

'HOW TO MANAGE YOUR CASHFLOW'

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THERE ARE MANY REASONS FOR WHY SMALL BUSINESSES FAIL – POOR MANAGEMENT; POOR RECORD KEEPING; LOSS OF CUSTOMERS OR A PRODUCT THAT NO LONGER FITS THE MARKET.

BUT WITHOUT DOUBT ONE OF THE KEY REASONS FOR FAILURE IS LACK OF CASH. IT'S THE INABILITY OF SMALL BUSINESS OWNERS TO MANAGE THEIR CASH THAT LEADS MANY BUSINESSES TO CLOSE DOWN.

IN THIS SESSION I AM GOING TO SHOW YOU WHY KEEPING AN EYE ON YOUR CASH IS SO VITAL AND, MORE IMPORTANTLY, THE STEPS YOU CAN TAKE TO SAFEGUARD YOUR CASH AND YOUR BUSINESS.

BY THE END OF THIS SESSION YOU WILL KNOW:

- WHAT EXACTLY CASH FLOW IS
- WHY KEEPING YOUR CASH FLOWING THROUGH THE BUSINESS IS IMPORTANT TO YOUR SURVIVAL
- HOW CASH MOVES WITHIN YOUR BUSINESS
- WHAT TO DO WHEN TROUBLE HITS
- SOME QUICK TIPS ON HOW TO BETTER ORGANISE YOUR BUSINESS

WHAT IS CASHFLOW?

SO LET'S START BY GOING BACK TO BASICS. WHAT EXACTLY IS CASHFLOW?

BEFORE YOU CAN REALLY UNDERSTAND YOUR BUSINESS YOU HAVE TO FULLY UNDERSTAND ALL ABOUT CASH.

IT'S SAID THAT CASH IS THE LIFE BLOOD OF ALL BUSINESSES AND THAT IS SO RIGHT ... WITHOUT CASH YOUR BUSINESS WOULD NOT BE ABLE TO OPERATE AND STAY ALIVE.

YOU STAY ALIVE BECAUSE YOUR HEART PUMPS BLOOD AROUND YOUR BODY AND IT'S YOUR BLOOD THAT KEEPS YOU HEALTHY AND ALL YOUR ORGANS FUNCTIONING; CASH IS EXACTLY THE SAME, IT KEEPS YOUR BUSINESS TICKING OVER AND ALLOWS THE BUSINESS TO GROW STRONGER AND KEEP HEALTHY.

GAINING UNDERSTANDING AND CONTROL OF YOUR CASH FLOW IS NOT HARD ... YOU DO NOT HAVE TO HAVE A UNIVERSITY DEGREE! ALL YOU NEED IS THE WILLINGNESS TO LEARN AND APPLY WHAT YOU LEARN.

SO HOW WOULD WE DEFINED CASH FLOW?

IN ITS SIMPLEST TERMS CASH FLOW IS THE FLOW OF INCOMING CASH AND THE FLOW OF OUTGOING CASH – YOUR INFLOW IS YOUR INCOME OR SALES AND YOUR OUTGOING CASH ARE YOUR EXPENSES.

THE KEY TO UNDERSTANDING YOUR CASH FLOW IS THE INTERACTION BETWEEN THOSE TWO FLOWS, NOT ONLY IS MAKING SURE THAT CASH COMING IN EXCEEDS CASH GOING OUT BUT ALSO IS TERMS OF THE

TIMING OF THOSE FLOWS – WE WILL TAKE A CLOSER LOOK AT THIS LATER.

WHY IS CASH FLOW IMPORTANT?

I HAVE HIGHLIGHTED THIS ALREADY, BUT THE CASH YOU HAVE FLOWING THROUGH YOUR BUSINESS IS WHAT KEEPS THE BUSINESS ALIVE AND HELPS PROVIDE THE FUEL FOR GROWTH.

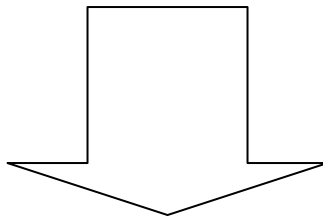
TOO MANY BUSINESS OWNERS DEFINE SUCCESS IN TERMS OF SALES BUT THERE IS A GREAT SAYING WHICH DEMONSTRATES THE PITFALLS MANY ENTREPRENEURS FALL INTO:

‘TURNOVER IS VANITY; CASH FLOW IS SANITY’

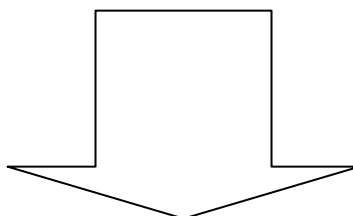
LET’S SEE HOW THIS WORKS BY LOOKING AT A TYPICAL FLOW OF CASH WITHIN A BUSINESS.

FLOW OF CASH WITHIN A BUSINESS

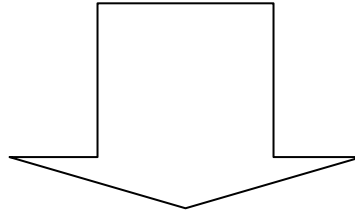
CASH, OVERDRAFT OR CREDITORS



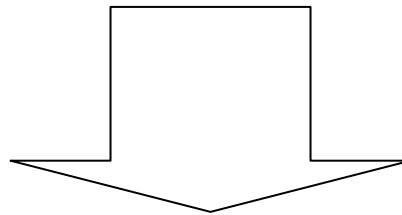
STOCK/RAW MATERIALS



WORK IN PROGRESS



FINISHED GOODS



DEBTORS

FROM THIS DIAGRAM YOU CAN SEE HOW CASH, WHETHER IT BE IN THE FORM OF RAW CASH, TAKEN FROM AN OVERDRAFT OR CREDITORS, MOVES WITHIN A BUSINESS.

THE PROBLEM HERE THOUGH IS THAT THIS MODEL ASSUMES THAT THE CYCLE IS COMPLETELY SEALED AND THAT NO CASH COMES IN OR GOES OUT – IT GOES ROUND IN A NEVERENDING CYCLE. BUT IN BUSINESS IT DOESN'T HAPPEN THIS WAY; THERE ARE ALWAYS INJECTIONS OF CASH OR LEAKAGES OF CASH.

CASH INJECTIONS

- CASH INJECTION FROM OWNERS
- SALE OF FIXED ASSETS SUCH AS MACHINERY AND VEHICLES\
- BANK LOANS

➤ PROFITS

IF YOUR BUSINESS IS RAPIDILY GROWING THEN JUST LIKE A HUNGRY CHILD IT NEEDS A CONSTANT SUPPLY OF FOOD! IN THIS CASE, A GROWING BUSINESS NEEDS A CONSTANT SUPPLY OF CASH AND ONE OF THESE SOURCES IS THE LIKELY ONE.

SO A GRWOING BUSINESS CAN BE HELD BACK BECAUSE IT IS NOT BE FEED ENOUGH NEW CASH TO FUND GROWTH.

BUT CASH FLOW CAN HAMPER GROWTH IN OTHER WAY AND THAT IS IN THE FORM OF CASH WITHDRAWALS FROM THE BUSINESS.

SO LET'S LOOK AT EXAMPLES OF THIS:

CASH WITHDRAWALS

- CASH TAKEN OUT
- PURCHASE OF FIXED ASSETS
- REPAYMENT OF BANK LOANS
- DIVIDENDS/SHARE OF PROFITS
- GENERAL OVERHEADS
- LOSSES

I CAN'T EMPAHASIS ENOUGH FOR YOU TO READ AND UNDERSTAND THIS ... THIS IS WHERE THE MAJORITY OF CASH FLOW PROBLEMS START.

HERE ARE SOME DAY TO DAY EXAMPLES OF THE STRAIN YOU ARE PUTTING ON YOUR BUSINESS:

- CASH TAKEN OUT – IF YOU HAVE TO FUND YOUR OWN EXTRAVAGENT LIFESTYLE DON'T BLEED YOUR BUSINESS DRY;

THINK TWICE BEFORE YOU WRITE OUT A CHEQUE TO PAY YOUR CHILDREN'S SCHOOL FEES! ASK YOURSELF HOW THIS IS GOING TO IMPACT ON YOUR CASH FLOW

- PURCHASE OF FIXED ASSETS – ONE OF THE BIGGEST MISTAKES ENTREPRENEURS MAKE IS TO BUY LONG TERMS ASSETS FROM CASH; IF YOU ARE TAKING CASH TO BUY A MACHINE OR A VEHICLE YOU MUST UNDERSTAND THAT YOU HAVE NOW DEPREIVED YOUR BUSINESS OF THE MEANS TO PAY SOME OF YOUR DAY TO DAY CREDITORS; THIS IS WHY WE ENOCURAGE ALL OF YOU TO TAKE LOANS WITH US WHEN IT COMES TO BUYING FIXED ASSETS.
- REPAYMENT OF BANK LOANS – NOT MUCH YOU CAN DO ON THIS ONE! IF YOU STOP MAKING PAYMENTS TO ME I AM GOING TO BE ON THE PHONE TO YOU VERY QUICKLY!
- DIVIDENDS OR SHARE OF PROFITS – THIS IS A DISCRETIONARY WITHDRAWAL SO IT'S UP TO YOU BUT MAKE SURE YOUR BUSINESS CAN WITHSTAND THE LOSS OF CASH
- GENERAL OVERHEADS – YOUR OVERHEADS HAVE A MAJOR IMPACT ON THE OUTWARD FLOW OF YOUR CASH; IF YOU HAVE NO CONTROL OVER YOUR EXPENDITURE OR YOU ARE JUST SPENDING TOO MUCH THEN OBVIOUSLY YOUR CASH FLOW IS GOING TO COME UNDER PRESSURE
- LOSSES – THIS IS SELF EXPLANATORY; YOUR LOSSES HAVE TO BE FUNDED FROM SOMEWHERE AND THAT IS VIA AVAILABLE CASH

THESES ARE THE ACTIONS WHICH YOU TAKE ON A REGULAR BASIS WHICH UNKNOWN TO YOU IS PUTTING YOUR BUSINESS AT RISK ... BECAUSE YOU DON'T UNDERSTAND THE IMPACT IT IS HAVING ON YOUR BUSINESS.

WITH ALL OF THESE DEMANDS ON YOUR CASH YOU CAN SEE WHY IT IS IMPORTANT TO ENSURE THAT YOUR CASH IS FREELY FLOWING THROUGH THE BUSINESS.

WHILST ALL OF THESE ITEMS CAN INFLUENCE YOUR CASH FLOW, THERE IS ONE ITEM THAT HAS THE BIGGEST IMPACT ... YOUR TERMS OF TRADE.

TERMS OF TRADE

YOUR TERMS OF TRADE ARE THE BASIS ON WHICH YOU TRADE WITH YOUR CUSTOMERS AND YOUR SUPPLIERS; IN OTHER WORDS THE PERIODS OF CREDIT WHICH YOU GIVE AND WHICH YOU RECEIVE.

IT IS THESE TERMS WHICH DICTATE WHETHER YOUR BUSINESS IS CASH FLOW POSITIVE OR CASH FLOW NEGATIVE.

FOR EXAMPLE:

- YOU GIVE YOUR CUSTOMERS 30 DAYS TO PAY YOU; YOUR SUPPLIERS GIVE YOU 60 DAYS TO PAY THEM – YOU ARE CASH FLOW POSITIVE TO THE TUNE OF 30 DAYS. YOU HAVE USE OF SOMEONE ELSE'S CASH FOR 30 DAYS TO HELP FUND YOUR GROWTH

- YOU GIVE YOUR CUSTOMERS 60 DAYS TO PAY; YOUR SUPPLIERS ONLY GIVE YOU 30 DAYS TO PAY – YOU ARE CASH FLOW NEGATIVE TO THE TUNE OF 30 DAYS

SOME BUSINESSES ARE VERY LUCKY IN THAT THEY DO ALL THEIR SALES IN CASH AND YET HAVE NEGOTIATED LONG PAYMENT TERMS WITH THEIR SUPPLIERS – THINK OF THE SUPERMARKETS; YOU PAY FOR YOUR WEEKLY SHOP IN CASH AND YET THE SUPERMARKET PROBABLY DOESN'T PAY FOR THE GOODS YOU JUST BOUGHT FOR ANOTHER 90 DAYS – THEY HAVE USE OF THAT CASH TO HELP EXPAND THEIR BUSINESS AND AT NO COST TO THEM, NO INTEREST TO PAY!

TROUBLE CAN HIT YOU IN CASH FLOW TERMS IN THAT A CHANGE IN YOUR TERMS OF TRADE CAN NEGATIVELY IMPACT YOUR BUSINESS.

MANY BUSINESS SURVIVE PURELY BECAUSE THE TERMS OF TRADE WORK IN THEIR FAVOUR – THEY GET THEIR MONEY FROM SALES MADE IN SAY 30 DAYS BUT DON'T HAVE TO PAY THEIR SUPPLIERS FOR SAY 60 DAYS.

BUT THIS CAN CHANGE.

LET'S SAY YOUR BIGGEST CUSTOMER WHO HAS THE FINANCIAL MUSCLE SAYS 'I'M NOT PAYING YOU IN 30 DAYS; I'M NOW PAYING YOU IN 60 DAYS.'

OWW.

THAT HITS YOUR CASH FLOW

WHAT IF YOUR BIGGEST SUPPLIER SUDDENLY DECIDES 'I'M NOT GIVING YOU 60 DAYS TO PAY ME, I NOW NEED PAYMENT IN 30 DAYS'.

IF YOU COMBINED THESE TWO CHANGES TOGETHER THEN YOU ARE IN MAJOR TROUBLE.

A SIMPLE CHANGE IN TERMS OF TRADE AGAINST YOU CAN HAVE A DEVASTATING IMPACT ON YOUR BUSINESS.

HOW YOUR CASH FLOW TROUBLES CAN START

I MENTIONED AT THE START THAT MANY BUSINESSES FAIL BECAUSE OF LACK OF CASH.

YOUR FIRST INDICATION OF A CASH PROBLEM IS AS SIMPLE AS NOT BEING ABLE TO PAY YOUR SUPPLIERS ON TIME; YOU ARE SCRATCHING AROUND FOR CASH OR HOUNDING PEOPLE WHO OWE YOU MONEY TO PAY UP. IF THINGS ARE REALLY THEN YOUR BANK MAY NOT BE HONOURING YOUR CHEQUES.

BUT HOW DOES THIS DOWNWARD CYCLE START?

WELL FIRST OF ALL, AS WE SAW EARLIER YOUR BUSINESS CAN BE IMPACTED BY WITHDRAWALS OF CASH; TOO MUCH CASH TAKEN OUT OF THE BUSINESS IS AKIN TO YOU LOSING TOO MUCH BLOOD ... YOU WON'T SURVIVE.

A CHANGE IN ANY OF THESE ITEMS CAN START A DOWNWARD SPIRAL IN YOUR BUSINESS.

IF I WAS TO RANK THESE IN TERMS OF FREQUENCY I WOULD SAY FIRST IS CASH TAKEN OUT; SECOND IS OVERHEADS WHICH ARE OUT OF CONTROL;

AND THIRDLY FIXED ASSETS BEING BOUGHT OUT OF CASH FLOW AND
LASTLY CHANGES IN TERMS OF TRADE.

SO ESSENTIALLY ONCE THE DECLINE IN CASH FLOW STARTS, UNLESS YOU
TAKE VERY SPECIFIC AND SWIFT ACTION IT CAN QUICKLY CONSUME
YOUR BUSINESS. IF YOU ARE TO SURVIVE THERE ARE SOME ACTIONS YOU
CAN TAKE TO STEM THE DECLINE.

WHAT TO DO IF IT STARTS TO GO WRONG

WHEN A PROBLEM HITS A SMALL BUSINESS OWNER, UNFORTUNATELY
THE USUAL RESPONSE IS TO BURY HIS HEAD IN THE SAND; EITHER HE
PRETENDS THE PROBLEM DOESN'T EXSIST OR HE DOESN'T RECOGNISE
THAT THERE IS A PROBLEM!

BUT IF YOU ARE SEEING CASH FLOW PROBLEMS LOOMING HERE ARE
SOME ACTIONS YOU CAN IMMEDIATELY TAKE TO SECURE THE FUTURE OF
YOUR BUSINESS.

THESE ARE BROKEN DOWN IN TO SHORT TERM AND LONG TERM ACTIONS.

SHORT TERM SOLUTIONS

LET'S LOOK AT THE SHORT TERM ACTIONS YOU CAN TAKE.

ACTION 1

PREPARE A CASHFLOW FORECAST. YOU NOW KNOW HOW TO PREPARE A
CASHFLOW FORECAST FROM THE FIRST SESSION AND SO YOU SHOULD
UNDERSTAND HOW VALUABLE SUCH AN EXERCISE CAN BE.

COMMIT TIME TO WRITING A FORECAST; IT WILL FORCE YOU TO BETTER UNDERSTAND THE SOURCE OF YOUR PROBLEM AND LEAD TO A BETTER UNDERSTANDING OF HOW TO PUT IT RIGHT AND WILL PROVIDE A CLEAR PICTURE OF WHERE YOUR PROBLEMS ARE GOING TO LINE GOING FORWARD.

PREPARING A CASH FLOW FORECAST MAY HIGHLIGHT THAT YOU NEED TO HAVE AN OPEN AND HONEST CONVERSATION WITH YOUR BANK MANAGER!

IF YOU DON'T SEE AN EARLY END TO YOUR CASH FLOW PROBLEM AFTER DOING THIS EXERCISE THEN YOU EITHER DEFINITELY NEED TO ARRANGE AN APPOINTMENT WITH THE BANK OR MOVE ONTO THE NEXT ACTION STEPS.

ACTION 2

COLLECTION OF OUTSTANDING DEBTS OWED TO YOU. THERE WILL ALWAYS BE PEOPLE WHO OWE YOU MONEY OR HAVE EXCEEDED THE CREDIT TERMS YOU AGREED WITH THEM. IF SO, THEN GET ON THE PHONE OR VISIT THEM AND COLLECT YOUR CASH!

YOU HAVE TO BE FIRM WITH THESE PEOPLE BECAUSE THEY ARE USUALLY THE CAUSE OF YOUR CASH FLOW PROBLEM. POLITELY ADVISE OR REMIND THEM THAT THEY OWE YOU MONEY OR HAVE EXCEEDED THE AGREED TERMS. IF NECESSARY WRITE THEM A LETTER FORMALLY TELLING THEM THAT YOU EXPECT IMMEDIATE PAYMENT AND THEN CONSTANTLY CHASE THE MONEY UNTIL IT ARRIVES.

ACTION 3

REVIEW ALL THE PAYMENTS YOU ARE DUE TO MAKE AND SEE WHICH ONES YOU CAN DELAY. ARE THERE SOME SUPPLIERS WITH WHICH YOU ARE ON GOOD TERMS WITH? IF SO, RING THEM UP AND REQUEST IF YOU COULD DLEAY PAYMENT FOR A FEW DAYS OR WEEKS. DO NOT ASSUME THAT YOUR SUPPLIERS WILL BE TOLERANT WITH YOU UNLESS YOU MAKE THE EFFORT TO CONTACT THEM TO FIRST REACH AGREEMENT.

ARE THERE SOME SUPPLIERS WHO HAVE OFFERED YOU CREDIT TERMS IN THE PAST BUT YOU HAVE DECLINED AND ALWAYS PAID THE BILLS BEFORE TIME? IF SO, IMMEDIATELY START MAKING USE OF THE CREDIT PERIOD.

ACTION 4

DO YOU HAVE STOCK WHICH HAS BEEN IN YOUR STORE OR ON YOUR SHELVES FOR TOO LONG? HAVING CASH TIED UP IN STOCK IS JUST AS BAD AS HAVING NO CASH AT ALL! CAN YOU HEAVILY DISCOUNT THE PRICE JUST TO GET IT SOLD AND TURNED INTO CASH? COULD YOU ADD THE PRODUCT TO ANOTHER RELATED PRODUCT AND PACKAGE IT UP AS ONE 'SPECIAL DEAL'?

ACTION 5

AS WELL AS FOCUSING ON ONE STOCK ITEM CONSIDER HOLDING A SALE WHERE YOU OFFER A WHOLE RANGE OF GOODS AT SAY A 5% TO 10% DISCOUNT. IT MAY BE ADVANTAGEOUS FOR YOU TO FOREGO A SLICE OF

YOUR MARGIN NOW IN ORDER TO SECURE AN IMMEDIATE INFLUX OF CASH.

TO GENERATE INTEREST ADVERTISE IT AS '7 DAYS ONLY' TO EMPHASISE THE SCARCITY FACTOR.

SO THOSE ARE THE ACTIONS YOU CAN TAKE TO GET OVER THE IMMEDIATE PROBLEM, BUT THERE ARE OTHER ACTIONS YOU CAN TAKE TO ENSURE THE PROBLEM DOES NOT OCCUR AGAIN OR AT LEAST REDUCE THE LIKLIHOOD OF IT HAPPENING AGAIN.

LONG TERM SOLUTIONS

ACTION 1

GET IN THE HABIT OF DOING A CASH FLOW FORECAST ON A 3 OR 6 MONTHLY BASIS; IN THIS WAY YOU ARE FOREWARNED OF ANY LOOMING PROBLEM AND SO YOU CAN TAKE ACTION ACCORDINGLY.

ACTION 2

REVIEW AND CUT YOUR EXPENSES. YOUR OVERHEADS ARE A DRAIN ON CASH SO YOU SHOULD BE CRTICALLY LOOKING AT WHAT ADDS VALUE AND WHAT DOESN'T.

YOU SHOULD BE LOOKING AT THOSE OVERHEADS, WHICH IF CUT, WILL NOT AFFECT THE QUALITY OF YOUR PRODUCT OR THE LEVEL OF YOUR CUSTOMER SERVICE.

WHAT COULD YOU REVIEW?

- STAFF NUMBERS

- STAFF WORKING HOURS
- CONSERVE YOUR CASH BY LEASING OR RENTING EQUIPMENT
INSTEAD OF BUYING OUTRIGHT
- NEGOTIATE BETTER PRICES WITH YOUR SUPPLIERS OR EVEN SEEK
ALTERNATIVE SUPPLIERS
- DO YOU HAVE TOO MUCH SPACE? COULD YOU SELL SPACE OR
HAND BACK TO YOUR LANDLORD?

BE CAREFUL NOT TO CUT BACK THOSE OVERHEADS WHICH WILL REDUCE YOUR COMPETITIVENESS, HOLD BACK YOUR BUSINESS' ABILITY TO GROW OR DRIVE DOWN STAFF MORALE.

ACTION 3

REVIEW YOUR TERMS OF TRADE. THERE ARE 3 ACTIONS YOU CAN TAKE HERE:

- IF YOU ARE OFFERING 30 DAYS CREDIT THINK ABOUT REDUCING IT TO SAY 15 DAYS OR EVEN OFFER NO PERIOD OF CREDIT AT ALL. MAKE SURE YOUR INVOICES ARE CHANGED TO REFLECT THE NEW TERMS
- ASK FOR AN ADVANCE PAYMENT. THIS IS A VALID REQUEST IF YOU HAVE TO INVEST A SIGNIFICANT AMOUNT OF TIME OR MATERIALS BEFORE THE FINISHED ARTICLE IS DELVIERED AND PAID FOR. THE PAYMENT SHOULD WITH PARTIALLY OR FULLY COVER YOUR UP FRONT COST

- INVOICE MORE FREQUENTLY. IF YOU ONLY INVOICE AT THE END OF EVERY MONTH AND THE 30 DAY PERIOD IS FROM DATE OF INVOICE THEN THOSE PEOPLE WHO BOUGHT AT THE BEGINNING OF THE MONTH WILL GET AN ADDITIONAL 3 TO 4 WEEKS ON TOP OF THE USUAL ONE MONTH. LOOK AT INVOICING WEEKLY TO SPEED UP YOUR RECEIPT OF PAYMENT

ACTION 4

GET YOUR INVOICING AND PAYMENT SYSTEM IN ORDER. MANY SMALL BUSINESS OWNERS HATE PAPERWORK AND ONE ASPECT OF POOR CASH FLOW IS BASCIALLY DOWN TO POOR RECORD KEEPING; SOME DON'T KNOW WHO THEM, HOW MUCH THEY ARE OWED OR EVEN WHEN THE PAYMENT IS DUE!

PUT YOUR HOUSE IN ORDER:

- KEEP ALL YOUR INVOICES IN ONE PLACE. WHEN YOU ISSUE AN INVOICE DON'T PUT IT IN A DRAWER! FILE THEM IN ONE PLACE
- MAKE IT CLEAR ON YOUR INVOICES AS TO WHAT YOUR PAYMENT TERMS ARE
- RECORD YOUR INVOICES SO THAT THEY COME UP 5 OR 10 DAYS BEFORE PAYMENT IS DUE; THEN RING THE COMPANY TO REMIND THEM THAT PAYMENT IS COMING DUE FOR REVIEW
- COMPUTERISE YOUR FINANCES SO YOU KNOW WHAT IS OUTSTANDING AT ANY ONE TIME; BE IN CONTROL. THERE ARE

MANY SIMPLE AND COST EFFECTIVE FINANCE SOFTWARE
PROGRAMES AVAILABLE

- ONCE INVOICES ARE SETTLED, FILE THEM IN A DIFFERENT PLACE

ACTION 5

THE LAST POINT IS SIMPLE: KEEP IN REGULAR CONTACT WITH YOUR
BANK. IGNORE THE BANK AT YOUR PERIL! DURING SUSTAINED PERIODS
OF CASH FLOW PROBLEMS YOU MUST KEEP VERY CLOSE TO THE BANK.

SO THOSE ARE BOTH THE SHORT AND LONG TERM ACTIONS YOU CAN
TAKE TO KEEP ON TOP OF YOUR CASH.

IF YOU ARE TO BE A SUCCESS IN BUSINESS IT IS ESSENTIAL THAT YOU
FULLY UNDERSTAND THE IMPORTANCE OF HOW CASH FLOWS WITHIN
YOUR BUSINESS – IT CAN BE THE DIFFERENCE BETWEEN SUCCESS AND
FAILURE.

SO TO CLOSE, HERE ARE MY TOP 5 GOLDEN CASH FLOW RULES:

RULE 1

UNDERSTAND THAT CASH IS KING; YOU MAY CHASE FOR HIGHER SALES
BUT IT IS ALL IN VAIN IF YOU DON'T COLLECT THE CASH

RULE 2

KNOW EVERY DAY HOW MUCH MONEY IS OWED TO YOU AND HOW MUCH
YOU OWE; KEEP A CLOSE EYE ON YOUR CASH POSITION ON A DAILY BASIS

RULE 3

KEEP YOUR PAPERWORK IN ORDER – A DISORGANISED OFFICE LEADS TO
A DISORGANISED CASH FLOW

RULE 4

LEARN HOW TO DO A CASH FLOW FORECAST AND COMPLETE ONE ON A
REGULAR BASIS

RULE 5

RE-READ AND APPLY RULES 1 TO 4!

IN CLOSING TAKE THIS ONE THOUGHT AWAY WITH YOU – CASH CAN
GROW YOUR BUSINESS OR IT CAN BRING YOUR BUSINESS DOWN ... WHICH
ONE WILL APPLY TO YOU?

THANK YOU.