# **Building Strong Cash Flow Now & Into the Future**



Cash flow is one of the strongest indicators of the health of your business. It is a useful metric to quickly see how well you are doing, whether you are profitable or not, and how solidly your business can withstand storms. This holds especially true when the waves come crashing down, and the wind is whipping you back and forth with a frothing frenzy. This sounds kind of like the market right now, doesn’t it?

So, what can you do to help improve the cash flow of your business? What are the things you can do right now to make yourself more durable so that you can withstand a hurricane and still keep your doors open?

## **Work on Expenses**

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Positive cash flow is every business’s goal. It’s as simple as bringing in more money than what you leak out through expenses. While reaching to build a business that brings in more money takes a plan and thus time, cutting expenses is something that can be done today to improve your situation.

As Andrew Carnegie liked to say, “Watch the costs and the profits will take care of themselves.”

Tightening your belt can be as simple as looking at where you are spending your money and deciding if it’s money that needs to be spent. Go through every line item in a budget to evaluate whether or not it is something that is vital. Cancel superfluous subscriptions. Tighten bloated budgets. Evaluate where every single dollar is going and ask the question, “is this necessary?”

Go over how your company stocks inventory to see what can be cleaned up. Look at what you can do to reduce products waiting on shelves. That means following the principles of lean manufacturing and just in time production to have the exact products you need, when you need them, but no more.

Talk to your vendors and suppliers. If you have built up a solid working relationship with them, they may work with you. Renegotiate prices, credit terms, or try to secure bulk order discounts.

Look at when you pay your suppliers. Instead of paying a bill the moment the invoice hits your inbox, evaluate when it is due and pay it then. Don’t make late payments, but if you have a $10,000 bill due at the end of the month, waiting to write the check gives you an extra few weeks to use that capital to generate revenue instead of drawing resources away.

## **Streamline your services**

Graphical user interface, application

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Boost the efficiency of your operations. Explore your standard operating procedures and the processes to see what actions can be cut and redone. Look into automation to streamline your workload. Take a look at positive disruption. Look at your most tedious and time-consuming tasks and come up with ideas to eliminate them from your business.

That could mean finding software that allows you to do more with less effort. Think accounting software that automatically imports your data for you and builds forecasts for you based on models that you set up.

Reevaluate your service delivery models. Run the numbers on running a service in house versus outsourcing it. The total costs could come up less by letting someone else take over key areas.

## **Increase the capital coming in**

A group of potted plants

Description automatically generated with medium confidence

Once you have your expenses in check, you can focus on getting more money moving through your business.

Collect from customers sooner. You want to know exactly who has paid you and who hasn’t and to be able to send them timely invoices and persistent reminders. Standardize the process, give your customers a consistent schedule to follow, and make paying you as easy as you can. Give them incentives to pay early and penalties for paying late.

To stay lean and efficient, don’t spend a bunch of time combing through your billing to see who’s paid and who hasn’t. Get software that will automatically track this for you. Good accounting software can make the art of invoicing simple.

Use the data you have to look at where you are going. Use forecasts and models to make predictions and get ahead of problems before they have a chance to get big.

## **Reevaluate your sales department**

A group of people in a meeting

Description automatically generated with low confidence

With your forecasts properly in place, you will know exactly how much capital will be available to deploy in your sales department to help you grow.

Evaluate your current marketing efforts. Where are you struggling? Where are you getting your best returns? What does the market look like for you and your customers?

Identify where you are succeeding and double down on those efforts. Scrutinize your customer base. If they are doing well, capitalize on that opportunity. Look at increasing process if the market allows for it. If they are struggling, find new pain points and try to help solve them. Brainstorm new ways to reach out and provide helpful services that your customers need right now.

Look beyond your current customers and see who is doing well in the current climate. Find new customers who are looking to expand right now instead of biding their time until things turn around.

Think about how your company is making itself visible in the marketplace. Look for places to expand your efforts and get your brand in front of the right people. Right now, the shift is to find new ways to leverage online interactions. With all of us wary about in person meetings, now is the time to find better ways to reach out virtually.

Every industry has been slowly shifting towards an online presence, but the current predicament has accelerated this. If you aren’t already maximizing your online efforts, now is the time to pivot and explore those options.

## **Final thoughts**

Increasing cash flow is an effective way to make sure your business is healthy and ready to take on the adverse conditions that so many industries are seeing right now. Use this as an opportunity to make your operation lean and efficient. Find those unnecessary expenses and eliminate them.

Take advantage of advances in technology and software to make your operations more efficient. Make more accurate forecasts to create better plans. Evaluate your sales efforts and find where your opportunities are right now, not in a year.

These difficult times can be an opportunity to make your business better if you take advantage more ways to improve your cash flow. If you want agile cash flow management software than can help you find those opportunities with less effort, send me a message!

