

Cutting costs can help SMEs grow

Reducing the cost of supplies, inventory or business operations is common practice amongst many small business owners. Not preserving enough cash could land a business in deep waters and in need of a lifeline.



For business owners, curbing your expenditure is a practical way to improve your cash flow without incurring risk to your business.

According to Trevor Gosling, co-founder and CEO of Lulalend, spending countless hours worrying about your business finances is time wasted and could be best spent strategizing realistic solutions.

Gosling explains that by creating a well-documented plan to engage in a cost-reduction strategy is essential. “Map out any areas in your business that could do with an overhaul or cost reduction. Avoid waiting until the last minute to implement your plans. Instead, take immediate action. That way you may have a well thought out strategy in place for when the leaner months approach.”

Going green

Gosling says that one way to do this is by going green, which isn't just about being environmentally friendly, but it can also act as a cost-saving initiative. “Efficient energy solutions will help you save. An environmentally friendly approach could seem like a less impactful method at first, but down the line, you will see a notable change in your finances.”

Create a clean carbon footprint for your SME by going digital. Print less, go paperless with online invoices, use energy-

saving bulbs and water sparing methods on your taps. Encourage employees to actively conserve water and unplug devices when not in use. For the paper-heavy business, consider recycling. Your business will be saving the environment, cutting cost, and making an extra buck along the way.

Managing cash flow

Apart from being eco-friendly, Gosling says that one of the biggest challenges that SMEs face is being paid on time. “The sooner your clients pay for your product or service, the sooner you have money in the bank.”

He adds that, historically, businesses have given clients 30 days to pay. “Lately, however, the current trend is to afford clients two weeks or fewer to settle the payment. Give your clients clear notice on payment instructions, as well as the payment deadline in your service agreement to avoid any disputes.”



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To help circumvent the impact of delayed customer payments on cash flow, Gosling says that some services allow businesses to offer their customers terms all while ensuring that they are paid immediately for any applications they approve and therefore never have to spend time collecting unpaid invoices.

Improving supply chains

Another cost saving tip is to source the best quotes from different suppliers. Comparing quotes might require extra time and effort, but in the long run, it may save you money. Just be sure that while you are sourcing the best quote, you're not compromising on quality.

Gosling advises that it's important to foster valuable relationships with your suppliers. Building a solid relationship with suppliers will put you in a better position to negotiate with them – giving you a better likelihood of them offering you discounts and special deals.

Long term trust between business owners and suppliers can open opportunities for flexibility in extending your credit from a two-week payment to a four-week payment plan. Negotiation and the willingness to accommodate one another goes a long way.



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Access to capital

Consider short term business funding to help your business if you are experiencing a dip in cash flow. Fast access to additional funding can provide a vital buffer during those leaner times. Look for flexible repayment plans that can help your business sustain a healthy cash flow.