

## Managing your cash flow

With the increasing economic uncertainty, managing your business's cash and understanding the flow are now vital tools in maintaining resilience and being able to adopt flexible strategies for success.

Cash flows are a reflection of all the cash that is flowing in and out of a business. Owners can look at the direction of the cash flows for insights about the health of specific products or services and overall market patterns.

Some types of business are more likely to run into cash flow problems, while other types appear to be more resilient. If you are a business owner, you might be wondering which category your business falls into. No matter how inventive or simple your business model is, you can still have problems with cash flow. Here are our thoughts on managing the flow of cash in your business:

The first stage of understanding and predicting how funds flow is to perform a health check on your accounts. Look at your latest profit and loss statement and check that your income is sufficient to cover your expenses. If your profit is falling behind your expenses and cash flow is slowing down, you might need to take action. Prepare a funds flow statement so you know where the money goes.

Next create a yearly budget - look where cash could become tight and months where you can save in order to cover the quieter times. Look at those quieter months and think about flexible work scheduling, new products or services, or other activities to tide you over.



Finally make sure you collect your money from those who owe you quickly. Set credit limits and payment terms to ensure customers follow the rules or reward customer loyalty by offering early bird discounts. If you take on new customers, make credit checks. Penalise late payers and request up front deposits or payment.

Your accountant can offer advice and help you to prepare a funds flow statement and annual budget so that you can work on your business for maximum success.

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