

# Client Advisory Inc.

with Peter Towers and Trevor Marchant

The #1 Client Advisory Service Bulletin for Accountants in OZ & NZ.

## BREAKING NEWS

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### Were they warned?

Small business failures have jumped 34% this financial year (Australian Securities and Investment Commission).

*"A large number of small businesses go out of business in their first 6 months not because their idea was a bad one but because the "FISCAL MANAGEMENT WAS POOR." Paul Robson, CEO MYOB said in a recent "Financial Review" article.*

*"That can come from spending too much on the initial capital, they haven't remembered to corral the GST and are suddenly hit with a GST bill or they may have sent out a whole bunch of invoices but haven't put the right effort into collecting the payments."*

*"There are whole range of factors but the single biggest issue why a business fails in the first 6 months is their CASH FLOW." Paul Robson said.*

Have these clients received appropriate advice from professional accountants relating to the challenges that will confront them in operating a business?

It would be interesting to know if these businesses received a warning relating to the cash flow difficulties that businesses encounter. It's properly fair to assume that they started off with what appeared to be enough money but were they warned about the problems that they might have with suppliers demanding that a new business will have stricter payment conditions applied because of their inexperience in running a business which might mean that suppliers have to be paid – "cash on delivery" or strictly on a 14, 21 or 28-day basis.

Peter Towers

### Managing cash flow realities: the role of Accountants in business success and failure

If their business was supplying other businesses did their Accountant warn them about the delay that most businesses confront in getting paid by debtors or did they budget that all their debtors would pay them on a strictly 30 day basis when as Accountants we know this doesn't happen – Australia has one of the "HIGHEST DEBTORS DAYS OUTSTANDING IN THE WORLD" and if their "Debtors Days Outstanding" are around 50 days and their expectation was all payments would be made within 30 days there is no wonder that they have a cash flow problem.

Can any of this be attributed to Accountants for not being more forthright with explaining to aspiring business people that there is a whole range of issues they need to consider and receive advice on particularly "CASH FLOW MANAGEMENT". Is this a service that you are offering to your clients?

As a profession do Accountants bear any responsibility for the high failure rate of businesses in Australia?

We would appreciate your thoughts – why not send us an email – [peter@essbiztools.com.au](mailto:peter@essbiztools.com.au) or [trevor@marchantdallas.com.au](mailto:trevor@marchantdallas.com.au)

Peter Towers

### Three Questions to help you work less, earn more and make a real difference in your client's lives.

1. How do you retain your best staff and find, attract, engage and recruit more of the same?
2. How do you grow your revenue with a referral system that never fails? One that delivers as many referrals as you want when you want and of the quality you want.
3. How do you keep morale and productivity at the level needed to build your firm of the future?

If you would like the answers to these questions then just let us know...and we'll share what we've been doing with accounting firms for over 30 years – yes, and that includes finding top talent for them.

Email: [Trevor@marchantdallas.com.au](mailto:Trevor@marchantdallas.com.au)

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Trevor Marchant