



3 BUSINESS TRENDS THAT WILL CONTINUE TO GROW IN 2019

"The future belongs to those who believe in the beauty of their dreams." -- Eleanor Roosevelt

According to the Business Development Bank of Canada (BDC), the economy is expected to continue to grow at a 2% growth rate in 2019. They say despite labour shortages, significant technological shifts, trade challenges, and rising interest rates, the Canadian economy is stable and will add more jobs this year.

This is excellent news as we are all settling back into our usual routines and re-focusing our efforts. However, for entrepreneurs, the growth projections for the economy itself are only part of the story. To continue to thrive in 2019, you need to know where the market trends are headed this year. For this month's edition of InfoPays, we are highlighting three trends that are notable.

1. Alternative lending will continue to grow.

We have experienced a revolution in the financial sector due to technology and changing consumer preferences in the last few years. In 2019, we will continue to see more non-bank lending and technology-mediated financial services. Coming from years of lengthy application processes and the low acceptance rates of traditional banks, we see a preference for alternative lending where small and medium-sized businesses with little or no credit history can access business funding.

2. Consumers will demand even more transparency around their data.

Consumer data is growing and more accessible than ever before. However, the key to building strong customer relationships is how that data was acquired and how it is used. Data analytics companies who sell consumer information provide a useful service and powerful insight but collecting this information directly in an engaging and trust-building fashion is becoming more critical than ever. Interactive content, a

growing trend in recent years, is one great example.

3. Personalization is ever more important.

Personalization means offering clients options for a channel of communication, product and service suggestions based on their purchase history, or location-based information to name a few. If you are looking to add more personalization to your business in 2019, perhaps the best place to start is adding a new channel of communication, like an online chat for example. There is a general trend of customers preferring chatbots and automated assistants, so long as the service is effective.

Nonetheless, personalization has nothing to do with technology and everything to do with being of service, and well, human. Greet customers by their name, smile while making eye contact, offer recommendations and provide smooth transitions along the relationship.

Sources:
bdc.ca; entrepreneur.com



HOW TO GET CUSTOMERS WHO PAY ON TIME

"Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver."-- Ayn Rand

Before banks extend credit, they go through a process of due diligence to ensure the applicant's ability to repay the debt. When you sell on credit and extend 30/60/90 day terms, you are practically lending money as part of the trade finance industry. The same practice of assessing creditworthiness should be applied in this sector as well, but that is unfortunately not the norm. As a result, it is too familiar for companies to find themselves with bad debts and losses on their invoice receivables.

In this month's InfoPays, we are listing a few suggestions that you can implement in your business to ensure that you minimize any losses when selling on credit:

1. Check trade references.

Trade references are for trade finance what reference checks are for job applications. It should be a good indication of financial stability if the business can come up with at least three or four clients who can attest to their payment habits. Otherwise, the lack of references may indicate a lousy payer and therefore serve as a warning.

2. Do your research.

There is a vast amount of public information available out there. Research a potential client by visiting their website, checking industry forums, or asking around in the business community.

3. Access credit agencies' data.

Credit agencies provide financial history including any critical information. By tapping into their database, you

can access information about potential risks through graphs and predictive software. Companies that offer this type of credit monitoring service include DnB, Equifax and TransUnion.

Source: entrepreneur.com

At IPS, our current clients can access the IPS Payment Index (PI) free of charge. Through dealing with thousands of companies across North America, the IPS PI provides the average Days Sales Outstanding (DSO), or the average number of days a company takes to pay its receivables. We encourage anyone seeking to extend credit to a new customer to check with us for information from our growing database as this can offer some information about a company's credit standing. A PI of 120 days will at the very least give you an alert, whereas a PI of 36 days will provide you with the much-needed reassurance to go ahead with the opportunity.



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