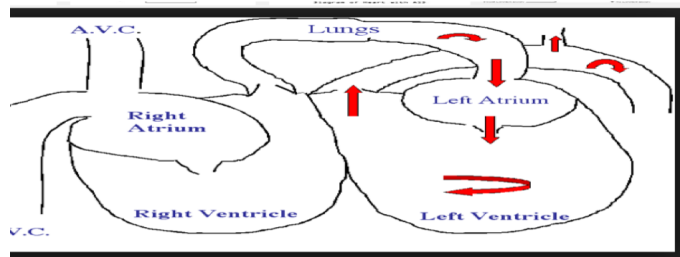


So here are the top 10 ways to improve your blood/cash flow:



1. Cash flow forecast

It is crucial to have a cash flow forecast going out at least six to nine months to see potential shortfalls and have sufficient time to react. Keep your book keeping up to date on all cash inflows and outflows (actual and forecast). Anticipate and be prepared for the unexpected by stress testing various scenarios e.g. what if sales fall 10%?

2. Screen your customer

Run credit checks on your customer(s) before accepting them or allowing payment terms, this will reduce the risk of delayed (or no) payment or bad debt

3. Renegotiate payment terms

(a) You could increase the speed of cash inflow by negotiating reduced credit terms with your customers. (b) Decrease the speed of cash outflow by extending your payment terms with your suppliers. Go see them and make a deal for revised payment terms. Do not try to conserve cash by not paying your suppliers on time as this is a short term solution that will come back and bite you.

4. Increase inflow and decrease outflow

Increase the speed of cash inflow by reducing credit term with your clients and decrease the speed of cash outflow by extending term with the creditors.

5. Document your deals!

There are charming wealthy customers who have become wealthy by taking advantage of smaller businesses. If you end up in court, they can afford an expensive legal battle whilst you bleed cash.

6. Obtain a purchase order number

You have done the work and ask for a PO, and then you get the run-around 'we are waiting for accounts...' and you can't invoice without one, because their terms of trade say 'every invoice must include a PO number...' You may get caught in the red tape especially with larger companies. Thus always have a PO before commencing work.



7. Always chase up late payments in a timely manner

The longer you wait, the harder it is to get paid. Sending customers reminders are great, but follow it up with a phone call can help put the payment at the top of your customer's priority list. Be professional but firm – it's a business issue, it's not personal.

8. Review your prices

Review your pricing model to understand whether incoming revenue is still sufficient to cover all business expenses, support business growth and still leave you with a decent profit. Increase prices if required – look at what you can add to your product to justify a price increase or what you can remove to boost the margin.

9. Manage business' growth

Ensure your business is not growing too quickly, if so a careful financial plan must be put in place to ensure cash outflow will be manageable.

10. Identify cash flow solution in advance

Plan ahead by securing a funding solution that your business can utilize on a rainy day. We all know of banks as our traditional source of funding but they can sometimes be slow and restrictive. The advancement of financial technology has brought about innovative alternative finance companies providing new funding options like crowdfunding, peer-to-peer lending and invoice financing. Your business can receive funds immediately rather than wait for invoices to be paid by trading (selling) your invoice at a discount to a pool of investors.

Source to find SCORE cash flow template:

<https://www.score.org/resources/13-week-cash-flow-projection>.

“Cash is King” in a small business. A cash shortage is one of the hallmarks of a business slipping into trouble. The owner's first priority is to pay the vendors whose services keep cash coming in. Bank loans don't do this, so the owner asks the bank to wait for its payments. In response, the bank wants to know the company's prospects for paying in the future. It asks the owner to forecast revenue and costs, and predict cash flow.