

Business Finance Part 2:

Mastering your cash-flow

Focus:

Cash-flow refers to the movement of money in and out of your business in terms of income (cash inflows) and expenditure (cash outflows). It is necessary for daily operations, buying stock/supplies, paying suppliers and employees and other operating costs etc. Ideally, you want to have a positive cash-flow – meaning that more money is coming *into* the business than going out. If you have a positive cash-flow, your business will be able to settle its bills and invest in growth. A negative cash-flow means you'll need to find an alternative source of income to be able to pay off debts.

Common problems/mistakes:

- Do not have a cash-flow statement in place;
- Incorrectly predicting sales;
- Spend money before it is received.

Why is it important:

- Strategic financial planning provides you with a blueprint for profitability;
- Illustrates how funds move through the business;
- Direct impact on the running of the business;
- Cash-flows help you to predict the future.

Screen share:

- Cash flow template;
- 10 ways to improve your cash-flow.

Template/checklist:

- Cash-flow template

Tips for success:

- Know how much you need to break even;
- Have an emergency cash reserve;
- Set invoice timelines and terms.

Task:

Download and personalise the cash-flow template provided. Update on a monthly basis to keep on top of your businesses cash-flow.