

Positive Cash Flow

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It doesn't matter how great your product is or how wonderful your service, if you don't have customers, all you have is a skill, or a product. People don't go into business normally as a hobby, although a lot of hobbies do turn into a business. The trick however, is to turn it into a positive cash flow.

If you're serious about doing business, you must plan for the long run. Successful businesses don't normally just happen. They are the result of long hours of planning, and a great deal of work.

There must also be a "war chest" of funds available until a positive cash flow is achieved. One of the major problems that many encounter when starting up, is that they overextend their financial resources. No matter what your business, or how it is run, you must be able to meet current bills when they come due.

The "dot.coms" which were started on such a wave of exuberance, had plenty of cash behind them. They dealt in promises of huge earnings, which however never materialized. Now, the majority of them have joined the history books as "also rans". While they did have the backing, sales at the level they needed just didn't happen at a rate to sustain them.

The pundits will argue that the economy is what brought them down. They violated however, one of the basic rules of business. They overextended themselves, to the point that their cash inflow wasn't enough to cover their expenses. When their "war chest" was depleted, they were gone. How does this affect the small entrepreneur? Can we learn a lesson from this?

Let's examine a program that the average person can get into. Network Marketing is the current "buzzword" for Multi-Level Marketing, or MLM for short. MLM got a bad rap over the past six or seven years, due to the scamsters that abounded. A number of companies were founded that were simply "Ponzies" in disguise. The majority of their cash inflow was the result of signing up new members. When the cash flow from new recruits dried up, so did the investment of those who had joined.

Are there legitimate companies out there - sure and many have a great track record. They don't rely on attracting high priced recruits, but have a legitimate product or service that they offer. If you are going to get involved in one of these companies, that should be a major concern.

So - assuming you found such a company, it is time to investigate the feasibility of you going into business with them. They provide the product or service, and you must set yourself up in business. Here is where the cash flow comes into play. Can you afford the monthly amount you pay them? Can you afford to promote your relationship with this business without immediate income? If the answer to either question is "no", you'd be well advised to reconsider.

If the answer is "yes", how are you going to promote it? Most companies recommend you exhaust your "warm market" first. Your "warm market" is your circle of family and friends that you might convince to join in with you. Eventually however, you are going to exhaust this market and must start seeking people outside that circle.

One way to attract new people is in the online arena. While this will not replace the "face to face" contact that is necessary, if it is done correctly, it can add a valuable source of additional income.

Many people make the mistake of using a web site supplied by their company. While this can be a valuable tool, it really ties you into their product. If you get your own site, you can use it to highlight your offerings. It is of course necessary to advertise your web site, and ezines and newsletters usually give you the best return on your investment. With a modest investment on your part, you can realize a decent return.

Usually, for less than a few hundred dollars, you can get a web site and advertise in ezines targeted to your potential market. Most people can afford this without counting on their cash intake to cover the expenses. Determine what you can spend out of pocket to make something like this work. Then, as your cash flow improves, expand your advertising to include a broader market.

While this is a modest start, it doesn't put you in the position where you must realize income to make expenses. Above all be patient and realize it will take time and effort to realize your goals.

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