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## **Small-Business Cash Flow Issues ©**

By

**Ron Hequet**

The feeling of not being able to pay this week’s due bills, pay for inventory, or the ‘big one’ not knowing if you can make payroll, will keep even Rip Van Winkle awake at night.

First, I don’t care what any guru says, I have been there; cash flow ills cannot be remedied overnight. The proper method for achieving cash management for any organization can take more than a few days to properly plan the receipt and deployment of funds in advance. Which is substantially different from the traditional *accounting* based cash flow statements, which are a recording of **historical** ‘sources and applications’ of funds. And, please don’t confuse Cash Flow Analysis and Planning with budgeting. Budgets are for Government, Planning is for Business Owners.

Okay, so how does the business owner improve their cash position, and fast; which is a different question from, what is the proper method for cash management? But, to boost cash availability and better manage it today, I have listed here the primary essentials to rectify short term cash flow demands:

1. **Inventory:** Sell what you have. Avoid adding to the problem of eventual cash demands. Where it can apply to product selection, enforce JIT (just in time) inventory replacement. Cancel or adjust

pre-books to receive only what you can sell in 30+, - days, pushing unshipped merchandise to a future date.

2. **Catch The Capital:** Especially when economic times are difficult, sales should take a back seat to “profit”. Many have not paid attention to unsophisticated procedures like inventory control, cash flow planning (not cash requirements), productivity accountability, asset / debt management and other nitty-gritty leaks in the bucket.
3. **Management Team Commitment:** There can be no “sacred cows”. Superfluous payroll must be dealt with; therefore, what makes key personnel ‘key’, the commitment to step-up and fill in when and where it is needed, including the owners.

**For more information and real world examples, contact...**

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