



*Our mission is to provide information and strategies to business owners and managers for improvement in the effectiveness of its business management so that key objectives can be realized.*

CFO Plus, LLC

Ted Hofmann - Principal/Senior Consultant

John Morre - Principal/Senior Consultant

Linda Panichelli - Principal/Senior Tax Consultant

1450 Grant Avenue, Suite 102  
Novato, CA 94945-3142

Home Office: 415-898-7879  
Toll Free 866-CFO-PLUS or 866-236-7587

Email: [thofmann@cfoplus.net](mailto:thofmann@cfoplus.net)  
[jmorre@cfoplus.net](mailto:jmorre@cfoplus.net)  
[lpanichelli@cfoplus.net](mailto:lpanichelli@cfoplus.net)

Web: [www.cfoplus.net](http://www.cfoplus.net)

## The R-word

by Michael E. Duffy

There's a recession going on, at least where I sit, and my primary concern these days is drumming up new business. I figure I'm not alone, and so I really ought to apply my expertise (technology) to the problem of staying alive in tough times.

### General Comment: Accelerate!

If your business is fortunate enough to have entered the recession (I can use the R-word now, it's official) with a strong balance sheet, a lean workforce, and solid sales, now is the best time to accelerate away from your competition. Right now, it's dramatically cheaper to make improvements to your business: the cost of capital is lower, suppliers are more willing to make price concessions, and qualified people are looking for work. And your competition is less able to match your investment in the future.

### Getting your customers to pay faster

Every smart businessman knows exactly how long it takes his customers to pay their bills. And when times are tight, companies "manage their payables," delaying payments as long as possible.

If you are a QuickBooks user, you can e-mail invoices directly from QuickBooks, and get paid online, either by credit card or direct transfer (see QuickBooks Online Billing at [www.quickbooks.com](http://www.quickbooks.com)). And in keeping with my last column, this service also allows customers instant access to their invoice and payment history on-line, which may cut down on the number of calls your bookkeeper needs to handle.

### New Products and Services

Unfortunately, I don't know what business you're in, making it hard to write down specifics. But, think about a product or service for which your current customers would gladly pay, a "point of pain," if you will. What are the obstacles to delivering that product or service? Clever application of technology may allow you to satisfy your client's previously-impractical needs. Remember, technology doesn't have to be the product. Think it can't be done? A small brainstorming group consisting of you, your sales people, a trusted client or two, and a technology expert may show otherwise.

As long as I'm talking about the needs of your current customers, I strongly encourage technology, specifically email, as a way to stay in touch. Do you have an email contact for each CEO or owner with whom you do business? You should! Existing customers are the best source of business, and a monthly email newsletter with truly useful information (case studies, application notes, new products, incentives – but please, skip the sales hype) is an easy, cost-effective way to stay on their minds.

I would suggest, as a modest goal for this year, investing in the ability to notify each of your customers of important news simply by sending an email. Why? Because communicating with your customers is the lifeblood of your business, and presently, it's an expensive proposition (unless you have only a handful of customers).

Are there still some Luddites on your client list who don't have email? It's easy enough to add an email-to-fax "gateway" which causes email to be automatically translated and sent to a customer's fax machine. This removes the aggravation of two separate delivery methods.

### New Customers

We'd all like a machine that we could plug into our phone, which would cause the phone to ring with orders from new customers (preferably with a dial on the front, to adjust the rate!).

## The R-word (cont.)

I don't have such a machine, but I do know that potential customers need to be able to find you (and what you have to offer them). More and more, people research business decisions via the Internet. Are you visible? And if you are, are you more visible (and informative) than your competitors? Ask yourself these questions:

- If someone knows my company name, can they find us on-line (even if it's just to get our telephone number)?
- If someone wanted our product/service, but didn't know our name, what would they be looking for?
- If there's an on-line directory for our industry, are we listed in it?

Try it for yourself. Are you happy with the results?

The Internet can also be a way to identify potential customers. Try searching for your product on-line (e.g. "high-density polyethylene wrap"). You'll see two kinds of results: people who sell that product (who may have client lists for you to review), and people who are using that product (potential customers). Don't forget to search for problems ("keeping drinks hot") as well as solutions ("Styrofoam™ cups") – your customers think in terms of their problem, not your solution.

Do your customers fall into a well-defined category? You may be able to reach them by advertising in targeted on-line media ("ezines"). Surveying your customers about their on-line reading habits will help you make this choice. The costs are low enough that it's a worthwhile experiment.

### Think Like The Big Guys

Right now, the big guys are focused on supply-chain management. In other words, they are trying to reduce costs at every step in the chain from raw materials to the product in a customer's hands. The best-known example is Dell Computer, which builds computers to order on a grand scale. They know exactly what parts need to be ordered, and when (reducing inventory costs). Parts orders are placed automatically with their suppliers as finished-goods orders are placed (reducing purchasing costs). Dell receives payment when they ship (via credit-card, typically), and pay their suppliers on terms, which has a dramatic positive effect on their cash-flow.

Do you have to monitor inventory levels and place calls to suppliers manually? This takes time, and (when done incorrectly) ties up your cash. Technology is available to help deal with this problem, and better still, your supplier may already have it. For example, medical and dental supply houses provide physicians and dentists with automated management of their supplies.

Don't forget this important fact: chances are, someone has already encountered the problem you're facing, and, if technology offers a good solution to that problem, built the technology you need. The Internet makes it easier to search out people who've already solved your problem.

### Reduce costs

Reducing cost is on everyone's mind. Take a business magazine faced with the challenge of turning out their annual Top Companies listing. As you might imagine, it's a time-consuming exercise in data-gathering. Rather than apply brute force, this magazine made it possible for companies to update their information via an on-line form. Moreover, this magazine can target each company or professional with an email containing a link to the secure form, pre-filled with their data. So most people simply receive an email, click on the link, and are done. The net result is more accurate and information from more companies, and less cost to produce than any previous list.

The key ingredients here? A time-consuming repetitive process, a database of information, an add-on to the database which can send individualized e-mails, and a little bit of Web programming expertise to handle the form. The idea for you? Look at your business activities to identify repetitive activities – they are the best candidates for cost reduction via technology. And note again the use of e-mail to contact a large group efficiently.

### No Free Lunch

None of the above ideas is without cost, and when business is slow, it's hard to think about investing in technology. But prudent choices now will really pay off as business recovers in the coming months. Contact your performance measurement specialist to see how you can improve your company's processes to improve profitability.

*Michael Duffy writes the monthly technology column, Tech Talk, for North Bay Biz Magazine (<http://www.NorthBayBiz.com>). His Web site URL is [www.mikeduffy.com](http://www.mikeduffy.com), ©2002 Michael E. Duffy & Associates. Reprinted with permission.*