

Dos and Don'ts of Cashflow Management

	Dos	Don'ts
INVENTORY	<ul style="list-style-type: none"> ✓ Make sure your business has a good purchase order system ✓ Ensure you have an accurate listing of your supplies and prices ✓ Ensure a competent person is responsible for ordering ✓ Have a documented set of procedures for ordering 	<ul style="list-style-type: none"> x Order stock in an 'ad hoc' manner x Underestimate the level of cash tied up in inventory on hand
DEBTORS	<ul style="list-style-type: none"> ✓ Review terms of trade with your customers - ensure they are up to date and signed ✓ Monitor your debtors closely and regularly ✓ Choose your customers wisely ✓ Consider offering discounts for early payment ✓ Consider obtaining personal guarantees from your customers' directors which can be used in the event of non-payment ✓ Include an "all-monies" retention of title clause. Consider having your terms of trade printed on the reverse side of your invoices with reference on the front of the invoice 	<ul style="list-style-type: none"> x Ignore the function of debt collection x Give further credit to those customers who have exceeded their trading terms x Give credit before undertaking a credit check of the customer x Agree to additional time for payments without documented agreed arrangements
CREDITORS	<ul style="list-style-type: none"> ✓ Seek suppliers willingness to supply stock on consignment ✓ Negotiate with suppliers to extend credit terms when appropriate ✓ Maintain healthy relationships with suppliers and on-going discussions. If a creditor is made aware of your difficulty to stick to the paying terms, they may be more willing to extend your credit ✓ Develop a contingency plan on how to obtain supply of goods or services should a suppliers fail 	<ul style="list-style-type: none"> x Pay your debts late without contacting the relevant supplier x Be unplanned when it comes to your suppliers



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