

Improving Cash Flow - Checklist

Compiled by Brian Flanagan CMC FIMCA. Director, PlanWare.Org

Possible Measures	Assess Benefits <i>Tick box</i>	Do Now <i>Tick box</i>
1. Sales Related:		
Increase sales (particularly those involving cash payments).	<input type="checkbox"/>	<input type="checkbox"/>
Increase prices especially to slow payers.	<input type="checkbox"/>	<input type="checkbox"/>
Review the payment performances of customers with sales force.	<input type="checkbox"/>	<input type="checkbox"/>
Become more selective when granting credit.	<input type="checkbox"/>	<input type="checkbox"/>
Seek deposits or multiple stage payments.	<input type="checkbox"/>	<input type="checkbox"/>
Reduce the amount/time of credit given to customers.	<input type="checkbox"/>	<input type="checkbox"/>
2. Costs & Systems:		
Reduce direct and indirect costs and overhead expenses.	<input type="checkbox"/>	<input type="checkbox"/>
Use the 80/20 rule to manage inventories, receivables and payables.	<input type="checkbox"/>	<input type="checkbox"/>
Improve systems for billing and collection.	<input type="checkbox"/>	<input type="checkbox"/>
3. Credit Management:		
Bill as soon as work has been done or order fulfilled.	<input type="checkbox"/>	<input type="checkbox"/>
Generate regular reports on receivable ratios and aging.	<input type="checkbox"/>	<input type="checkbox"/>
Establish and adhere to sound credit practices - train staff.	<input type="checkbox"/>	<input type="checkbox"/>
Use more pro-active collection techniques.	<input type="checkbox"/>	<input type="checkbox"/>
Add late payment charges or fees where possible.	<input type="checkbox"/>	<input type="checkbox"/>
4. Purchasing:		

Improve systems for paying suppliers.	<input type="checkbox"/>	<input type="checkbox"/>
Increase the credit taken from suppliers.	<input type="checkbox"/>	<input type="checkbox"/>
Negotiate extended credit from suppliers.	<input type="checkbox"/>	<input type="checkbox"/>
Use barter to acquire goods and services.	<input type="checkbox"/>	<input type="checkbox"/>
Make prompt payments only when worthwhile discounts apply.	<input type="checkbox"/>	<input type="checkbox"/>
5. Inventory:		
Reduce inventory (stock) levels and improve control over WIP.	<input type="checkbox"/>	<input type="checkbox"/>
Sell off or return obsolete/excess inventory.	<input type="checkbox"/>	<input type="checkbox"/>
6. Investment:		
Defer or re-stage all capital expenditure.	<input type="checkbox"/>	<input type="checkbox"/>
Sell off surplus assets or make them productive.	<input type="checkbox"/>	<input type="checkbox"/>
Enter into sale and lease-back arrangements for productive assets.	<input type="checkbox"/>	<input type="checkbox"/>
Use leasing etc. to gain access to the use of productive assets.	<input type="checkbox"/>	<input type="checkbox"/>
Defer projects which cannot achieve acceptable cash paybacks.	<input type="checkbox"/>	<input type="checkbox"/>
7. Financing:		
Use factoring or discounting to accelerate receipts from sales.	<input type="checkbox"/>	<input type="checkbox"/>
Re-negotiate bank facilities to reduce charges.	<input type="checkbox"/>	<input type="checkbox"/>
Seek to extend debt repayment periods.	<input type="checkbox"/>	<input type="checkbox"/>
Net off or consolidate bank balances.	<input type="checkbox"/>	<input type="checkbox"/>
Defer dividend payments.	<input type="checkbox"/>	<input type="checkbox"/>
Raise additional equity.	<input type="checkbox"/>	<input type="checkbox"/>
Convert debt into equity.	<input type="checkbox"/>	<input type="checkbox"/>
Make medium- and short-term cashflow forecasts - update regularly.	<input type="checkbox"/>	<input type="checkbox"/>

This checklist is based on a dynamic list built into PlanWare's cashflow planning tools. [Cashflow Plan](#) comprises a range of Excel-based templates for generating fully-integrated 12-month projections (cashflows, P&Ls, balance sheets and ratios). They incorporate a roll-forward facility for speedy updating and are suitable for businesses of all sizes and types. For

further guidance on cashflow planning, see PlanWare's white papers on [Making Cash Flow Forecasts](#) and [Managing Working Capital](#).

For multi-year, the [Exl-Plan](#) range generates integrated, proforma projections by month, quarter and year for 3-5-7 years ahead.

Brian Flanagan is a director of Invest-Tech Limited. Its main trading arm is PlanWare.Org which specialises in business planning matters. [PlanWare](#) offers an extensive range of tools for preparing business plans, making financial projections, cashflow forecasting and strategic planning along with extensive white papers and other free resources. It has customers in over a [hundred countries](#).

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