



CASH

FLOW

**CHECKUP**

 DecisionCFO

# Why Cash Flow is Critical

Cash fuels the engine of your business

Tough to move your business ahead if there is never enough gas  
(Cash Flow) in the tank

Just like a fire can die without oxygen...a company can die  
without enough cash





# Cash Flow Checkup Agenda



Knowledge is Power – What is my company's situation today?

The Future is Now – Why every company needs a Cash Flow Forecast

Reality Check – How to prepare the Cash Flow Forecast

Making Tough Choices – Specific techniques to conserve / generate Cash

Final Thoughts

# Knowledge is Power Where am I?

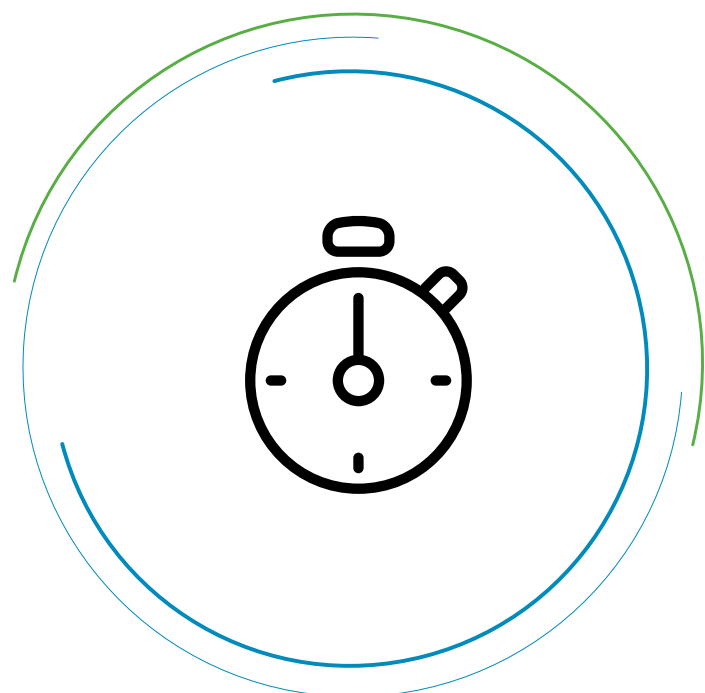
Do you know what your cash position was as of last night?

What customers owe you money, how much money and when will you receive it?

What vendors do you owe money to, how much money and when does it need to be paid?



# The Future is Now



## The key questions – Will my business generate enough cash to:

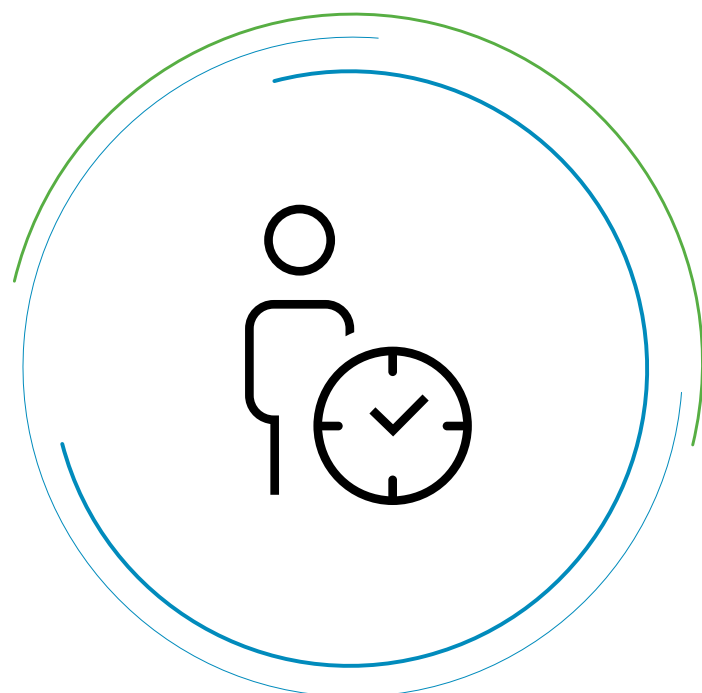
- pay employees, payroll taxes and benefits
- pay operating expenses
- make the necessary investments (i.e. technology, marketing, people) to grow the business?

**Will there be any cash shortfalls where I will need additional financing to sustain my business?**

**What's the minimum cash balance I need at every month end so I can sleep at night and not worry?**

# Reality Check Cash Flow Forecast

Cash Flow forecasts have  
the following components...



A six month time horizon

Realistic assumptions and perhaps multiple scenarios

Factors in current business and economic conditions

Based upon:

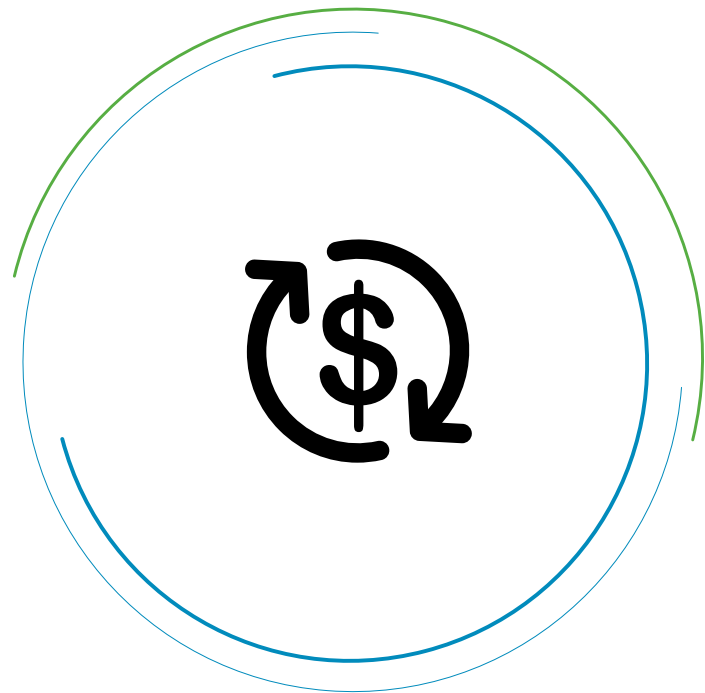
- Historical financial data
- A detailed sales forecast

Factors in achievable A/R collection period

Realistic budget for future operating expenses and payment  
of current A/P balance

## Accounts Receivables

# Techniques to Generate / Conserve Cash



Develop a credit policy

Assess credit worthiness of customer before extending credit

Get deposits/retainers when contracts are signed

Invoice early and more frequently

Include a due date on every invoice

Follow up a week before A/R is due to confirm payment schedule

Offer incentives for customers to pay early

# Techniques to Generate Cash

## Other Assets



Use, sell, or reduce Inventory

Negotiate with supplier for return of Inventory

Sell off unproductive assets



# Techniques to Conserve Cash

## Accounts Payables



Comparison shop for prices on all significant expense items

Negotiate better prices in advance of next order

Competitive bid for large purchases (over \$ 2,500)

Negotiate payment terms with suppliers

Consider leasing versus buying

Use revolving credit (credits cards) when appropriate

Prioritize your A/P open items and only pay key suppliers

## Operating Expenses

# Techniques to Conserve Cash

Employee furloughs

Reduce payroll to a 4 day week versus a 5 day week

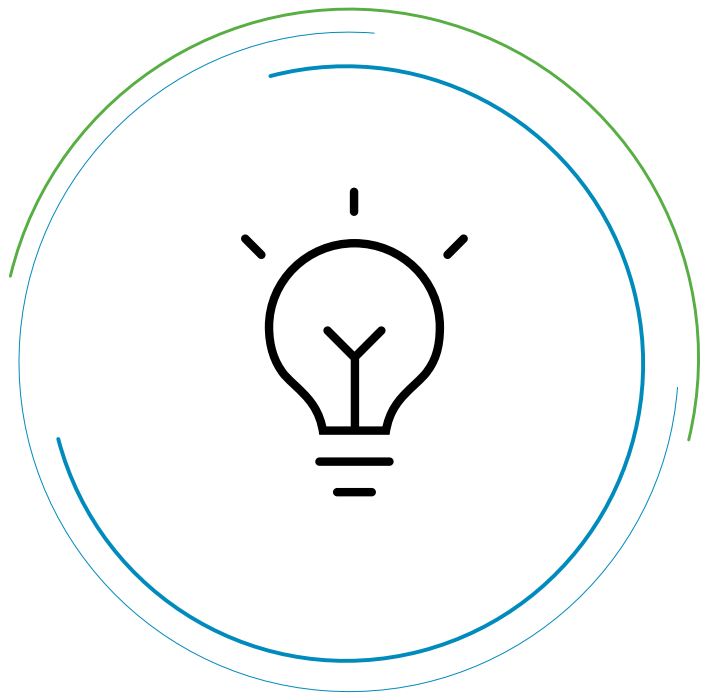
Reduce or eliminate unnecessary expenses

**Evaluate:**

- Sharing expenses with other companies (coop advertising)
- Barter opportunities
- Outsourcing non key departments (i.e. accounting, payroll)



# Final Thoughts



It's tough to tackle Cash Flow concerns alone

Involve your board, accountant and key employees

Also consider involving your customers and suppliers

Communicate early and often with all affected parties



For further details contact us  
at [info@decisioncfo.com](mailto:info@decisioncfo.com)

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