

NEWS SUMMARY

Online Bank Reports Third-Quarter Profit

NetBank Inc. reported assets of \$2.5 billion, 14.6% more than in the previous quarter. There is a fact that a growing number of consumers are at ease with the idea of consolidating their online financial business within a single institution.

Major League Plays 'Cache' On Web

As the postseason advances, Major League Baseball is making a major push with online streaming technology, audio broadcasting, real-time relay of game stats and other Web content.

IT Spending Expected To Drop

Expected IT spending this year has dropped 12 percent from the levels indicated in a 2000 survey, a new study by Cahners In-Stat reported, marking the first drop in more than a decade.

Life Tips

If you do not think about the future, you cannot have one.
- John Galsworthy

OpenAxis News is intended to provide useful information regarding Information Technology to our clients and friends.

The news covers new version releases, hotfix file update, and some IT tips.

Back to basic... Essential tips for cash flow

To keep your business' cash flow healthy you must make sure payments come in on time and in full. If your business has an unusually high number of late payers, it's time to look at the company's collection policies and processes.

Make sure every staff member responsible for collections has a written copy of the company's collections policies and has read them. The policies should outline the desired payment cycle (i.e., net due in 10 days, 30 days), and then include a schedule of when staff should follow-up with late payers. Finally, the policies should state clearly when a collection agency is to be brought into the process.

It's always best to send an invoice soon after the service is performed. Also, consider special policies for larger invoices. For instance, if a service will be performed over several months, send out progress billings or ask for a retainer of roughly 50% of the estimated final invoice up front. For large ticket items, process the invoices immediately or enclose an invoice along with the merchandise. (Accepting

credit cards as payment is also wise.)

If the first invoice doesn't result in payment within 30 days, send a second invoice stamped with "Second Notice." If payment is still not received, it's time to follow up with the customer.

The first follow-up should be personal, preferably by telephone. It is possible that the delay is inadvertent, the mail system failed (it's been known to happen!), or the customer is experiencing some problems in their own cash flow. Be understanding. If payment is promised quickly, establish a deadline and wait patiently. If that deadline is missed, a second call is in order. The tone of this call can be more demanding; but if payment is still not received, it's time to work out a payment schedule or send a collection letter.

The tone of the collection letter should be strictly business and create a sense of urgency. Ask the customer for immediate payment and give them a deadline before further action is taken. Let the customer know the consequences of being late --

interest payments, late charges, or referral to a collection agency. Be sure to address the letter to a specific person and include a return envelope for the payment.

You may wish to call the customer and verify they have received the letter and to personally express your policies. If local, tell the customer that you'd be happy to send someone over to pick up the check. If you'd prefer, work out a payment schedule with the customer. For future purchases or services rendered, insist on a cash-only policy.

Although many collection problems reside on the customer side, make sure your collection process makes sense. Avoid duplication of responsibilities and too many hand-offs in the process which only delay getting invoices out the door. Perform an analysis of your collections process to pinpoint any problem areas.



At OpenAxis, we focus on the implementation of IT solutions for small- and medium-sized businesses.

We provide management and computer consulting services by identifying issues, implementing solutions, and managing all your IT needs.

Comprehensive Solution:

- Accounting Solution
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- Other Integrated Solution
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Good Communication and Coordination: Formula to a Smooth and Efficient Operation

Let me start by asking you this following question: "Does your personnel in one department often complain about the work of personnel in other departments?" If they do, you are not alone. Various businesses from various industries have been struggling to solve these seemingly simple operational issues without identifying the real source of the problem. In fact, the problem does not lie within the department itself; instead, it lies with management's failure to cultivate a good communication environment and foster good coordination between the departments within the company.

Our extensive experience in management consulting dictates that these issues have caused substantial unnecessary hidden costs to the businesses through loss in sales, loss in assets, and employees' dissatisfaction and frustration. To illustrate, personnel in sales order processing and purchase order processing departments complain that they could not process invoices into the system since warehouse department is several days late in providing month-end physical inventory count sheet to be entered into the system. What the warehouse personnel do not know is that their irresponsibility is causing much frustration to the other departments and it might even hurt the company's daily cash flow condition due to late customer invoicing.

For personnel in a department handling the company's mobile expensive fixed assets, their main task is to get good control and knowledge of where the assets are and how much costs spent to maintain each individual asset. However, without cooperation from other departments that require and have direct access to these assets, it is virtually impossible for the fixed assets personnel to accomplish their tasks, which in turn, instigated the loss of company's fixed assets. The loss of this nature can surmount to million dollars adjustments to fixed asset section on the balance sheet, correspondingly reducing the company's net worth value.

The level of implication that lack of good departmental coordination can potentially affect a business has prompted me to write this article and share it with our readers. If you want to establish a smooth and efficient operation, it is essential that you implement a good communication and coordination between departments bolstered by standard operation procedures and company policies.

OpenAxis has been helping our clients on this particular aspect through our management consulting hand for more than ten years. If you have such requirements, please contact Hendry Sondjaja or Yuji Ioriya at (323)265-3000.



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