



10 Smart Cashflow Moves

1. My Top Business Priority

Cashflow, cashflow, cashflow. Cashflow is the life-blood of any business and when there are signs of an economic downturn, cashflow can be the first thing to come to an abrupt halt.

Understand the difference between cashflow (used for the day to day running of your business) and profit (used for payment of debts and supporting long-term growth). There are different strategies to manage both of these. You need to understand and utilise these strategies.

2. How Can I Get My Debtors To Pay Quicker?

HYD Advisory can restructure your receivables strategy.

A common problem for businesses in tough economic times - that goods and services invoiced may not turn into cash as soon as you hoped for and sometimes, not even at all. Clients you do business with may also fall on hard times and/or go out of business altogether, taking the cash you are owed with them.

It is therefore essential to have a methodical and diligent receivables strategy that ensures what your business is owed comes in on time. Effective debt collection reduces the length of your working capital cycle, which in turn reduces your reliance on a business overdraft - meaning your business runs at optimum financial efficiency and you pay less interest.

Manage your working capital cycle and understand its impact on your business.

Tips for receiving payment faster:

- Generate invoices on a regular basis - do not let them build up.
- Indicate clear payment terms on your invoices.
- Build a relationship with the person who

takes care of paying your invoices - call them regularly and thank them for payment once received.

- Adopt a methodical and reliable system for credit control, for example: follow up phone calls, regular statements and reminder copies of invoices .
- Offer a variety of payment options such as credit card and electronic payments to increase the speed with which funds reach your account.

3. Should I Be Cutting Costs?

Most importantly, understand your costs and control them.

In times of economic crisis, businesses need to be highly strategic. Consideration should be given to things such as 'what are our margins?' and 'can expenses incurred by team members be cut down?'. It is critically important to understand all your costs before you start cutting them.

Tips for understanding your cashflow better:

- Understand your business costs before making any moves to cut them .
- Focus on assets that increase revenue .
- Control your staff's expense levels and monitor their spending regularly.

4. Is There A Way To Get A Better Deal On All My Business Banking?

Talk to HYD Advisory about banking in one place and negotiating with your lender.

Consider how many financial institutions your business has accounts with . If it's more than one, you could be missing out on getting a better deal for your business banking.

When businesses are faced with economic difficulties, it is very important to have a good



relationship with your bank. HYD Advisory has very strong relationships with the major banks. This will assist your banker to ascertain a clearer picture of your business and will engage you more proactively and offer support and options.

Commit all your banking to a strong, reputable provider who can offer you benefits for doing so.

5. What's The Right Borrowing Strategy?

HYD Advisory can help you get the right loan type for the right purpose.

Most businesses use some form of borrowing, so your borrowing strategies must be prudent in times like this. It's important to get the right loan for the right borrowing purpose and by doing this you can ensure that your interest costs don't blow out unnecessarily.

6. How Can I Stimulate Sales?

Keep communicating your business point of difference.

You may be facing tough times which means your business may be in a phase where making sales/profit is difficult to achieve. Now may be the time to allocate more resources to your marketing efforts so as to not lose business to your competitors. Be sure to test marketing strategies before allocating large parts of your budget in that area, and always talk to an expert.

7. What Can I Do To Protect Against Losing Business?

Focus on customer service and delight all your profitable customers. If you want to hold onto your

best customers in times of economic downturn, then they must be treated with exceptional customer service. Remember word of mouth is one of the most effective forms of advertising.

8. Who Should I Turn To For Help In These Times?

Seek advice from experts.

While the current economic environment is full of challenges, there is one thing that's on your side - most people and organisations are mobilised to the cause. HYD Advisory are here to assist and support all our clients. We have a pool of resources that can offer practical ideas and suggestions as to how to improve your businesses performance.

9. How Can I Free Up Extra Time To Focus On My Business?

Work smarter, not harder and manage your time.

Always make the time to approach your business challenges. At the same time there may be pressure to work harder in order to generate a better income. The golden rule to remember is "Work Smarter, Not Harder". Take the time to utilise time-saving technologies and products that are available to businesses.

10. Cashflow Planning

Your cashflow forecast is critical.

Every business should have a cashflow forecast in place; which provides an outline of projected cash 'coming in' and 'going out' of your business over the next 12 months - this is critical.

For more information on how to improve your cashflow, contact HYD Advisory.

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