

THE 5 SIMPLE STEPS TO MAXIMISING THE CASHFLOW IN YOUR BUSINESS



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YOUR BUSINESS – THE HEADINGS

- Ensure that you have sufficient working capital.
- Manage customers and suppliers.
- Set yourself a budget
- Try to build in flexibility to react to changes.
- Manage or, where possible, ensure against big risks.

1

Working capital

At the outset of the business, secure adequate working capital from personal funds, loans, grants or outside investors to support the business. Going forward, utilise profits within the business, don't withdraw too much, therefore risking cash flow problems.

2

Customers vs Suppliers

Try to match the credit terms of your customers with your production cycle and the credit terms you are offered by suppliers. If this is not possible then consider invoice financing to improve the businesses cash flow. Remember this is a balancing act and you need to be able to trade with both customers and suppliers.

3

Draw up a realistic budget

Once you know what you need to spend on a monthly basis try to stick to it. If possible build in some headroom to provide for emergencies. An emergency is likely to crop up at some point and the headroom funds can be used to plug short term cash flow gaps.

4

Flexibility

Consider how you operate, the type of premises you need, and how you occupy these, is it owned, long term or short term lease or serviced office space. Use the same process with equipment. Compare the costs of each possibility now and going forward.

5

Manage Risks

Monitor customers' accounts and try to keep them to terms and set credit limits. Seek out debt insurance for main customers. Ensure the company has adequate and appropriate insurance overall.

Alternative Options

Finally, consider alternative options. If you try all of the above steps and still cannot financially manage, seek advice on what options are available to your business.

TO SPEAK TO A MEMBER OF OUR TEAM

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