

THE ULTIMATE CASH FLOW FORMULA



*7 Steps to take you from
Struggle Street to
Worry Free*

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The Ultimate Cash Flow Formula

7 Keys to take you from struggle street to worry free

“Turnover is Vanity, Profit is Sanity and Cash is King”

What you will learn:

In this eBook you will learn about key 7 areas that by adoption, change or improvement could improve your cash flow which could assist in growing and scaling your business.

Intro - My Name is Rohan Burgess and I am the founder of The CASH Club. I have been in the finance industry for over 30+ years and what I have learnt over that time is, that Cash in the bank is what will help you grow your business. Adversely, lack of cash in the bank causes stress and stunts your desire to grow your business. I have seen first hand how mismanagement of Cash flow in personal and business can hurt a family, destroy a business and cause stress through my time in collection agencies and with the Sheriffs office. I have learnt at least 7 steps (these 7 steps) that could help grow and even in some situations save your business. Over half of the businesses that fail or fail to grow is due to mismanagement of cash flow.

I started The Cash Club to equip business owners with tools, resources and connections to help them grow their business. Whether it is understanding Cash flow through presentations like this, to giving them access to top line professionals like accountants, bookkeepers or financial planners to walk them through different aspects of their business journey.

So what are the 7 steps to take you from struggle street to worry free?

1. Improve profitability
2. Improve Business Model
3. Eliminate mistakes
4. Improve Follow Up Processes
5. Offer customer incentives
6. Use Credit Funding
7. Utilise government and business grants

1. Improve Profitability

Profit is sanity. improving your profitability will improve your cash flow.

There are 2 ways to improve your profitability:

- Increase your prices – When was the last time you reviewed your prices?

Could you add perceived value to your product that costs you little or nothing to justify your increase? With inflation going up and near the beginning of the new financial year, would it be worth considering an increase to your prices?

- Decrease your spending – Doing a budget for your business is a sensible business strategy and regularly reviewing your expenses and cutting out wasted costs will improve your profitability. How often do you read that industry publication you subscribed to years ago? Do you have a cash flow forecast that can help you plan your spending?

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It is worth talking to your advisory accountant or CFO about your spending. A flow on effect of increasing your profitability by reducing your spending is increase spending in areas that will increase your turn over. Like advertising through social, print or networking. But that is another presentation.

2. **Improve Business Model**

Get customers or suppliers to fund your business

You can have customers fund your business by:

- Encouraging them to pay a deposit or up front
- Reducing your terms meaning they pay you sooner
- Or set up so they pay you a retainer

Suppliers or Creditors could fund your business by:

- Negotiating and increasing their terms
- Using consignment stock (You only pay them once the stock is sold)
- Using multiple suppliers and negotiating terms between them

3. **Eliminate Mistakes**

Automate and Optimise your Processes

- Use Job software that automatically sends out invoices
- Use accounting software like Xero, MYOB or QuickBooks
- Have written processes that are time relevant

Eliminate common mistakes usually from human error:

- Neglecting to send invoices
- Ordering too late or paying more for urgent shipping
- Inaccuracies and errors in record keeping
- Service or goods errors that are avoidable

4. **Improve Follow up Processes**

Your clients pay you late because you have allowed them to in the past. Its your money and you are entitled to it if you have completed the work

So.follow up on outstanding invoices

- Follow up with a phone call (Don't rely on SMS or emails)
 - Phone call a day later friendly reminder
 - Second call day after agreed payment date a little firmer
 - Third call day after agreed date Firm call last chance
 - next call from a debt collector
- 95% of late payments will be paid by this stage
- Ask for a payment date at every stage
- Resolve any issues quickly
- Offer over the phone payments
- Take credit card payments (Stripe, B2BPay)
- Include bank account details on account statements
- Be consistent

5. **Offer Incentives**

Give your clients incentive to pay early

- Discount for upfront payments
- Offer early bird incentives
- Introductory offers
- Give discounts for online payments
- Charge late payment fees

6. Use Credit Funding

Utilise business loans to improve cash flow

- Business credit card (You could earn loyalty rewards)
- Use other line of credit facilities like
 - Debtor or invoice finance where the lender will lend you up to 80% of the value of your outstanding invoice and then pay the balance when your customer has paid
 - Supply chain and import finance where you can extend your terms on the bills you owe up to 180 days
- Unsecured term business loans
- Free up cash by leasing existing vehicles or equipment owned by the business

7. Utilise Government and Business Grants

Governments at all levels want to improve and assist business in their communities. They offer different grants from specific needs grants (like marketing or staffing) to a wider range of grants for things like R&D or exporting.

During the Covid-19 pandemic in 2020 governments were offering grants to suffering businesses to assist with cash flow and improve the chance of the business surviving a serious downturn in world economies during the crisis.

It is worth talking to an advisory accountant or grants specialist about what might be available for your business.

8. Conclusion

One thing I've learned being in business and being an SME is having the right people around you is key to growing a great business. You know your craft and you are exceptionally good at it. But when it comes to running a business, there are a lot of different caps you need to wear as a business owner. I can guarantee that they do not all fit you, so the best thing you can do for yourself, your family and your business, is having somebody else wear those caps. Engage, employ, or outsource experts in their field. Accountants, bookkeepers, Lawyers, financial advisors, and finance brokers.

I hope you have gotten something out of this short PDF. If you want to find out more about improving your cashflow, I will have a 7-module series and workbook coming out in the new year, where I teach you The Ultimate Cash Flow Formula in more depth. Please click the link below to book a free call to discuss your cash flow needs and go on the wait list for the full program.

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