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Help for Business Owners: Top Strategies to Improve Cash Collections in December



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Phoenix, AZ (PRWeb) December 8, 2006 -- December is typically the month in which cash collections from receivables is the lowest. This puts added stress on business owners as they try to meet the cash needs of their company, survive the Holidays and try to collect bills without being branded with the "Scrooge" image. According to Jerry L. Mills, founder of B2B CFO, the largest firm that services small and mid-size businesses, the top and most common reasons that cause cash collections to decrease each December are:

- * Accrual-based companies like to show more cash on their balance sheet on December 31st and are sometimes reluctant to pay their bills in December
- * The person that cuts the checks takes Holiday vacations and is not available to cut checks
- * Illnesses, such as the common cold, cause payables people to be out on sick-leave
- * Your company's staff may be more interested in the holidays and vacations than in collecting cash from your customers
- * Your customers may have their own cash collection problems, of which they pass on to your company
- * The check signer may be on holiday vacation

But business owners can still take measures to improve their cash flow outlook this month. "As a business owner, you can still sit down with the staff and create plans for cash collections," says Mills. "The staff may need to be reminded that they need to focus on the company's needs and be proactive in cash collections."

Some suggested strategies to collect cash might include:

1. **Collection Goal** - Tell the staff the dollar goal in cash collections that you expect to achieve for December. Be positive, but firm about the collection goal.
2. **Specific Identification** - Have the staff give you a detailed report of the cash they expect to collect from specific customers by December 31st in order to achieve the collection goal. Communicate your concerns about the staff about customers. Help them understand the importance of collecting the cash without hurting the relationship with the customers.
3. **Daily Reporting** - Ask the staff report to you (or a key employee) the results of the collections each day of the month in December. Any concerns about the collection goal should be communicated daily.
4. **Internal Scheduling** - Request your staff to give you a calendar of when they will be gone from the company during the month of December. Make sure someone is available to collect cash each day the company is open during the month. Make sure the receptionist knows who is available to take calls from customers that have questions or concerns about their invoice. Additionally, have the staff call the customers to find out if there are any calendaring problems with the staff of your customer during December. There is no sense in calling to collect money if your customer's staff is on a scheduled vacation - know the vacation schedules and plan for collections accordingly.
5. **Performance Bonus** - Give some consideration to giving a bonus to your staff if they meet or exceed the cash collection goal. This is a win-win situation for both your company and the staff as your employees earn some extra Christmas money while your company has sufficient cash in the bank to operate.

December can be a challenging month for business owners and lack of cash flow only contributes to a bad situation. Cash collections are an integral part the business cycle and strategic planning can help to keep businesses on track even during the Holidays.

ABOUT B2B CFO®

Founded in 1987 by Jerry L. Mills, B2B CFO® is the largest firm in the country that serves the needs of privately held companies with sales up to \$100,000,000 annually. With Partners in all major US markets, across 45 major cities, B2B provides strategic finance and technology solutions for growth-oriented businesses. B2B Partners have an average of 25 years of experience and each individual partner is a senior level executive with a broad range of corporate and consulting experience. Combined, the B2B Partners have close to 2000 years of senior level expertise.

Two of the hallmarks of the firm are the Partners work on a hand-shake basis and are engaged to work on an as-needed basis. The firm's goals are to make order out of chaos and then continue with the client in a long-term, cost-effective relationship. The firm's motto is: First direction, then velocity. For additional information please visit online at www.b2bcfo.com.

Jerry L. Mills is also the author of *The Danger Zone - Lost in the Growth Transition* a business nonfiction released in June 2006. The book helps business owners identify and avoid cash flow and organizational problems. For more on the book visit online at www.dangerzonebook.com

Media Contact: ANGLES PR

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B2B CFO
ANIA KUBICKI
480-755-0009

E-mail Information Trackback URL: <http://prweb.com/pingpr.php/UGInZy1TcXVhLUluc2UtTWFnbi1NYWduLVplcm8=>

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