Opibus Business Finance

How To Improve Your Business Cash Flow

Why Cash Flow Matters More Than Profit

- Profitable businesses still fail from poor cash flow
- Payroll, GST, super and suppliers don't wait
- Growth can actually create cash flow stress
- Timing of cash in vs cash out is critical

82% of business failures are caused by poor cash flow, not lack of profit.

THE HIDDEN MECHANICS OF CASH FLOW IN SMES

Profit is an opinion. Cash flow is a fact.

Cash flow is the oxygen that keeps your business alive. Understand the mechanics, control the levers, and build a business that doesn't just make money—keeps it.

CASH FLOW vs PROFIT

PROFIT (ACCRUAL)	VS	CASH FLOW (REALITY)
• Based on invoices, estimates & accounting rules • Includes non-cash items (depreciation, amortisation, provisions) • Can be positive while cash flow is negative		• Based on actual money in and out • Timing is everything • Determines your ability to pay bills, invest & grow • The #1 reason businesses succeed or fail

1 THE CASH FLOW CYCLE: MONEY'S JOURNEY IN AN SME

CASH IN	WORK IN PROGRESS	INVOICE	COLLECTION	CASH OUT	REPEAT
Customers pay you	You deliver goods or services	You send an invoice	Customer pays (in their time, not yours)	You pay suppliers, staff, rent, tax, loan repayments	The cycle starts again
Sales, upfront payments, deposits	Time, materials, labor invested	Payment terms start now	30, 60, 90+ days is common	Often due before you get paid	Stronger cash flow = more options
Day 0	Day 1-30	Day 1	Day 30-90+	Day 0-90+	Continuous

The gap between paying out and getting paid is the CASH CONVERSION GAP. That's where cash gets trapped—or disappears.

2 THE CASH FLOW EQUATION

Simple in formula. Powerful in practice.

OPENING CASH + CASH INFLOWS − CASH OUTFLOWS = CLOSING CASH

Where:

CASH INFLOWS	CASH OUTFLOWS	CLOSING CASH
Sales receipts Loans / equity Government grants Other income	Cost of goods sold Wages & super Rent & utilities Marketing Loan repayments Tax Capital purchases Other expenses	If closing cash is consistently positive, you create freedom. If negative, you create stress.

3 WHERE CASH GETS STUCK (AND HOW MUCH IT COSTS YOU)

LATE PAYING CUSTOMERS	INVENTORY TRAP	OVERTRADING GROWTH TRAP	BILLS THAT DON'T WAIT	THE TAX SURPRISE
Australia: 50% of SMEs face late payments.	Excess or slow-moving stock ties up cash.	Growth without cash flow planning creates a cash vacuum.	Rent, wages, tax, loan repayments come due on fixed dates.	Profit creates tax liability—before cash is in the bank.
Every 1 day overdue = ~0.3% of annual revenue at risk.	1 extra $10k in inventory at 5% holding cost = $500/year lost.	More sales can mean less cash.	Suppliers get paid in cash, not promises.	Set aside 20–30% of profit for tax.

THE REAL COST OF POOR CASH FLOW

- Limits your ability to invest and grow
- Forces you into expensive finance
- Creates stress, distraction and poor decisions
- Damages supplier & customer relationships
- Is the #1 reason businesses fail

4 KEY CASH FLOW DRIVERS (THE LEVERS YOU CONTROL)

PRICE & MARGIN Are you charging enough for value delivered?	Raise prices, improve mix, focus on profitable customers.
SALES TERMS How quickly customers pay you?	Tighten terms, offer early payment incentives, enforce late fees.
INVENTORY MANAGEMENT How much stock is too much?	Right-size inventory, improve forecasting, reduce dead stock.
SUPPLIER TERMS How long do you get to pay suppliers?	Negotiate better terms, stagger payments legally and ethically.
COST DISCIPLINE Where can you spend less without hurting growth?	Review fixed costs, automate, eliminate low-value spend.
CASH FORECASTING Can you see cash problems before they hit?	Forecast 13-week cash flow weekly. See it. Solve it. Early.

IMPACT ON CASH FLOW: HIGH – MEDIUM – LOW

5 THE 13-WEEK CASH FLOW FORECAST: YOUR EARLY WARNING SYSTEM

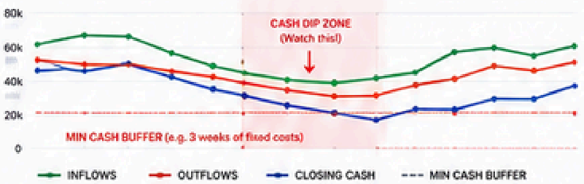
Your crystal ball. Update it weekly.

HOW TO BUILD IT

1. List all expected cash inflows
2. List all expected cash outflows
3. Map them by week for the next 13 weeks
4. Calculate weekly closing cash balance
5. Identify dips below your minimum cash buffer

EXAMPLE 13-WEEK CASH FLOW FORECAST (AUD)

WEEK	1	2	3	4	5	6	7	8	9	10	11	12	13
OPENING CASH	50k	48k	42k	35k	28k	24k	18k	15k	20k	27k	35k	42k	51k
CASH INFLOWS	40k	35k	30k	45k	25k	30k	20k	40k	50k	35k	45k	40k	50k
CASH OUTFLOWS	42k	41k	37k	52k	29k	36k	23k	35k	43k	27k	38k	31k	39k
CLOSING CASH	48k	42k	35k	28k	24k	18k	15k	20k	27k	35k	42k	51k	62k



MINIMUM CASH BUFFER RULE

Hold at least 3–6 weeks of fixed operating costs in cash.

This is your shock absorber.

6 CASH FLOW HEALTH SCORECARD

Rate your business 1 (weak) to 5 (strong)

Cash flow forecasting (13-week)	1	2	3	4	5
Debtor days (DSO)	1	2	3	4	5
Inventory turnover	1	2	3	4	5
Creditor days (DPO)	1	2	3	4	5
Gross margin	1	2	3	4	5
Operating expense control	1	2	3	4	5
Cash buffer	1	2	3	4	5

YOUR SCORE ____ /35

28–35	STRONG	You're in control
18–27	MODERATE	Room to improve
0–17	WEAK	High risk

7 ACTION PLAN: 7 MOVES TO IMPROVE CASH FLOW FAST

1. **SEE IT** — Build your 13-week cash flow forecast and update weekly. *You can't fix what you can't see.*
2. **SPEED IT UP** — Get paid faster. Tighten terms. Chase overdue invoices early. *Cash today > profit tomorrow.*
3. **FREE IT UP** — Reduce excess inventory and work in progress. *Turn stock into cash.*
4. **STRETCH IT** — Negotiate better supplier terms. Use the full term—don't abuse it. *Other people's money, legally.*
5. **CUT WHAT DOESN'T COUNT** — Eliminate low-value spend. Protect your margin. *Every $1 saved is $1 in your pocket.*
6. **PLAN FOR TAX** — Set aside tax regularly. No more end-of-year shocks. *Profit without cash is a liability.*
7. **BUILD THE BUFFER** — Reinvest in cash reserves. Peace of mind funds growth. *Cash buffer = freedom.*

THE BOTTOM LINE

Cash flow isn't just a finance thing. It's a business leadership skill.

Master the mechanics.
Pull the right levers.
Build a business that is profitable, resilient and free.

CASH IS CONTROL.
CONTROL IS FREEDOM.

REFERENCES & SOURCES

- Chartered Accountants Australia & New Zealand (2023). Cash Flow Management for SMEs.
- Australian Bureau of Statistics (2023). Characteristics of Small Business.
- Intuit QuickBooks (2023). Small Business Cash Flow Report.
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- BDO (2023). The Cash Flow Imperative for SMEs.
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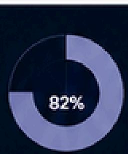
DID YOU KNOW?

82% of businesses that fail do so because of cash flow problems, not lack of profit.



Source: U.S. Bank (2023)

FINAL THOUGHT

“Profit is vanity,
cash flow is sanity,
but cash flow in the bank
is reality.

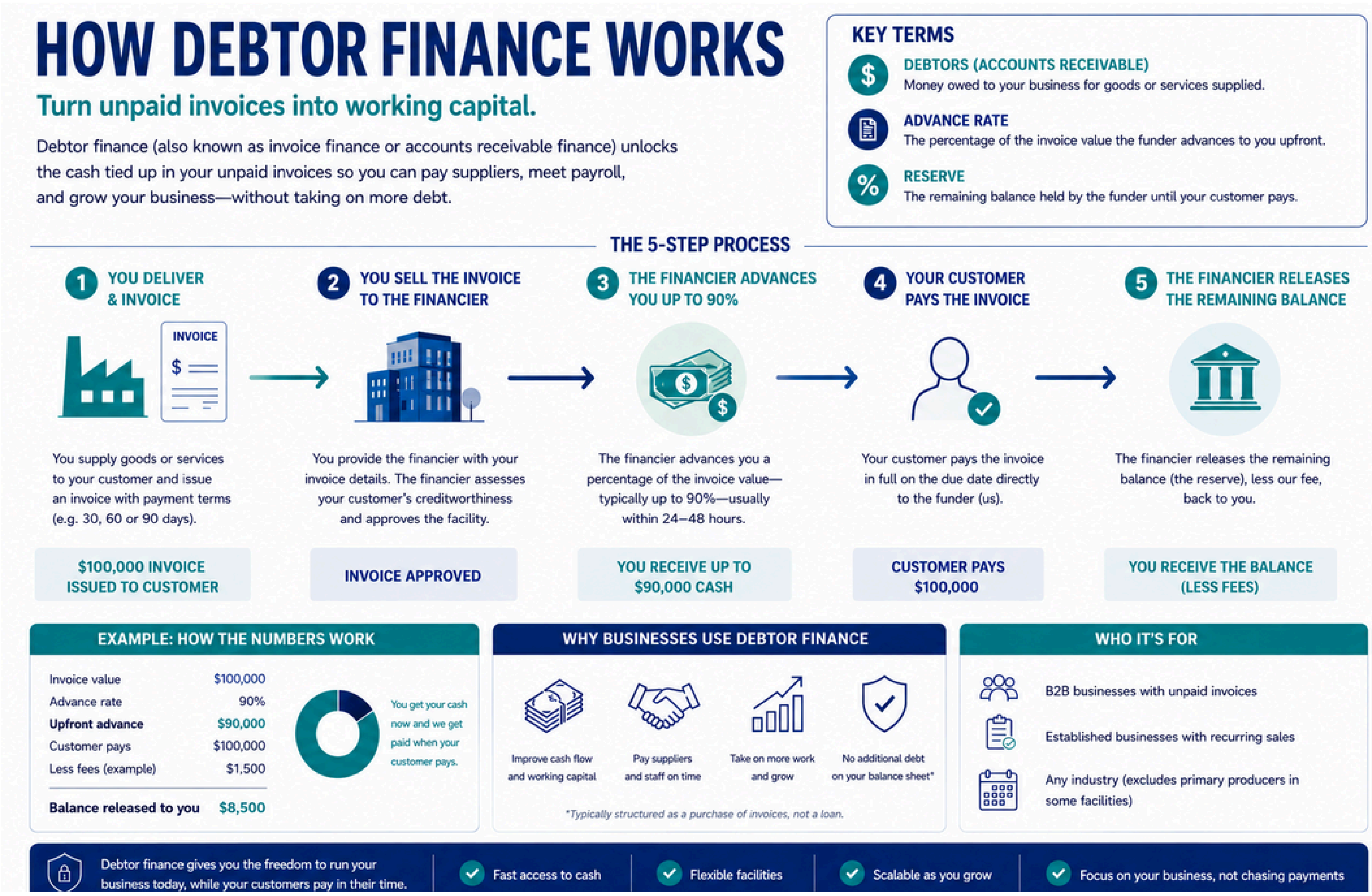
– Anon

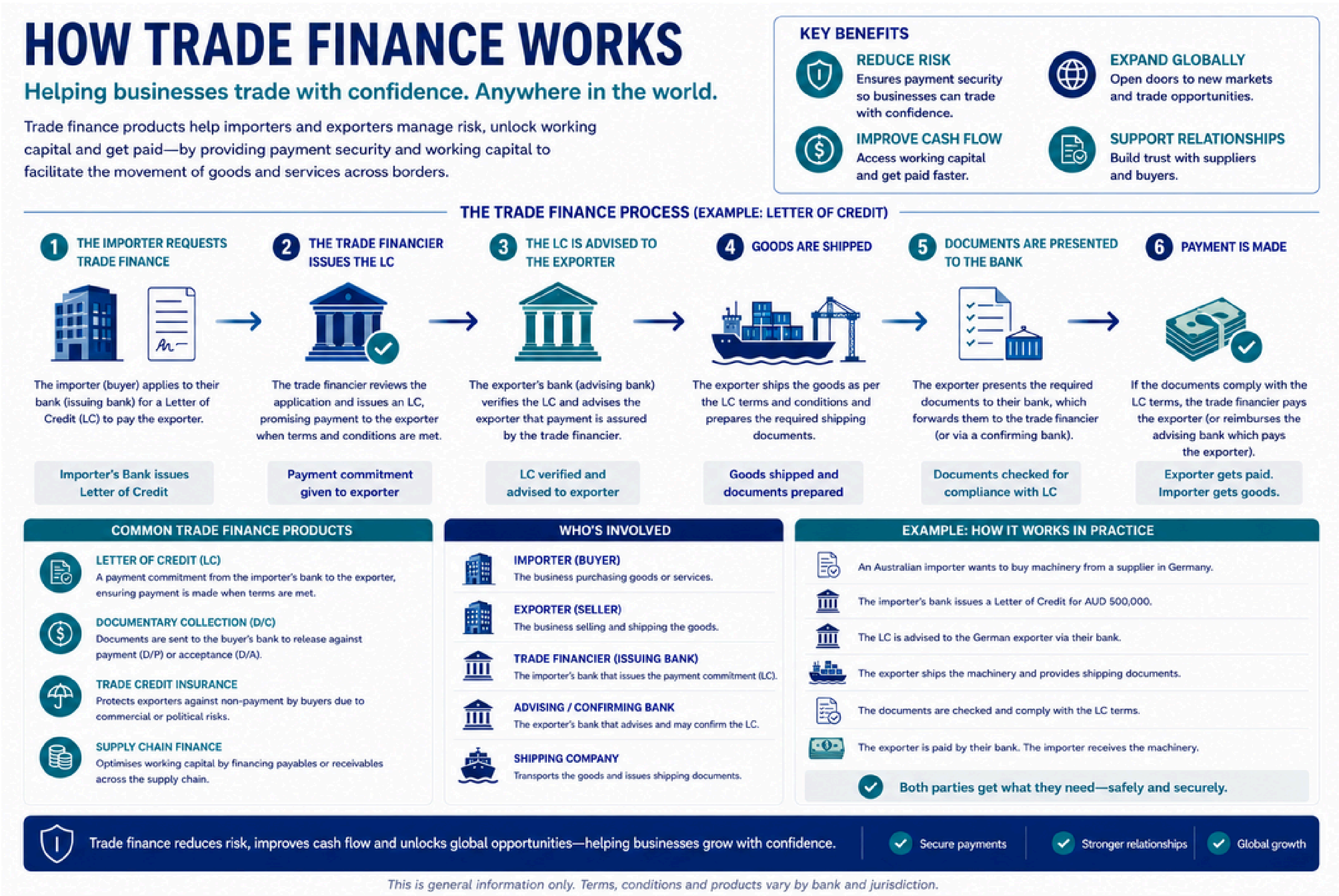
The Hidden Causes of Cash Flow Stress

- Slow-paying customers
- Inventory build-up
- Tax debt
- Seasonal fluctuations
- Growth funding gaps
- Large supplier deposits
- Long payment terms

The Consequences

- Constant ATO stress
- Using personal cards
- Supplier pressure
- Declining bank balance
- Unable to take opportunities


HOW DEBTOR FINANCE WORKS
Turn unpaid invoices into working capital.
Debtor finance (also known as invoice finance or accounts receivable finance) unlocks the cash tied up in your unpaid invoices so you can pay suppliers, meet payroll, and grow your business—without taking on more debt.
KEY TERMS
DEBTORS (ACCOUNTS RECEIVABLE)
Money owed to your business for goods or services supplied.
ADVANCE RATE
The percentage of the invoice value the funder advances to you upfront.
RESERVE
The remaining balance held by the funder until your customer pays.
THE 5-STEP PROCESS
1 YOU DELIVER & INVOICE
INVOICE
$
You supply goods or services to your customer and issue an invoice with payment terms (e.g. 30, 60 or 90 days).
$100,000 INVOICE ISSUED TO CUSTOMER
2 YOU SELL THE INVOICE TO THE FINANCIER
You provide the financier with your invoice details. The financier assesses your customer's creditworthiness and approves the facility.
INVOICE APPROVED
3 THE FINANCIER ADVANCES YOU UP TO 90%
The financier advances you a percentage of the invoice value—typically up to 90%—usually within 24–48 hours.
YOU RECEIVE UP TO $90,000 CASH
4 YOUR CUSTOMER PAYS THE INVOICE
Your customer pays the invoice in full on the due date directly to the funder (us).
CUSTOMER PAYS $100,000
5 THE FINANCIER RELEASES THE REMAINING BALANCE
The financier releases the remaining balance (the reserve), less our fee, back to you.
YOU RECEIVE THE BALANCE (LESS FEES)
EXAMPLE: HOW THE NUMBERS WORK
Invoice value $100,000
Advance rate 90%
Upfront advance $90,000
Customer pays $100,000
Less fees (example) $1,500
Balance released to you $8,500
You get your cash now and we get paid when your customer pays.
WHY BUSINESSES USE DEBTOR FINANCE
Improve cash flow and working capital
Pay suppliers and staff on time
Take on more work and grow
No additional debt on your balance sheet*
*Typically structured as a purchase of invoices, not a loan.
WHO IT'S FOR
B2B businesses with unpaid invoices
Established businesses with recurring sales
Any industry (excludes primary producers in some facilities)
Debtor finance gives you the freedom to run your business today, while your customers pay in their time.
Fast access to cash
Flexible facilities
Scalable as you grow
Focus on your business, not chasing payments



Ideal for businesses importing stock where suppliers require payment before goods are sold.

HOW A LINE OF CREDIT WORKS

Flexible access to funds, when your business needs it.

A Line of Credit gives your business access to a pre-approved borrowing limit.
You can draw funds, repay, and draw again—paying interest only on what you use.
It's a flexible funding solution to manage cash flow and seize opportunities.

KEY TERMS

CREDIT LIMIT
The maximum amount your business can borrow.

DRAW DOWN
Access funds up to your available credit limit.

REPAY & REUSE
Repay what you've used and the funds become available again.

INTEREST ONLY ON WHAT YOU USE
You pay interest only on the outstanding balance.

THE 5-STEP PROCESS

1 APPLY & GET APPROVED
Opibus Business Finance applies to the Bank/Financier on your behalf.
CREDIT LIMIT APPROVED e.g. $250,000

2 DRAW DOWN FUNDS
You draw down funds when you need them, up to your available credit limit.
YOU USE WHAT YOU NEED

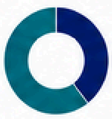
3 USE THE FUNDS
Use the funds for business needs such as inventory, suppliers, payroll or growth opportunities.
SUPPORT CASH FLOW AND GROWTH

4 REPAY ALL OR PART
Repay some or all of the amount you've used at any time. There are no set repayment amounts.
FLEXIBLE REPAYMENTS TO SUIT YOUR BUSINESS

5 REUSE YOUR AVAILABLE CREDIT
As you repay, your available limit is restored and you can draw down again.
FUNDS AVAILABLE AGAIN AND AGAIN

EXAMPLE: HOW IT WORKS

Approved credit limit	$250,000
You draw down	$100,000
Interest rate (p.a.)	12.00%
Days drawn	30 days
Interest charged (example)	$986.30



You repay $60,000 Available limit increases to $210,000
You repay $100,000 Available limit back to $250,000

You only pay interest on what you use.

EXAMPLE USES

- Purchase inventory
- Manage seasonal cash flow
- Cover operational expenses
- Take advantage of growth opportunities
- Bridge timing gaps (e.g. waiting on debtor payments)

WHY BUSINESSES USE A LINE OF CREDIT

- Flexible access to funds when you need it
- Pay interest only on what you use
- Re-use funds as you repay
- Support cash flow and day-to-day operations
- Be ready to act on opportunities
- Build a strong banking relationship

A line of credit gives you the flexibility to manage today and grow tomorrow. | Funds available when you need them | Repay and reuse as often as you need | Support your business through every stage | A partner that's invested in your success

This is general information only. Terms, conditions, fees and interest rates vary by financier and facility.

WHICH SOLUTION FITS YOUR BUSINESS?

Compare your funding options at a glance.

FUNDING TYPE	BEST FOR	SPEED	FLEXIBILITY
DEBTOR FINANCE	Businesses issuing invoices	FAST	HIGH
TRADE FINANCE	Importers & suppliers	MEDIUM	MEDIUM
LINE OF CREDIT	Working capital gaps	FAST	VERY HIGH

SOME BUSINESSES USE A COMBINATION OF FACILITIES

The right mix of funding can give you the flexibility, access to cash and confidence to grow.

THE RIGHT FUNDING. THE RIGHT TIME. THE RIGHT PARTNER.

Why Work With Opibus Business Finance?

Access to banks and specialist lenders

Over 20 years SME finance experience

Solutions tailored to business cash flow

Fast response times

Strategic funding advice

Cash Flow Problems Rarely Fix Themselves

The right funding structure can transform pressure into opportunity

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This guide contains general information only and does not constitute financial advice.

Opibus Business Finance

Helping Australian SMEs Access Smarter Funding

Smarter funding starts with a conversation