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Your Daily Cash Flow Routine

This month we place a focus on the importance of proper credit and cash flow management and how business owners can position their business to be at its most efficient and successful.

Simon Allsop, managing director of *myaccounts*, says the success of the business hinges on the business owner. In the most recent *myaccounts* Credit and Cash Flow Boot Camp he said that “the business owner is responsible for driving the business’ success.”

Simon advised that there are several exercises that a business owner should incorporate into their daily routine to ensure the business is continually moving forward.

1. Self Assessment

It is at times an uncomfortable practice for the business owner to adhere to, but the scrutinizing of your business will allow you to see where you need to improve.

“The owner needs to ask themselves how fit their business is,” Simon instructed, “you need to see how well your business is performing, who owes you money and who you need to pay.”

2. Credit Control

▪ *Debtor Management*

Business owners need to master the art of debt management, starting with constant and clear communication with major debtors. Let debtors know how much time remains before due dates and even offer discounts as an incentive for early payment.

▪ *Pay creditors strategically*

It is the responsibility of the business owner to inform themselves of credit terms in order to prioritize payments.

Mr. Allsop instructs us that “On-time payment is essential for key areas such as wages, taxes and direct debits.”

3. Know your market

It would be remiss of the business owner to not have an understanding of what differentiates their business (or product) from all its competitors.

A responsible business owner will be able to answer the following two questions:

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What do potential customers look at when deciding to go with your business?

And

Why were they persuaded to choose your business over all your competitors?

Honest and informed responses to these questions will allow the owner to see the strengths and weaknesses of their business.

4. Set up a Cash Flow Budget

A cash flow budget will assist you in several ways:

- Help guide your decisions
- Provide a reality check
- Foresee any problems before it's too late

A cash flow budget should include when and how much you expect to receive in your account, as well as when and how much you have to pay.

5. Discipline

Simon stresses the importance of the business owner developing discipline in themselves in order to manage their credit and cash flow with the most success.

“You need to know when to turn down a job,” advised Simon “You don’t want to fall into the trap of thinking that more work means more cash flow. Sometimes, it takes the discipline to decline certain jobs, realizing that the prospective job is not working towards your business’ goals.”

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