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Isaac M. O'Bannon • Sep. 20, 2012

Despite experiencing slightly better business conditions over the past year, a new survey found that about half of small businesses felt a significant cashflow problem during that time.

A likely contributor to this cash crunch? About 78% stated that they'd provided more payment extensions to their customers than usual. The survey of 750 small business owners, was conducted by Citigroup Inc.

Effectively managing accounts receivable is a critical element in small business success, according to [Dustin Wheeler](#), a CPA in Las Vegas.

One option he has suggested to his clients in the past has been for business owners to take a temporary reduction in salary, which can be recouped later via profit distributions. This can improve cash flow in the short term.

Another CPA, [Chris Farmand](#), who has a practice in Jacksonville, Florida, offered additional suggestions:

1. Make sure the customer can pay by reviewing prior year work.
2. Fire bad customers (non-paying)
3. Give a discount for auto-draft
4. Give a discount for up-front payment
5. Require 50% up front and the remainder at end
6. Remind your customers

Both accountants noted, however, that they could not give specific advice to any

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manage their cash flow on a daily basis, which seems at odds with about the same number having experienced a significant cash crunch.

An option that has helped many small businesses get their customers to pay more quickly is moving to online invoicing and payment acceptance. Online accounting and billing systems, like that offered by [FreshBooks](#), [Xero](#) and [Bill.com](#), have been shown to speed up payment by customers by as much as 30 percent.

More than one in three of the small business owners surveyed expect to see improved overall results for this year over last.

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