

## 10 Ways to Increase Your Business Cash Flow

Do you find managing your business's cash flow tricky? It could be dependent on the seasons, or lumpy because you're not very organised or systematic in invoicing or collecting it. Ouch!

Here are 10 ways to start ironing out those fluctuations and smoothing your business cash flow so you're never left feeling financially stressed:

1. **Make it as easy as possible for people to pay you:** Always clearly show your banking details on your invoices and any other payment options that you accept, such as credit card payment by phone and include your phone number.
2. **Make payment by credit card an option:** If you don't currently offer credit card payments as an option, consider doing this and extending credit to your clients or customers. This can also dramatically speed up payments, as cash availability is often an issue for slow payers.
3. **Understand your stock levels:** Knowing how many days it takes for your stock to turn over will help you avoid over-ordering stock and having cash tied up in your inventory.
4. **Get to know how long on average it takes you to get paid:** Then, offer incentives to your clients or customers to speed up payments, such as discounts for advance payments.
5. **Take advantage of your supplier payment terms:** Similarly, if cash flow is an issue, pay as many of your bills as possible using a business credit card. This will help keep cash in your business as long as possible.
6. **A bank overdraft facility can help smooth out cash flow fluctuations:** This is especially the case if your business is seasonal or some months are traditionally quieter than others in your business.
7. **Know what to expect from month-to-month:** Don't rely on your bank balance as the primary indicator of your business's cash position. Use cash flow budgets to know how much money you can expect to see flowing into and out of your business from month to month. This will help you plan for any large payments due such as tax instalments or one-off large bills.
8. **Invoice regularly:** If you don't invoice regularly how can you expect to be paid regularly? Make invoicing a high priority at all times and always include the due date and payment terms on your invoices.
9. **Stay on top of debt collection:** Send friendly reminders to speed up collection of overdue accounts and don't delay in using a debt collection agency to help you when you're finding it difficult to collect a payment. If there are repayment issues, suggest an immediate initial deposit, with a regular ongoing repayment schedule. Ensure you have good credit control procedures in place too to avoid bad debts.
10. **Maintain good record-keeping systems:** These will help you to manage all of the above! If you need help in setting up or maintaining record-keeping systems, hire a bookkeeper or ask your accountant to help you.

If you'd like any assistance in implementing any of these ten concepts, please give me a call. I'd be delighted to help you.

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