# **Meaningful Data in Cash Flow Management Solutions**

Graphical user interface

Description automatically generated

At the turn of the century, the use of data brought about a paradigm shift in the way we do business. With the age of information underway, having data was a major business advantage and allowed better financial forecasting. Jump forward to today and the role that data plays has changed.

It isn’t about whether or not a business can collect data anymore; it’s about looking at that data in a meaningful way without drowning in it. We’ve become wary of vanity metrics that leave results up to interpretation. [Data has a hierarchy](https://www.forbes.com/sites/brentdykes/2016/04/26/actionable-insights-the-missing-link-between-data-and-business-value/#3824ccfe51e5) now, and our cash flow management tools need to use it to pull actionable next steps from the turbulent analysis of cash flow.

## **Transparency in Action**

A picture containing text

Description automatically generated

Whether the analysis is for a business, client, or accounting professional, keeping the entire process transparent will help make your insights actionable. The ultimate role of insight is to drive action, if it can’t do that, then that insight may not be useful to that business in its current form.

Transparency is vital in demonstrating how useful your data actually is. It gives you context. You need to see where you’ve been to see how a metric is trending. You have to know what’s happening around your data to properly place it.

Seeing everything allows you to get specific. Insights that are less vague are less subjective to interpretation. It becomes much simpler to move forward. It makes it easier to not just determine what is happening, but why.

Distilling your data into clear and concise advice is what will help move it down the chain. Clarity makes communication effective. A vivid win doesn’t need an hour-long explanation to be useful. A clear problem is hard to ignore, and it primes the path for action.

[Avoiding transparency](https://www.forbes.com/sites/brentdykes/2017/11/30/five-reasons-data-transparency-isnt-working-in-your-organization-yet/#48d61efac30c) has the opposite effect. It bogs a company down. Obscurity encourages departments to silo their data and protect their position. They dig in so that they can fight against change and avoid risk. They settle in for a fight while hiding problems and delaying the crucial adjustments that would keep their firm healthy.

When it comes to financial modeling, transparency comes in knowing where your data is coming from. You want your data to be reliable. That means that it should come straight from the source, using whichever accounting software tools you already rely on. It should be automatic, not just to save time, but because fewer fingers touching a project means fewer chances for human error to interfere.

## **Plan Your Next Steps**

A few business people having a discussion

Description automatically generated with low confidence

Once you know where you’ve been, you need to figure out where you’re going. Effective cash flow management is a great tool to help predict what the future holds and start preparing for it.

The insights that you gain from your predictions will be easier to put into action if they are in strict alignment with your goals and overall strategy. An analysis that is directly tied to key performance indicators brings urgency with it while making it faster and easier to interpret.

Making data useful means making sure it is relevant. The ideal situation would see the right information delivered to the right person at the right time in the right setting. For the correct decision to be made, it has to be handled by someone with the authority to make the call. If the knowledge comes too late, it won’t be able to effect active decisions. If insights are siloed in tools that aren’t being used by decision makers, they will have a difficult time delivering results.

Analysis isn’t the process of effectively looking for things we already know. How new and novel an insight ends up being also plays a role in how useful it is. Information is at its most powerful right after it has been discovered. Once we see something a few times, we become numb to it. Even if it is a problem that hasn’t been addressed, it is likely to persist if it isn’t looked at right away.

All of your planning culminates in critical business decisions. Whether or not to invest excess capital or save it. It helps determine where capital is most needed within a company and where investing in your team will make the biggest impact.

A company that does proper financial forecasting will anticipate future deficits in cash and will be in a position to swiftly remedy the situation. Entities will also have a firm footing approaching financial institutions to request a credit line.

## **Control Your Destiny**



When it’s all said and done, what’s important is gaining a sense of control. As business becomes more competitive, it is becoming more and more crucial to be able to learn and innovate on the move. Businesses need to know how effective they’ve been in the past. They need to look ahead to see what opportunities are available, and they need to be proactive in seizing those opportunities.

Actionable insights are a key to survival in today’s fast paced environment. They need to quickly integrate data across the board and seamlessly manage every detail. They need access to different models that let management test hypotheses and make informed decisions.

These busy individuals don’t have time to worry about whether a report is using the right currency. There can’t be any question about whether their information is up to date.

Modern cash flow management is more in-depth than just the numbers on your profit and loss statement. To be competitive, you need to keep a wary eye on stats like accounts receivable, inventory, accounts payable, capital expenditures, and debt service. Knowing whether or not you made a profit isn’t enough to help you prosper.

You need to know exactly where your cash is going. You need to know what your cash balance is right now, and you need to have a good idea of what it will be six months from now.

Remember, business is evolving, but the tools to help you thrive are evolving right along with you.