customers' payments. Wallace recommends invoicing more frequently—and more quickly. Invoicing smaller amounts at regular intervals or when certain milestones are met can boost cash flow in contrast to receiving a larger sum at the end of a project. "Be very aggressive in how you invoice your clients," says Wallace, who is also the author of six books including *Black Wealth: Your Road to Small Business Success* (John Wiley & Sons). "A lot of times small businesses procrastinate and don't bill the customer as quickly as they could."

2. Obtain favorable payment terms. Negotiate to receive payment in 30 days or less, 60 days maximum, to avoid being put in a position where you have to spend money to pay suppliers



ROBERT L. WALLACE

Spare the Spending!

Remember, cutting excess spending—from overstaffing to inefficient processes and energy use—is another surefire way to preserve cash.

for materials used to produce goods that you won't get paid for for months. "Provide a strong value proposition for the customer. For example, say, 'If you pay me within 15 days, I will decrease the invoice by 1%,'" Wallace recommends. Also build strong relationships with the people who are responsible for paying your invoices; deliver excellent work and establish a rapport to bolster the odds that invoices will be processed quickly.

3. Reduce inventory. Eric Dobyne, the Midwest regional director for the Minority Business Development Agency (www.mbda.gov), says small business owners must balance eagerness to satisfy customers with practical considerations. "A lot of companies hold an inordinate amount of inventory or hold inventory for clients without charging them," he says. "That can be an enormous drain on a business. You've paid the cash out and now you have those products and materials that you can't collect for."

—Maya Payne Smart



For helpful tips on how to cut costs, go to www.blackenterprise.com.

SAVVY SOLUTIONS

A *I am a wedding coordinator/planner at my church and have my own business. I have been a planner since 2003 and would love to do elaborate weddings. I advertise through word-of-mouth, a sign on my car, and business cards. How else can I advertise to advance further?*

—L. Tabb
Baltimore

Your current advertising efforts are ineffective because you are in an industry where sight unseen is unacceptable. Prospective clients will be those who have either experienced your services or know someone who has. And at the end of the day, it's about the face-to-face connection you can make as well as the presentation you deliver in trying to win over clients. Brand building is your best approach. Nurture vendor relationships, attend industry

conferences, join professional organizations, and hone your skills in order to create one-of-a-kind events. Also, offer your expertise to media outlets; and basically anything you can think of to stand out (in a good way).

Your Web presence should represent you and the experience you offer. It should detail your planning process and signature services; boast high-quality photos highlighting your best transformations, list noteworthy clients and affiliated organizations, among other things. "You have to create the kind of experience you want to give to your clients," says Lisa R. Nelson of Elegant Event Planning and Design in Washington, D.C. "If you have a mediocre Website, that's what clients are going to see and that's the type of clients you're going to get."

Keep in mind that the church is your client, not your sole commitment; aggressively scout and take on clients in and around your city. Also, research and keep up with industry trends.

—Tennille M. Robinson

Mail your small business questions to **Savvy Solutions,**

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