

Cash is King

Brian Stopford

Stopford Associates

Chartered Accountants and Business
Development Consultants

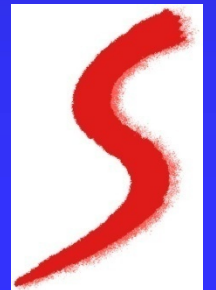
Key areas

- Collect the money you are owed – quicker
- Get suppliers to help finance your cash flow
- Control your stock
- Get finance in place early enough
- Monitor, monitor, monitor



And of course....

Make more profit – but that's not
for today



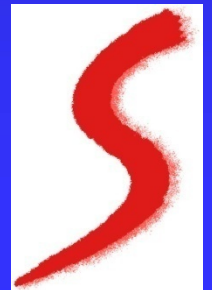
Collect Your Money

- Review your terms and conditions
- Ensure your terms and conditions are those that apply
- Credit check new customers
- Credit watch existing customers
- Get orders out of the door as quickly as possible



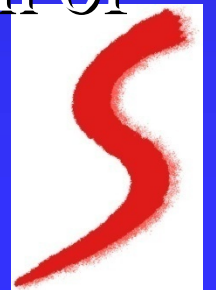
Collect your money (continued)

- Ensure you deliver what is ordered
- Invoice promptly – ensure invoice is correct
- Consider proforma/cash with order
- Show payment terms on invoice
- Monitor debtors regularly
- Phone before invoice is due
- Get names and record



Collect Your Money (continued)

- Ensure promises are kept
- Give customers alternative ways of paying – eg credit card
- Get help from the buyer to get paid
- Consider use of solicitors/courts
- Look at recovering goods – Reservation of Title



Collect Your Money (continued)

- Discounts for early settlement
- Interest on overdue accounts
- Watch for changes in payment patterns
 - - taking longer
 - - part paying
 - - post dated cheques
 - - cheques bouncing



Collect Your Money (continued)

- Avoid reliance on one customer
- Assign debt collection to one individual
- Pay them a visit
- Refuse to supply problem customers
- Look at Debt Insurance
- Alternative debt collecting methods



Help From Suppliers

- Discuss extended credit facilities
- Consignment stocks
- Call off orders
- Never promise payments you can't make
- Keep suppliers informed
- If you can't make the payment – contact them



Help From Suppliers (continued)

- “Something” is better than “nothing”
- Consider asking them to take stock back



Stock Control

- Know what you have got
- What's moving – what's not
- Set re-order levels
- Turn old stock into cash
- Work with customers to plan stocking



Get Finance In Place

- Don't use working capital for capital purchases
- Asset finance for capital assets
- Defer any non-essential expenditure
- Debt factoring
- Tax debts may be able to be spread
 - ◆ Tax Debt Helpline – 0845 3021435



Get Finance In Place (continued)

- Don't let the bank run your business
- Talk to your bank early
- The Enterprise Finance Guarantee scheme
 - ◆ £1,000 to £1,000,000
 - ◆ 75% Government guarantee
 - ◆ 3 months to 10 years
 - ◆ Capital repayment holiday
 - ◆ Debenture and external security



Monitor

- Cash flow forecast
- Cash crisis forecast
- If in difficulties take advice early

