

TB FOR TOOLS TOUGH TIMES

To survive in this troubled economy, owners and leaders are looking for tried-and-true resources to help in key aspects of their business. Based on patterns and trends that partners at Platinum Group see daily in many different businesses, this "Tools for Tough Times" column showcases common needs and a variety of tools that can be applied to help address these needs.

"What can I do to revive my business in this economy?"

Observations by Pat Brennan and Bruce Mallory, Platinum Partners

The first quarter of 2009 was especially unkind to business owners across the industry spectrum. In this difficult economy, owners are looking for vendor support; vendors are looking for payment. This is where cold and warm fronts are colliding.

Common signs of the problem:

- Vendors are crying foul and declaring a company's entire balance due as late.
- Owners slowed or stopped buying and paying **because** of the market. Yet, they feel alone in this situation and are not proactively communicating their condition with vendors.
- Companies are not understanding their true break-even point and not living by the discipline of a 13-week cash flow statement.

Tools to apply:

Reduce expenses so that you can achieve positive cash flow at a minimum break-even sales level.

Negotiate with your vendors to be able to purchase on a COD basis and apply the payment to the oldest open invoice. After a period of time, your delinquent vendor balance will be reduced, if not eliminated. As necessary, negotiate with the top vendors for notes payable for one year or more on the old balances with a modest interest rate. Stay current with the new payables and make timely payments on the notes.

Click to read and access the following tools that can help revive your business.

1. A Break-Even Calculator. Download the pdf. [click here](#)
2. Learn more about the 13-week cash flow tool by reading an article by Pat Brennan called "Running on Empty." [click here](#)
3. In addition to calculating break-even point and living by a 13-week cash flow, the third key to **reviving** business is to conduct an ABC analysis. Determine who is important to reviving business — the "A" vendors. When purchasing from strategic vendors, be willing and able to pay COD, but hold firm on the application of those proceeds — to the oldest invoice. In 60 days, volunteer to review the company's account. The balance over 90 days will be the actual late balance. Manage all three keys in concert.
4. Read an article by Bruce Mallory, called "Competitive Advantage Through Reduced Cycle Times." [click here](#)
5. Read a white paper by Bruce Mallory: "Financial Survival in 2009: New Disciplines for Weathering the Storm." [click here](#)

