



## PRACTICAL IDEAS TO MAKE YOUR CASHFLOW HEALTHIER



### THE DAILY CASHFLOW CHECKLIST

Implement one tip a day to boost your business finances

1

#### Get to grips with cash management.

Examine accounts payable and receivable, credit conditions and inventory. Watch for any imbalance between the cash entering and leaving your business.



2

#### Invoice customers promptly.

Customers will pay more quickly if you invoice them as soon as you can. Set aside some time each week to create and send your invoices.



3

#### Make it really simple for people to pay you.

If possible, offer a range of payment methods so your customers can choose how they want to pay you. Don't forget cash, cheques, credit cards and services like PayPal.



4

#### Keep a very close eye on payments.

Monitor the payment habits of different customers. This will help you learn which are likely to need prompting for payment.



5

#### Always chase up late payments in a timely manner.

Be professional but firm – it's a business issue, it's not personal and looking at it this way can make talking about money a bit less cringeworthy.



6

#### Offer discounts for early payment.

People will often pay you sooner if they can pay a bit less. A small discount, of say 5%, may be enough to have a really positive impact on your cashflow.



7

#### Formalise and implement a proper credit policy.

This will help you make fast, accurate decisions about how much credit to extend to customers. You may wish to ask some customers (especially new ones) for deposits.



8

#### Create a collections policy.

Many companies operate a system of reminders that become gradually more serious and formal as invoices become more and more overdue.



9

#### Know when you owe money.

Maximise cashflow by paying all invoices on the day they are due (unless there is an early payment discount). You just have to make sure you keep track so you don't miss any payments.



10

#### Extend your payment times.

Have a chat with your suppliers to find out if you can spread payments or extend due dates. This kind of conversation is easiest to have with suppliers you have a good relationship with.



11

#### Get better at managing your inventory.

Inventory sitting on your warehouse shelves is tying up money that could improve your company's cashflow - don't hold too much stock.



12

#### Consider using invoice factoring.

This involves selling your invoices to a third party and drawing funds against the money owed to your business. There are pros and cons so do your research.



13

#### Deposit payments quickly.

If you're paid by cash, cheque or via a third party system, make sure you get the money in your business account asap, rather than allowing it to lie around.



14

#### Create some professional distance.

Consider hiring a freelance admin person to chase your invoices or set up an accounts email address – this shows you're serious without creating awkwardness.



# ★ 30 WAYS TO IMPROVE YOUR CASHFLOW ★



15

**Ensure all your invoices are complete.** Make sure you include all the essential information on your invoice. Missing out any details will delay your payment.



16

**Review and reduce your expenses where possible.** If an expense is not essential, wait until you are confident it will boost your business's bottom line.



17

**Consider taking part payments up-front.** This can protect you, especially when you take on a new client. Once trust has developed you may want to offer more standard payment terms.



18

**Credit check customers before accepting them as debtors.** You would expect to be checked if you applied for a bank loan so customers wanting credit with you (i.e. your payment terms) should expect similar.



19

**Consider whether you want to continue to work with consistently late/non-payers.** This may seem harsh but it's important to protect your business.



20

**Check your prices.** If you're always busy or sales are high but your cashflow is poor, one of the issues could be that you're not charging enough.



21

**Even if things are going well, hang on to your cash and resist the urge to splash out.** Things can change fast in business and a cushion of cash will help you ride out any fluctuations.



22

**Use a budget to help you manage the money that you do spend.** Having a budget in place will help you make informed decisions about what to spend and how much you need to save.



23

**Don't make credit management subordinate to sales.** Salespeople who are paid a bonus or commission regardless of whether you ever manage to collect are more likely to leave you with bad debts to sort out later.



24

**Consider opening a separate bank account for your business.** You'll still need to keep receipts and invoices but having all your transactions in one place will make things much easier to manage. (Just because laws will vary from country to country)



25

**Be aware of when lean cashflow patches are coming up and plan accordingly.** Avoid funding major purchases from your business' working capital unless you are sure you have the cash to cover it.



26

**Raise and answer any invoice queries quickly to avoid unnecessary delays.** Whether you file bills by name or date, you'll need to find the system that's right for your business and be consistent.



27

**Consider using a Purchase Order system if you don't already.** This helps you avoid the common and costly mistake of paying an invoice twice which will hurt your cashflow.



28

**Make sure you understand your customers' payment processes.** If possible, get to know exactly who deals with invoices. This should speed up communication and make delays much faster to investigate and correct.



29

**Track payment trends.** If a previously good customer is suddenly paying later and later, it could be a sign they're in trouble, which could have a knock-on effect on you.



30

**Ask your accountant or book-keeper for advice on how you can manage your cashflow better.** Accounting professionals aren't just for checking your tax return - they can really help you to run your business better.



Using accounting software is the best way to keep your cashflow on track.

See for yourself - go to [www.quickbooksonline.co.uk](http://www.quickbooksonline.co.uk) to try Quickbooks Online free for 30 days, obligation-free.

**intuit**  
global.intuit.com