

## 30 ideas on how to improve cash flow and profit

1. Identify **needs vs wants** (must haves vs nice-to-haves) - do you need the fastest and latest MacBooks or laptops? Can you upgrade less often?
2. **Increase prices** and **communicate** to customers to explain the reasons. If you have more than one product or service, could you potentially **increase prices for all** (e.g. electricity has increased as well as gas)?
3. **Retain staff** by keeping them happy. Note that not all staff are motivated by money. Working in a great environment can make a big difference. Think about flexible or hybrid working if this works for both parties. The cost of recruiting and training new staff is huge.
4. Be **proactive** when dealing with **customers that are known to be slow payers**: Politely remind them in advance.
5. Consider the **admin cost of chasing up slow paying customers**. Are they worth keeping? Are you making enough of a profit on them?
6. **Difficult customers**: Increase prices to incorporate the admin time. Are they worth it? How easy would it be to replace them? You don't need to sell everything to everyone. Which are the right customers for your business?
7. Beware of **false economy**: cheap business cards that look worn out by the time I hand them to a potential client tarnishes my reputation – it's a reflection of me.
8. **Don't patronise customers!** They know when a company has cut corners but is charging the same price.
9. Review telephone, broadband, utility bills etc. Is it possible to find **better deals**?
10. If your cash balance is low, **speak to suppliers** in advance rather than paying late. Maintaining strong relationships with suppliers by **communicating** with them will mean that they will be more likely to go the extra mile in future. Would they rather work with businesses that

pays on time or businesses that they have to spend time and effort chasing up for payment?

11. **Reassess workspace:** working from home and hybrid working. Is there any **spare space** that can be rented out? Or could you use it more effectively to increase output?
12. **Stick to budget:** Analogy: Make a shopping list and stick to it. Have tunnel vision when it comes to spending money on P&L items (OPEX: Operating Expenditure). Don't buy things on a whim. Don't get tempted by offers.
13. **Negotiate with suppliers:** better prices and better payment terms
14. **Ask suppliers for discounts**
15. Take advantage of **early payment discounts** (improve cash flow such that you will always be able to do this)
16. Change **your payment terms:** are they too generous?
17. Make it **easy as possible for customers** to pay you – what payment options do you offer?
18. Make sure **invoices are sent out in a timely manner** without any delays
19. Do NOT do any more work for **customers that haven't paid you.**  
Consider sunk costs. Don't let good money follow bad!
20. **Consider bulk buying** discounts if you are going to buy the items anyway and there are no additional costs of storage
21. Make **full use of internal and external accountants:** look at problem areas and analyse trends. Are there any **tax efficient** ways of working? You should be **communicating with them regularly:** are they approachable, easy to talk to and easy to understand, experienced at dealing with businesses or a similar size, experienced at dealing with businesses in your industry?
22. **Expand customer base:** are there any low-cost marketing opportunities?

23. **Keep on top of obligations:** Taxes - minimise late payment fees and interest charges
24. **Speak to your bank** about overdraft facilities, loans and switching to products with lower interest rates
25. **Review Aged Debtors** Report: Identify older items and chase up
26. **Review Aged Creditors** Report: Assess the situation, how much do you owe and how old are the invoices on this report?
27. Is the **bank balance low on a regular basis**? Indicates cash flow issues. Will a loan or overdraft help?
28. Look at **peaks and troughs** in cash flow: Is the business **seasonal** and do you need to carry more cash at certain times of the year?
29. Are there any **quick wins**? E.g. staff time being wasted on inefficient meetings?
30. Cut '**red tape**' and **bureaucracy** as much as possible

**Prepared by:**

Naeem Anwar

[www.naeem-anwar.com](http://www.naeem-anwar.com)