



# GALLOVIC, GRANITO & CO., LTD.

## FINDING BUSINESS OPPORTUNITIES IN TRENDS

Ultimately, analyzing trends is a vital part of the sustainability of your business. What trends are impacting your business today? One of the toughest challenges for many business owners is to not miss a great opportunity through being caught up in the day-to-day demands of running the business. In times of rapid change it's more than just useful, it's vital to sit back and consider how certain trends may impact your business. Think of the way ebooks are impacting on hard print publications for bookstore owners to appreciate what we mean about how important it is to look at trends.

### Have you done a PEST check?

Start by setting some time aside for a bit of PEST analysis (yes, it really is called this, although it's full official name is PESTLE analysis). This stands for a 'Political, Economic, Social, Technological, Legal and Environ-

mental' analysis of the factors that may affect your business - not just in the current climate but also in the future.

More positively, it's about looking for opportunities in those trends that are going to affect your industry and the way you do business.

Let's have a look at how you can analyze trends that may impact your business.

### 1. Be objective

Keep an open mind. It's sometimes hard to step back when your industry or business has operated in a particular way for a long time but there's no guarantee that's going to be the way of the future. Be open to the idea that your industry may change considerably. And it may change soon! This is where a 'Business Diagnostic And Performance Review' with your RAN ONE accountant could really help by scanning the wider environment as it relates specifically to your industry.



### 2. Network with people from other industries

Make opportunities to talk to people who run different types of business. Of course it makes sense to attend industry specific networking events, but then your perspective is only from one side. When you talk to people in other industries you'll gain an insight into how certain trends affect their specific business - and this could shed light on new ways of looking at your own. Talk with your accountant who has clients across many industries. They might be able to share some information about what they see happening.

### Special points of interest:

- Opportunities in Trends
- Protecting Your Business with Credit Policies and Procedures

## FINDING BUSINESS OPPORTUNITIES IN TRENDS— CONTINUED



### 3. Analyze your data for patterns

Analyze the data you have collected in the course of running your business and look for patterns. With regard to sales for instance, are they seasonal? Does business boom during the school holiday periods? Is there always a rush between 4pm-5pm? This can help you plan the use of your resources more effectively and

also target your marketing campaigns based on certain trends.

### 4. Check what is going on in other regions

Many a great business idea has been gleaned from cross border markets. A quick way to begin is with internet research, but even questioning friends who've travelled recently can offer you insights. But there's nothing like visit-

ing another state or region and 'mystery shopping' at a business that's considered to be a leader in your field. A side benefit is that you also get to experience their business from the customer viewpoint, useful knowledge when developing ideas for your own customer service.

*"Opportunity is missed by most people because it is dressed in overalls and looks like work."*

**Thomas A. Edison**

## PROTECTING YOUR BUSINESS WITH CREDIT POLICIES AND PROCEDURES

If you were in the money lending business would you hand over money to people without arranging a repayment contract with them? It doesn't sound too smart, but most businesses are in the money lending business in just this way. In effect, by offering credit to your customers, you are providing them with a loan. Companies that lack sound credit policies and procedures take unnecessary risks and can jeopardize their very existence.

Sales are the lifeblood of business and many companies get so focused on making sales that they overlook the ability of their customers to repay a credit 'loan'. To prevent cash flow problems, it's vital that your

company has sound credit policies and procedures to ensure that your customers do pay you when their accounts are due.

### Starting out right

Sound credit policies begin with a credit application, a type of agreement that sets the terms for the offer of credit. The terms should cover all possible outcomes, such as an interest charge for late payment or a collection fee to cover expenses incurred in chasing the debt. An effective application will ask the customer for trade credit references and for permission to seek information from these references and credit reporting agencies. If you don't have one, you

will want to select a collection agency that you can call on as a last resort.

Once the completed credit application is received you can follow up by calling the customer's references to check their credit record with them. For a nominal fee you can also get a credit report that shows negative claims or legal judgments against the customer. If there are warning signs that the customer will have trouble paying, you might want to deny credit or insist on a substantial deposit before supplying goods or services.

*You will want to create creditworthiness criteria as part of your credit policy. Should the customer*

## PROTECTING YOUR BUSINESS WITH CREDIT POLICES AND PROCEDURES—CONTINUED

*have been in business for a certain number of years before you offer credit? Do they need to be a certain size business? Are they in a risky industry? How late will they have to be before you turn the account over to a collection agency? If you can find the information, some guidelines and ideas can be gathered from how your competitors handle their credit terms.*

### **Make it easy for customers to pay you**

The credit application should ask the customer where and to whom the invoice should be sent. Sometimes payments are delayed because the invoice was sent to the wrong person or wrong location. Give customers as many options as possible to pay, such as by check, bank transfer, credit card and PayPal.

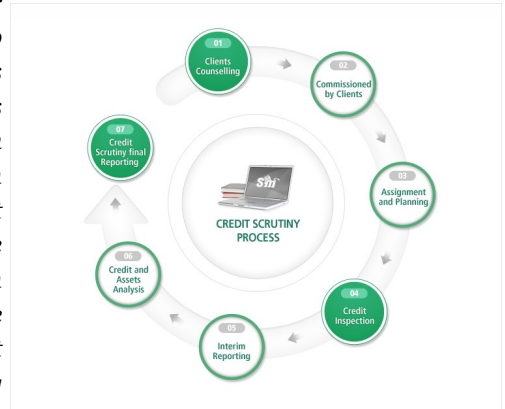
It's crucial that you send invoices immediately after your product or service has been supplied. Delaying invoicing sends the wrong message to your customers – if you are tardy in invoicing, some might believe they can be tardy in paying you.

### **Follow up on overdue accounts**

If you don't receive payment by the due date, follow up immediately with a phone call. Make sure the right person has received the invoice and ask why the invoice hasn't been paid. Ask for a firm commitment date to get your payment and keep in regular contact until the payment has been made. When it comes to collecting outstanding debts, the company that stays in regular contact with its debtors is likely to get paid faster than the ones that don't.

*When a customer fails to respond to repeated requests for payment it is time to call in your collection agency. Most agencies operate on a commission basis and receive a portion of what they collect. They will make phone calls and send demand letters on your behalf. If they aren't successful, they will then discuss other options such as taking legal action.*

By offering credit, your company is in the lending business by default. Establishing and adhering to effective policies and procedures will reduce the risk, stress and cash flow problems that can occur from extending credit.



*"The best preparation for good work tomorrow is to do good work today."*

**Elbert Hubbard**

### **GALLOVIC, GRANITO & CO., LTD.**

8518 Mentor Ave., Ste. A  
Mentor, OH 44060

Phone: 440-951-1173  
Fax: 440-951-8976

**www.mentorcpa.com**