

The CEO's Guide to Improving Cash Flow

28

WAYS TO GAIN
EFFICIENCY AND
PEACE OF MIND

Using Best Practices of Cash Flow Management



Many small to medium size business owners focus on profits.



However, that's not enough to be truly successful.

**You must also understand
and monitor CASH FLOW**



Cash Flow

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noun

the amount of money
flowing **in** and **out** of
your business



"We were always focused on our profit and loss statement. But cash flow was not a regularly discussed topic. It was as if we were driving along, watching only the speedometer, when in fact we were running out of gas."

- Michael Dell
(Founder of Dell Technologies)

Your cash flow should cover the cost of your operations –



Payroll and other expenses



Paying Yourself



Investing in Future Growth



There are **3** Main Sources for Cash:



Operating
Activities



Investing
Activities



Financing
Activities

Knowing how each affects your business, and the difference between **cash vs. profit** is

the key to financial success!

Profits are what show up on the bottom line of your income statement.

This shows whether you billed more for your products or services for more than it cost to deliver them.



Your Business Can Be Making a Profit

But still have a
NEGATIVE
cash flow.



Cash flow focuses on the **TIMING** of when your company gets paid and when you have to pay someone else.



If the amount of cash you receive is less than or equal to what you spend or pay out, **you're eating into your cash reserves.**



What's Your relationship with money?

Are you a “big spender” or frugal?

Think about how much you need to sell and how much profit you need to make before you buy something — it will make you **think twice**.



Successful CEOs

deal with money issues up front, early, and often.

Once you shift your mindset

from fear and scarcity to abundance and frugality, you'll find it easier to manage cash flow.



15 Ideas

on how you can
implement cash flow
improvements in your
business





1. Understand Fully Loaded Labor Costs



2. Implement Job Costing



3. Calculate Gross Profit Margin



4. **Fire** Low Margin Clients



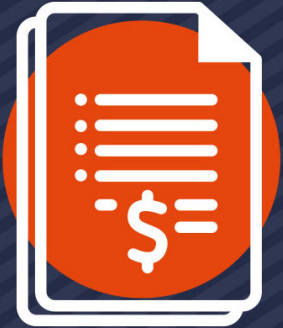
5. **Prepare** a Cash Flow Forecast



6. **Measure** DSO



7. Always Get a **Deposit** Upfront



8. Bill as **Soon as You Can**



9. **Automate Invoicing** Through Quickbooks



10. Get a **Retainer**



11. **Automate** Collections



12. **Follow** the 5 F's of Collections



13. **Manage** Credit Card Rates



14. **Audit Discretionary** Expenses



15. **Use Bill.com** to Pay On-Time But Not Early

LEARN MORE!

Check out the full eBook for **28 ways** to gain efficiency and peace of mind using best practices for cash flow management... including specific QuickBooks tips.

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