



TAB-San Antonio Best Practices are condensed summaries, sorted by topic, of ideas gathered from public sources and the combined wisdom of our members. Thank you to all the members who have contributed.

Please feel free to share with other business owners, and to submit any additional tips to jdini@mpninc.com

Cash is King

In any distressed business environment, having cash is a buffer against many ugly events. It appears that a number of Federal programs will be made available to suffering companies, but collecting benefits is cold comfort if you are no longer operating.

It's in the nature of business that many of these suggestions come at the expense of someone else. Most will forgive and forget if you are there to do business with them after the crisis.

Expenses

- Curtail all discretionary expenses. It is likely that you have already ceased all travel and entertainment, but here are some others to consider.
 - Dues and subscriptions. So you miss an issue or two.
 - Advertising. People aren't paying attention right now.
- Pay the minimum necessary on credit cards and lines of credit.
- Delay any matching retirement contributions.
- Delay paying association dues or continuing education fees.
- It sounds silly, but consolidated office supplies. Many employees have enough extra pens and staples in their desks to collectively supply the company for months.
- The same goes for collateral material. Convert your brochures and product information to digital formats, and email them to customers.
- Obviously, defer routine maintenance if it's practical, along with capital expenditures.

Cash Equivalents

- Inventory. Analyze the 20% of your inventory that creates 80% of your sales. (Or whatever percentages work in your business.) Let stock on the other items run down or out.
- Accounts Payable. As much as it sounds terrible, let less important vendors slide a little. Stop taking discounts.
- Accounts Receivable. Of course, you are likely someone else's less important vendor. Watch customer accounts closely. It's worth some customer ill will to stay solvent.
 - Be wary of customers who place unusually large orders. They may be stocking up at your expense.
 - Enforce credit limits stringently.
 - Put slow payers on a COD basis.