



Money Matters – Tip #3

7 Practical Tips For Improving Cash Flow

Q
U
E
S
T
I
O
N
S

For many small business owners, it seems like you never have enough cash to do several of the things you have to and want to do. But I also know that part of your problem is that you don't know what "cash" is and how to manage it. So here are 7 *tips to help you manage and improve your cash flow*:

1. **Invoice immediately.** After delivering goods or services, don't let invoices linger. Not only are you allowing your customer and clients to use your money, but their reluctance to pay for goods and services they had already used, also increases.
2. **Learn how to give discounts.** If you give discounts in situations where clients are paying in installments, don't reduce the full invoice by the discounted amount upfront. Take the discount from the final instalment. This will speed up payment.
3. **Manage inventory wisely.** Avoid ordering too much stock. Also, sell-off slow-moving stock at a discount. Ordering too much stock and not shifting slow-moving stock fast, ties up cash.
4. **Set up finance systems BEFORE you need them.** For example, setting up a line of credit or small overdraft before you need it, ensures it would be available in an emergency.
5. **Strategically time bill payments.** Pay your bills on the due date, not before. And if a supplier or utility company, for example, extends the due date by a penalty-free period, make use of that. (My telephone company extends theirs by 7 days)
6. **Know your cash flow patterns.** Depending on the nature of your business, cash may flow through your business in peaks and valleys. Planning your spending around these will improve your cash flow.
7. **Treat savings like an expense.** Open a separate account and save a percentage of your cash receipts as religiously as a mandatory expense. This will help with unexpected expenses and annual payments like insurance.

These 7 tips will start you off but a big cash flow problem many small business owners have is non-paying clients. [Learn how to get non-paying clients to pay up](#) and really ramp up your cash flow...

Lorna@impacttrainingservices.com

© Lorna Barrow 2022. All Rights Reserved