

Company Operations

Q: How do I get a business loan?

■ **Have a business plan.** “The single biggest piece of advice I can give anybody is that they have to have their financials in order,” Freeman says. “It’s a strong argument for the solvency of your company. There’s no such thing as a liar’s loan anymore, so your financials have to be strong, and you need to be ready to collateralize the loan. It might be worth a decorator’s investment to have a professional write his or her business plan.”

■ **Create a strong pitch.** “One of the things that decorators need to do is really refine their pitch,” says Scott Gingold, owner of Confidential Counselor. “What are they asking for and how are they doing it? One of the things I advise my clients on is to not just fill out an application and send it in. Say to the lender, ‘Before I even complete an application, may I come sit down with you for 15 minutes and give you the pitch of my life?’”

■ **Research the lender.** It’s really important that decorator company owners do some due diligence. “Find out what that lending institution is doing these days, and if they’re even lending,” Gingold says. Also, talk to other decorators you know to benefit from their insight.

■ **Look into community funding.** “There are some lenders out there that do community funding,” Gingold says. “We have what’s called HUBZones in Pennsylvania. For some depressed areas, such as Allentown and Reading, we have this community development grant where if you open up there, you’re far more likely to get some financial assistance than in, say, downtown Beverly Hills.”

■ **Get to know a banker.** If you already have a personal banker, that’s a lot better than if you don’t have any banker at all. “A lot of times they’ll give you a loan that a stranger wouldn’t give you,” Johnson says. “Start talking to somebody at the bank and get to know a vice president or loan officer, and decorate a sample shirt or hat or other item.”

Q: How do I improve customer pay-up time?

■ **Keep up with your billing.** “The number one thing I’ve found in getting paid on time is billing on time,” Weter says. “Many small businesses get behind on their billing; therefore, they get behind in collecting. Billing is just as important as getting the sale. If you give your client a bill upon receipt of their goods, not a week or two later, then they know you’re on top of your billing and you will be expecting prompt payments.”

■ **Get money down.** Decorators should always ask for a down payment when they take an order. “The easiest way to start doing this is just simply change your terms,” Thoreson says. “The best way to improve your cash flow is increasing the amount in your down payment request.”

■ **Accept credit cards.** “Credit cards are always awesome. Say, ‘I won’t charge you a deposit, but I require an active credit card on file,’ because you know you can go back and get that money,” Cox says. “Get a photocopy of that card; if they read you a card over the phone, that could be wishy-washy.”

■ **Offer incentives for quick payment.** “Say, ‘If you pay on pickup, I’ll give you a coupon for this,’” Cox says. You can offer special offers, incentives, coupons or one sample for no charge on their next order.

Q: How do I determine the lifetime value of a client?

■ **Research the previous three years.** “I look at my revenue, costs and profit over three years, and that’ll tell me if I’m penetrating my customer, if that customer is buying low-end or high-end items from me, and that moves you into a customer strategy business,” Thoreson says.

“Customers are always fascinated by watching embroidery machines run, so you can actually maximize your space by adding a production area.”

Steve Freeman, Qdigitizing.com (*asi/700501*)

■ **Analyze your profit margins.** “Some customers you do a lot of business with, but they’re only buying low-end items from you and you’re not making the kind of margin you want to make, and you’re over-servicing that customer,” Thoreson says.

■ **Think twice before you let someone loose.** “You never know when that person’s going to change from the once-a-year pain in the butt to the \$45,000-a-year jackpot,” Freeman says. So, your ability to put up with somebody is in direct proportion to how hungry you are. As you become more and more successful, you’re less inclined to deal with the fringe stuff that can be quite tedious. “Just be careful about how you treat the small guy who can be kind of a pain,” he says. “You don’t know who they talk to. They might be best friends with somebody who’s a big hitter.”

■ **Remember that small orders can lead to big orders.** “If you have a client that doesn’t do that much with you and they’re small, you don’t know who they’re referring to you,” Johnson says. For example, Johnson had a client who just wanted his son’s name on a judo belt; the client also worked for Marriott Industries. “The next thing I know, he got me a national Marriott account and we did stuff all over the country for him,” she says.