



Cash flow management tips for small business

Small businesses with cash flow problems put themselves at risk of failing or suffering financial hardship.

Cash flow provides a business with stability so they are able to pay employees, avoid loan defaults and pay the overheads necessary to keep their business up and running. Follow these tips to boost your cash flow so you can secure your business' future.

Perform a business health check

Preparing financial statements will give you an objective insight into the health of your business. Identifying if you have a cash flow problem is the first step to coming up with solutions. Looking into the following reports will allow you to see if your cash flow is up to scratch.

- A balance sheet will tell you what your business is worth on any given day. The value of your business is calculated by subtracting your liabilities from your assets.
- Profit loss statements reveal if your income is meeting your expense requirements. If your income is dipping below your expenses it is time for a change
- Cash flow reports reveal the money that is going in and out of your business over a set period and identify peak and off-peak periods.

Use a business budget

After analysing your cash flow situation, is your cash flow cyclical? Creating a yearly budget is not only imperative to receive financing in future, but will also help you to identify the best months to save to cover the quieter months. Where applicable, business owners can consider flexible rostering, whereby employing casuals and using a flexible roster can help you cut back on hours when you need to improve your cash flow in quiet periods.

When you have identified your quieter periods of the year, try to find additional revenue streams for when cash is low. Is there a product or service that could be introduced? Work with your team for new ideas to cover low cash months.

Get on top of your accounts receivable

Allowing late repayments jeopardises your cash flow and can put you in a tight financial spot. Avoid being out of pocket by implementing some of these credit policies:

- Collect debts on time
- Offer an early bird discount to incentivise early repayments
- Set credit limits and payment terms
- Make credit applications and carry out credit checks on all new customers
- Penalise late payments with interest
- Consider cutting down on inventory
- Request upfront payment or a non-refundable deposit where viable, especially when dealing with large orders.

Putting some of these things in place could make all the difference to your small business. If you need a hand, please give our team a call to see how they can help.

A tailored approach for each business is recommended so call us for assistance and advice on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.

**WE ARE DRIVEN TO
UNDERSTAND WHAT YOUR
FINANCIAL GOALS ARE, AND
HELP YOU ACHIEVE THEM.**

- BUSINESS IMPROVEMENT STRATEGIES
- BUSINESS STRUCTURES AND SUCCESSION PLANNING
- SELF MANAGED SUPERANNUATION FUNDS
- TAXATION AND ACCOUNTING
- AUDITING AND ASSURANCE



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