

# Cash Flow

## The Lifblood of Your Business

### **Business Failures on the Rise As Cash Flow Pressures Increase.**

90% of small business failures are caused by poor cash flow. Getting paid on time and managing your outgoings is crucial to business success

Cash is the fuel that drives your business. Even though your business can be making profits it can still fail if it doesn't have cash on hand to pay the bills. Businesses are taking longer to pay their bills which means your business is waiting longer to receive money due to it with which to pay your bills.

A summary of cash flow over the past 12 months whilst it may be useful in learning from past problems, cannot help you anticipate future ones. You need a cash flow forecast that shows how much cash will flow in and out of your business each month. By doing this you can pinpoint those periods when cash will be a problem – allowing you to better prepare to ensure you have cash on hand when needed.

To be really effective your business will need to track its cash flow performance from week to week.

**Talk to us about protecting your business by having in place effective cash flow forecasts as well as our debt management services – get paid on time.**

Business survival and growth depends upon positive cash flow. In simple terms business can be described in terms of "Earnings Received" and "Expenditure Paid".

Your primary purpose for being in business is to generate positive cash flow—money in the till. Staying in business and growing your business is totally reliant on your business generating positive cash flow. You need to know where you stand and in what direction your business cash resources are heading. Just reconciling your bank account won't give you this information.

To establish and then track your cash flow position we need to take into account your spending requirements and sales forecasts. Spending requirements include both business and personal spending requirements. Your cash flow reports should be presented in a format that is readily understood by you.