

# BLACK ENTERPRISE

## Hide & Seek

by [Maya Payne Smart](#) | [\[ BIO \]](#)

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As president and CEO of BITHGROUP Technologies Inc. ([www.bithgroup.com](http://www.bithgroup.com)), a Baltimore-based information technology company, Wallace sees the inability or increased lag in securing outside funding as an incentive for small businesses to look within. Turning a sharp gaze on your own operations, inventory, payroll, and practices to potentially uncover financial resources you can then reallocate is a doable and necessary task for any entrepreneur. Here are three ways to speed up and increase inflows while slowing down and reducing outflows.

**1. Accelerate customers’ payments.** Wallace recommends invoicing more frequently—and more quickly. Invoicing smaller amounts at regular intervals or when certain milestones are met can boost cash flow in contrast to receiving a larger sum at the end of a project. “Be very aggressive in how you invoice your clients, says Wallace, who is also the author of six books including *Black Wealth: Your Road to Small Business Success* (John Wiley & Sons). “A lot of times small businesses procrastinate and don’t bill the customer as quickly as they could.

**2. Obtain favorable payment terms.** Negotiate to receive payment in 30 days or less, 60 days maximum, to avoid being put in a position where you have to spend money to pay suppliers for materials used to produce goods that you won’t get paid for for months. “Provide a strong value proposition for the customer. For example, say, ‘If you pay me within 15 days, I will decrease the invoice by 1%,’” Wallace recommends. Also build strong relationships with the people who are responsible for paying your invoices; deliver excellent work and establish a rapport to bolster the odds that invoices will be processed quickly.

**3. Reduce inventory.** Eric Dobyne, the Midwest regional director for the Minority Business Development Agency ([www.mbda.gov](http://www.mbda.gov)), says small business owners must balance eagerness to satisfy customers with practical considerations. “A lot of companies hold an inordinate amount of inventory or hold inventory for clients without charging them, he says. “That can be an enormous drain on a business. You’ve paid the cash out and now you have those products and materials that you can’t collect for.

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