

Quick Cash

- Late paying customers
- Suppliers you have paid too quickly
- Stock – surplus or slow moving
- Work in Progress – work not invoiced
- Plant & Equipment that could be leased
- Excessive overheads

Lets look at these and how you could get the cash moving back into your bank account quickly.

Customers who owe you money are more important than those who don't. It's much easier to get money out of customers you have already sold to than new ones. Many business owners feel uncomfortable about debt collection. If this is you, get someone else to do it. It may seem expensive but it's much more expensive to have your cash funding other peoples businesses. To employ a part time Accounts Receivable clerk could cost you as little as \$200 per day. If done properly it could put much more than that in working capital back into your bank account.

Suppliers are often paid too quickly. Don't sign cheques immediately for demanding suppliers. This can play havoc with your cash flow. You need to use up all of the available terms and negotiate better ones if you can. It can pay huge dividends to spend a bit of time investigating other suppliers and better payment terms. Look for 20th of month following instead of 7 days. Manage ordering so you're not being invoiced at the end of the month.

It may seem strange to consider stock as cash but it is. Just think of it as fifty dollar notes piled up in your store room. Do you have any methodology behind your stock purchasing? Many businesses buy when the sales rep calls in or if they get offered a discount. You should buy stock when it suits you and your needs not those of your supplier.

Discounts can also be a big trap. Why are they discounting? Do they know something you don't? Is there a new product coming up that will supersede the existing one? You need to measure the cost of having that stock sitting around sucking up your precious working capital against the discount being offered. Carefully consider the cost of swapping cash flow for potential increased profits.

Work in progress can be a real hiding place for cash. If you have hundreds of jobs on the go at once, it can be very hard to manage them all to a point where they can be invoiced. There can be all kinds of hold ups, such as slow parts delivery, labour problems, getting access to job sites etc. If you are trying to do this manually, or in your head without any process, it can cause you real headaches and cash flow problems. A simple job management system can save lots of headaches. With a computerised system you have all of the information in one place about each and every job. This puts you in a strong position to tighten up your quoting skills and control labour costs.

If you do a very quick estimate of how much money you have in outstanding customer debts, suppliers paid too quickly, excess or slow moving stock and work not invoiced, you may find its worth spending a little time and money getting these four areas sorted out. It could put tens of thousands of dollars back into your bank account, not just today but for the future. It could really reduce your headaches and sleepless nights worrying about cashflow. It could also greatly reduce your interest bill.