

# *Not Asking for the Money*

## *Why Many Small Businesses Fail*

Cashflow is the lifeblood of any business. This is especially true for small businesses. Many small businesses and startups fail because they are not able to balance and manage their cashflow. They are unable to bring in more money (i.e., sales) than what is going out (i.e., expenses) of the business.

Hundreds of thousands of books and articles are written by as many business and financial gurus offering a plethora of solutions to choose from on how to manage your cashflow, depending on your personal preference. They include shortening the time it takes for you to get your money and lengthening the time it takes for you to pay your expenses. One area often overlooked by the experts but which is equally important to all businesses is why - *why not ask for the money?*

All successful businesses, large and small, have a structure or system in place to ensure that they get paid for their goods and services. Companies have policies on when and how much of a discount can be given to employees, family, friends and valued clients. They also have policies on what to do when clients fail to pay in a timely manner. Many small businesses run into problems when they either (1) do not have established policies and procedures on how to handle these situations, or (2) these policies are not enforced in a consistent and uniform manner.

When friends and family members come into your store to buy something, are you giving it to them *for free* or at a *steep discount* that is below your actual costs? Actual cost is more than what you paid for the item, but it includes the value-added and costs of your overhead and the expenses of running your business. If a valued customer tells you that *they will pay you when they have the money*, do you tell them that *“it’s all right and they can pay whenever they have the money,”* or do you immediately *work out a payment plan with them?* If

you are *not asking for the money* that is equal in value to your actual costs, then you are not really running a business. *How many extra sales do you have to make to cover the loss from this sale when you don't ask for the money?* If you have to borrow money to pay your expenses because you are not collecting the monies that are owed to you, what is your cost to borrow this money? What is the value of the physical, mental and emotional energies that you have expended worrying about how to pay your bills? *What is your motivation or intention for not asking for the money?* When you refuse to ask for the money, you are not treating your business as a real business. You are treating it as a plaything or charity, and you have not separated your your personal relationships from the relationships of your business.

We have many stories of why we didn't ask for the money. We may believe, deep down, that *we don't deserve the money, or if we take the money, then they will think that we are only in it for the money and we really don't care about them.* These are all stories that we weave to support our beliefs. Our beliefs are how we perceive the world and are based on lies. Unless we ask for the money from everyone including family and friends, we are not allowing our business to grow and prosper. Instead we are sucking the lifeblood out of our business.

Do you have company policies in place on how to handle sales to family and friends? Do you know what to do when your family, friends and valued clients don't pay? Are you placing your business first or are you placing your family, friends and clients before the welfare of your business?