

# The ABCs of HEALTHY CASH FLOW

Your essential guide to improving your business's cash flow

**A** IS FOR ANALYSE  
More often than not cash flow struggles can be traced back to inefficient processes. So, analyse your credit control performance, expenditure and your funding facility to see what's restricting your cash flow and take the necessary steps to protect it.



**B** IS FOR BE SCEPTICAL  
With late payment so common it's important to be sceptical of excuses customers give. Whilst some reasons may be genuine, others are simply a stalling tactic. Ask questions and chase at regular intervals to encourage your customer to pay.



**C** IS FOR CHARGE  
The Late Payment of Commercial Debts (Interest) Act gives businesses the right to charge interest on overdue payments. Sometimes just informing your customers of this statute is all that's needed to encourage them to settle invoices within terms.



**D** IS FOR DIVERSIFY  
Diversify your product range to cover cash flow gaps. By expanding your offerings to fill a gap in your services you could capitalise on new and exciting opportunities. This is particularly true for businesses that experience seasonal fluctuations in sales.



**E** IS FOR EMAIL  
Sometimes securing a new order is all that's needed to improve cash flow. A great way of doing this is by emailing your past or existing customers for repeat business. Having already used your products or services they are more likely to be persuaded to make an order.



**F** IS FOR FORGE A PLAN  
Regularly refine your business plan to make sure it portrays where your business is heading and what your future strategy is – as well as accurate financial forecasts – to put your business in a better position when talking to lenders.



**G** IS FOR GET TO KNOW  
Credit reports are a great way of protecting your business against late or non-payment of invoices as they offer a straightforward and relatively low-cost way of determining customers' creditworthiness.



**H** IS FOR HIRE  
Hiring a dedicated credit controller will bring a dedicated and focused collections effort that will keep cash flowing through the business. This can help fund day-to-day tasks as well as business growth.



**I** IS FOR IMPROVE ACCESS  
Increase your chances of securing finance by refining your business plan and improving your business's credit score to show potential lenders that your business is not a risk.



**J** IS FOR JOIN FORCES  
Credit circles are a great way to share and access important creditor trends with fellow companies – typically other members of a trade association – in order to access instant information on the creditworthiness of customers both existing and new.



**K** IS FOR KEEP IN TOUCH  
By putting in regular courtesy calls to your customer you will have the opportunity to remind them of looming deadlines whilst building your relationship with the customer. Ultimately, if you have a good relationship with your customer you're more likely to go to the top of their payment list.



**L** IS FOR LEASING  
Leasing assets instead of buying them can help avoid cash flow implications. Whilst hire purchase, finance leases and operating leases provide a means to purchase new equipment without tying up working capital, asset refinance can release cash against the value of existing business assets.



**M** IS FOR **MANAGE STOCK**  
If you buy in bulk you may find that you have cash tied up in stock that is gathering dust in a warehouse. Asset based lenders can advance funding against the value of raw materials, work in progress and finished goods, with facilities also releasing cash against unpaid invoices.



**N** IS FOR **NEGOTIATE**  
If you have good relationships with your suppliers and you find yourself experiencing a cash flow shortfall it could be beneficial to negotiate a small payment extension. Although this is only a short-term fix, it could help you to avoid late payment charges for missing payments.



**O** IS FOR **OUTSOURCE**  
Making sure your money is coming in on time is a vital element of your business's success. If your business doesn't have the in-house capabilities to conduct effective credit control outsourcing all or part of your credit control function will bring expertise, knowledge and, most importantly, results!



**P** IS FOR **PERFECT INVOICES**  
Your invoices are an essential element to getting paid so it's vital that you're doing it right. Make sure that your credit terms and expected payment date are shown prominently, and that your accepted payment methods and details are also obvious.



**Q** IS FOR **QUIZ A BROKER**  
With so many products and providers available, looking for funding can be overwhelming. But tapping into the commercial finance expertise of a broker could help. With extensive experience and industry knowledge they will help secure the most suitable facility for your needs.



**R** IS FOR **REDUCE SPENDING**  
Another way to ease your cash flow problems is to review where savings can be made across the business. By regularly checking and benchmarking internal and external costs you can save your business money and improve your bottom line without too much effort.



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**T** IS FOR **TIME**  
Remember that the earlier you seek funding assistance and the more time you put into the search for finance the more likely you are to secure the funding support that your business needs.



**U** IS FOR **UTILISE PROPERTY**  
With a wide range of business property finance solutions available from commercial mortgages to sale and leaseback, it is possible to use your existing property to boost your cash flow to support your business's plans.



**V** IS FOR **VERIFY**  
Using courtesy calls to verify that a customer has received an invoice allows you to check if there are any disputes. This way you have time to settle any disagreements ahead of the payment date, limiting the need for the customer to go past agreed terms.



**W** IS FOR **WORK WITH EXPERTS**  
If your business doesn't have the time or resources to dedicate to chasing old debts a specialist debt collection agency can help by removing the burden from your business and bringing a sense of authority to the collections process.



**X** IS FOR **(e)XPLORE**  
If your business is looking for a cash flow boost in the form of new funding, you must remember to explore all of the options available. Failure to do so could lead your business to secure funding that isn't right for your business's requirements.



**Y** IS FOR **YOU**  
You have the ability to improve your cash flow but you need to believe in yourself and your business. With the funding market constantly changing there is always a variety of alternative options available to businesses so don't let fear of rejection hold you back.



**Z** IS FOR **ZERO-TOLERANCE**  
One of the best ways to reduce the impact of late payment is to operate a zero-tolerance approach through procedures such as charging late payment interest, taking legal action, or referring the debt to a specialist commercial debt collection agency.



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