

7 BUSINESS CASHFLOW DISASTERS

We have collected the experience of our Accountants and Financial Planners, who have worked with thousands of clients over a combined 800 years of experience, to discover that the cashflow disasters that cripple businesses can be distilled into 7 key areas.



OUR TOP SEVEN CASHFLOW DISASTERS & HOW TO AVOID THEM

We have collected the experience of our Accountants & Financial Planners, who have worked with thousands of business owners with incredible results and some incredible disasters!

The disasters we have seen aren't unique to any industry, a business type or business owner personality.

Every business owner works hard.

BUT some truly understand that...**CASHFLOW IS KING!**

Cashflow disasters that cripple businesses are **SIMPLE!** & fall into 7 key areas

1. People paying – setting the expectation
2. Focus – what do you need to manage - monthly reporting
3. Cashflow – Stifling growth
4. Processes & Systems – run without you
5. Sales – which product?
6. Discounting – attracting sales
7. ATO – are not your bank

Owning a business can be lonely & we are **SMART!** at nurturing business owners like you to create a plan to use your incredible business to achieve your personal goals of financial freedom or time freedom by truly focusing together on your cashflow.

My greatest hope is that you learn from our experience and apply it in your business to avoid cashflow disaster.

We are **DIFFERENT!** and if you would like to accelerate your growth or have someone to call who understands your business give me a call today now!

Cheers, Julie

Australia: 08 9344 7799

Simple! Smart! Different!

DISASTER

1

You need to be paid

Businesses fail when they fail to be paid. We have seen many businesses sell up a storm. They then need to buy more stock or hire more employees only to find that they run out of cash because customers take too long to pay!

These are just some examples where you may be spending cash before your customers have paid you: stock, salaries & wages, energy, tools & supplies.

You shouldn't be in a panic about when you will be receiving the cash from the sale.

Outline your expectation (terms) clearly. Then make it easy for your customers to pay.

Offer various options for payment, including credit card, bank transfers, mobile payments, prepaid cards, cash, payment plans and premium funding.

Find technology that you can setup with the client to ensure you get paid on a set date; either before, after or repeating monthly. Digital payment options like: PayPal, Square, Shopify, Practice Ignition, Stripe, Afterpay & Amazon all give you and the customer a known payment date.

Every customer should know before they buy from you exactly when they should be paying and even better if you have helped to automate it for them.

TIP

Who doesn't love to be offered a monthly regular payment rather than a lump sum

– can you design a monthly package?

WE'VE MADE IT EASY

Want to see an example: check out our monthly packages for our business clients.

We have received fantastic feedback from our clients.

It is still very unusual to see a package offered by an accountant...being a more traditional industry.

Design your own package & stick out from the crowd!





DISASTER

2

What do you need to count?

Business owners often think if they just work hard then the business will make money & give them the lifestyle or time freedom of their dreams.

Sadly it isn't just effort that is rewarded. It is knowing and monitoring the key numbers for your specific business.

We have seen businesses who are very "profitable" be "cashflow" disasters.

Do you know your numbers?

Do you have regular up to date information so that you can make informed decisions or can you automate some of your accounting & key reporting so that you can?

Did you know you can create a personalised report dashboard. What suits you?

Information that not only tells you how much cash you need for upcoming commitments but also which products or services make the most money (rarely these are your highest priced item!) **growth is.**



ONE PHONE CALL

If you are only seeing your accountant at tax time, 1 time per year, its simply not enough in today's competitive environment

Give us a call
& find out why.

08 9344 7799

Growing too fast

Exponential growth is awesome! Until it's not.

Achieving growth targets is very different to planning to achieve growth targets. We have seen businesses that were planning for growth or caught off guard by their organic growth who simply were not prepared.

Often it leads to delays in delivery, missing expectations & disastrous customer feedback. Ultimately business reputation suffers as does the new growth.

Very few businesses do not need some extra cash to meet their new growth targets. Often expenses are incurred before the cash is received from the new growth.

Have you made a plan for your business (outside your head) which includes your growth targets, which has been translated into ONE single number for the maximum cash you will need to find to fund your growth targets?

Finding the cash in advance is a much easier problem to have when you know exactly how much you will need.

THE KEY TO GROWTH SUCCESS

Work with someone
to create a plan,
translate it into numbers
& monitor it regularly.

We can work with you
to grow.





DISASTER

4

Are YOU the problem?

Business owners wear many hats & some of those hats are better worn by someone else!

We see businesses stagnate because the business owner is the “only one that can do it” or “no-one else can do it as good as me”. This combined with only having 24hours in a day can be a massive limitation.

The aim: do yourself out of a job!

Creating processes & systems so that other people can be as good as you is paramount to success. Your business needs to be able to run without you so you can work ON the business not IN the business.

Automate or outsource absolutely everything that is not your area of expertise. Some examples include: bookkeeping, payroll, government compliance, marketing, legal, HR and business support.



FAMILY LIFE – FIGHTS TO AVOID

Your life partner or family member is not the best person to do the bookkeeping or manage the cash.

They are often better supporting you in other ways, like dreaming up ways to grow the business.

Which product or service?

Often, we see that businesses evolve to where one certain product, product group or service generates the majority of the sales. It is often not this product that makes the most money for the business and focussing time, energy & attention here at the expense of other products/services can lead to disaster.

Each product/service should be able to provide positive cashflow, even if it is the smallest of contributors and your focus should be on the ones that give you the greatest income over the expenses required to make/provide it.

Determining the cost of a product/service is difficult. There are some costs which you will incur regardless of the quantity you sell eg. rent, communications, website, these are your fixed costs. There are also costs that fluctuate as your sales change eg wages, freight & stock .

TIP

Focussing your energy onto the products/service that give you the greatest return is easy with guidance





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6

ATO – are not your bank

Businesses often think the goods & services tax (GST) portion of a sale is theirs to spend until the Australian taxation office's (ATO) ominous due date comes around.

That cash is NOT yours and if you don't pay it by the deadline you will receive late penalties and interest.

Watching your bank account build only to see it deflate when GST is due can be disheartening & can give you a false sense that your business is doing well, when in fact you have just been collecting for the tax office.

We suggest you have a separate account for BAD times.

MORE TIME

You do get extra time to lodge & pay if you use us to lodge.

DISASTER

7

Discounting – the main reason businesses fail

All too often we hear business owners say but “if I lower my prices then I will sell more” or another version “if I lower my prices that will attract customers to buy my other products/services.”

NOOOOOOOOOOOOOOOOO! This is the ultimate reason many business fail!

Offering any product/service for a price cheaper than it costs (assuming you have had someone cost it accurately for you), simply means you are losing money & the more you sell the more money you lose.

It is true that it may encourage customers to buy other products from you. However, unless those add on products/services are priced high enough to cover the amount you lost on the discounted product/service, your cashflow goes backwards.

PLAN TO SUCCEED

This strategy should be part of your overall plan to know the cashflow impact.

Talk to us about your plan



Simple! Smart! Different!

We know numbers are not everyone's love so we make them **Simple!**
we help you to make a plan and be **Smart!** about growing your business
we know that sharing our knowledge makes you **Different!**