

Tightening Up on Your Cash Flow

By Michelle Wright

Today, many small businesses face the daunting task of taming their expenses in slow economic times. Here are some tips to remember that may make tightening up those purse strings a little easier:

1. Be aware of all overtime. Make sure on a daily basis that time is being checked and resources are being utilized efficiently. Not only do you pay time and a half, but you pay the social security and Medicare on the higher wages. Trying to keep overtime to a minimum will keep the wages and taxes in check.
2. If employees use company vehicles, check mileage. With the price of fuel being high, keeping a close eye on the number of miles that are driven will help ensure that you are not paying for personal errands with the company's car.
3. Company cell phone usage should be reviewed. Is there a more efficient plan available for
4. Shopping your suppliers. Have you checked to see if you can get better deals on your merchandise or services? When is the last time you did some shopping around? It may be time to look at insurance policies as well. Many business owners get so caught up in the day-to-day operations, they do not take the time to look at areas where they may be able to save a little money.
5. Review your marketing program. Are you tracking how new customers find out about your business? If not, you may not be utilizing your marketing dollars efficiently. Track where your customers are from and how

the number of minutes the company is using? Or, maybe the employee is making too many personal calls. Having the employee reimburse the company for minutes over the allotted plan could help keep your rates lower.

they hear about you. Then, look at the information and see if you are paying for advertising that is not bringing in results. You should not cut out marketing. You need to make sure that people know you are still there. But you definitely want to make sure dollars going out are bringing dollars in.

Finally, while reviewing these expenses, you also need to review your sales prices. Small businesses will have to raise their prices to keep up with the increase in the cost of doing business. It is hard for the customer to take a huge increase, so a plan should be in place to raise your prices incrementally. Not only have fuel and many other products gone up tremendously in the last year, but the minimum wage is increasing each year also. Employers must plan ahead for these increases and not be taken by surprise. Check out the competition. Make sure your prices are still competitive and you are covering your cost. By taking some time to

review your expenses, watch your employees and monitor your prices, you should be swimming, not sinking.

Business Sense



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