

The check might not be in the mail

By Scott Suttell, July 14, 2011

If you're a small business owner and it seems like it's taking longer to get paid, you have [plenty of company](#).

USA Today reports that payments to small businesses that once were "net 30" — 30 days after an invoice date — "have become net 60, net 90 and longer, as clients try to keep their cash longer in an uncertain economy."

The newspaper reports that nearly 40% of firms surveyed by the National Federation of Independent Business said "receivables," or money that customers owe, are coming in at a slower pace.

Financial data firm Sageworks says the problem is particularly acute for private businesses in the manufacturing, retail and wholesale industries, according to *USA Today*.

About that price hike ...

There's a good discussion accompanying [this Wall Street Journal blog post](#) about the balance companies of all sizes must strike when they decide to raise prices.

The occasion for the post is the much-panned plan by Netflix to increase its monthly fee by 60% for customers who want to watch movies on both DVD and through the company's streaming service.

It's a classic dilemma, *The Journal* notes: "Business owners are often tempted to raise prices as a way to boost sagging revenues. But what holds some back is a concern that customers will balk, resulting even more dismal sales."

One commenter, "Don Brown," notes that his small business has been holding prices steady throughout the recession "through better management of suppliers and improving our processes."

He adds, "There is a limit to the extent of holding pricing of course, and eventually inflation comes calling. But a few percentage points to keep up with rising costs does not upset our market share."

Umm, what happened to that recovery?

There's no way to sugarcoat this: Small business owners are [increasingly pessimistic](#) about the state of the economy.

Bloomberg reports that confidence among U.S. small businesses fell in June to a nine-month low, led by weakening sales expectations and dimming views on the economy.

The National Federation of Independent Business' [optimism index](#) decreased to 90.8 from 90.9 in May. The June reading was the lowest since September.

Bloomberg reports that seven out of 10 small business owners "said it was a bad time to expand, with the majority citing weak economic conditions. One-quarter of respondents reported poor sales as their top concern,

unchanged from last month."

"There is not much to be optimistic about as a small business owner," William Dunkelberg, the group's chief economist, said in a statement. "Earnings trends for small businesses are distressingly negative and the recovery is two years old."

For the full article featuring [Sageworks](#)' insight, please visit Crain's Cleveland Business – [The check might not be in the mail](#).