



Are you concerned about the future of your cash flow?

Last month, the business secretary Grant Schnapps announced a government review into tackling late payments for small businesses, while also urging large companies to pay their smaller suppliers promptly.

Small businesses routinely suffer from late payments from businesses they supply, which can lead to cash flow problems, putting their firms at risk and preventing them from growing. The majority of small businesses do not have large balance sheets and cannot accommodate long payment terms or delays to receiving payment within their cash flow cycle. Significant time and resources are spent on chasing late payments.

The Payment and Cash Flow review will scrutinise existing payment practices and the measures in place to make sure small firms are not ripped off by their larger clients – with over £23.4 billion currently owed in outstanding invoices to UK businesses.

The review will consider the progress made in specific sectors of the economy in combatting late payment and will also include an in-depth examination of current payment reporting regulations and the Prompt Payment Code.

If you are concerned about the future of your cash flow, then take some time to reflect on where you are and what could happen in the next few months. It is now vitally important for all businesses to plan ahead for a range of scenarios. Cash flow and business planning in these uncertain times may appear difficult but there are some practical steps you can take to minimise potential disruption to your business.

- Review your Budgets and set realistic and achievable targets for 2023.
- Get your employees involved in a discussion of likely trading conditions and get their input on reducing costs and maintaining revenues.
- Review and flowchart the main processes in your business (e.g. Sales processing, order fulfilment, shipping etc.) and challenge the need for each step.
- Put extra effort into making sure your relationships with your customers are solid.
- Review your list of products and services and eliminate those that are unprofitable or not core products/services.
- Pull everyone together to explain the business strategy and get their buy-in.

We specialise in helping our clients manage their cash flow. We do this by preparing and updating detailed cash flow forecasts, using the latest and most powerful software. We can also help you negotiate or renegotiate overdraft facilities and find specific funding to help you grow!

Please talk to us about cash flow planning for the next few months, we can help with a template so you can do this yourself or work together to produce estimates for a variety of scenarios.