

# Managing Cash Flow—Cash is King!

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Cash is King, but it's also the main reason small businesses fail.

Here are five ways that can improve your overall Cash Flow situation.

### 1. Put the Right Tools in Place

An accounting system that allows you to keep track of your money coming in and out in real time is an important part of your business.

### 2. Nurture Retainer-Based Business

Retainer agreements are a great way to secure a consistent and predictable income from clients. This works as a win-win situation. When a client agrees to pay a set fee every month, they will receive a cost saving benefit—if you are willing to agree to a reduced rate as a trade off for consistent work. It also gives them the reassurance that they have a resource on-tap they can rely on, while reassures you of an even cash stream.

### 3. Milestone Billing

Sometimes, projects for clients can go on for longer than expected. If payment is upon completion, this could really affect Cash Flow. Instead, consider milestone billing for jobs as each stage is completed.

### 4. Adjust your Message

When Cash Flow is tight, it can be an automatic reaction to lower prices or have a sale. This can sometimes cause more harm than good, as it sets the standard that you'll settle for less. Before any 2 for 1 sales, consider the following questions:

- Is our competitive advantage clear?
- What additional value do we offer our clients?

If you're unsure, it may be a good time to look at your marketing strategy.



*"Do what you do so well that they will want to see it again and bring their friends."* - Walt Disney

### 5. Offer Incentives for Early Payment

If late payers are a continual problem, here are a couple of options to consider:

- Let clients know about early payment discounts near the beginning of a job.
- Get a deposit.
- Offer discounts for your preferred payment option.

While these tips can help with Cash Flow, Cash Flow gaps are inevitable. We have resources available such as Debt- or Management Kits which are free to you. Please email [emma.mcgregor@myca.co.nz](mailto:emma.mcgregor@myca.co.nz) for a copy.

## Business Performance Dashboard!

Xero has recently launched its Business Performance Dashboard. This dashboard, which can be found under Reports > Business Performance, is a number of real-time graphs and ratios which can help you to understand how your business is performing and any ways to improve.

It can show Gross Profit %, Current & Debt Ratios among many more. And if something looks strange it is easy to email one of our team right from within Xero.

Also, star them to your main Dashboard for easy access!

Check out a short video about it [here](#).

