

#MONEYMAKINGMOGUL



SHOW ME THE MONEY

STRATEGIES FOR MANAGING
CASH FLOW

Cash Flow Management

Cash flow management is your ability to know and estimate;

- ▶ what cash is coming in,
- ▶ how much is going out,
- ▶ when is it coming in or going out and
- ▶ what you have at hand.

It also covers your ability to adjust this to support your business performance.

Keep the money flowing

Here's a breakdown of how to keep your money flowing by carefully managing your cash flow.

Start by [determining your cash flow position](#). How much cash do you have and how much should you be having?

Next is [accounts receivable management](#) basically who is owing you money? Then there's also [accounts payable management](#); who do you owe? Tough question, we know.

Also necessary is [inventory management](#). How much stock do you have? Is that optimal for your business? This all leads to cash flow management; how exactly are you managing your money?

1. Determine your cash flow baseline/position

The first step to making a grand journey is knowing where you are so that you can chart a way to your destination. Cash flow management is no different.

Determine your available cash flow position/cash inflows versus the cash outflows. Your net cash flow position is your baseline. For start-ups, you'll need to estimate and project your inflows and outflows.

You have a positive cash flow if cash inflows are higher than cash outflows. A negative cash flow is when cash outflows are higher than cash inflows. On the next page are examples of cash inflows and outflows.

Cash Flow Management

Cash inflows

Cash sales

Receipts from trade customers

Sale of spare assets

Investment of share capital

Personal funds invested

Receipt of bank loan

Government grants

Receipts from factoring

Cash outflows

Payment of wages & salaries

Payment of suppliers (e.g. raw materials, stocks)

Buying equipment
interest on bank loan or overdraft

Payment of dividends

Repayments of loans

Payment of leasing or hire purchase rentals

Income tax, VAT & corporation tax

2. Accounts receivable management

Accounts receivable is cash that you expect to receive from your business operations. You should make an effort to have your payments paid as quickly as possible.

- ▶ Invoice promptly. Let the customer know you need your money now.
- ▶ Clearly state payment dates. If your customer doesn't know when they should pay, they will pay when they want to.
- ▶ Send overdue notices. What is due to you, is due to you. Remind your customer that they are under an obligation to pay by a certain time.
- ▶ Request for up-front deposits for services/products rendered where possible
Offer discounts for early payments

3. Accounts payable management

Accounts payable are the payments that you need to pay out to suppliers or other vendors who offer you services or products.

- ▶ Choose the bills you pay carefully- pay crucial suppliers and payroll first.
- ▶ Use your credit terms to the fullest. Keep cash flowing in your business for as long as you can.
- ▶ Seek extended credit terms.
- ▶ Renegotiate your own terms with change in economic conditions and change in your bargaining power –this can help you free up cash.

Bringing it all together

Cash flow analysis should be second nature for start-ups. Always keep track of cash and use tools to continuously make assessments of your cash positions.

On the next page, you'll find a monthly cash flow analysis statement that you can use for your business. Here are some of the terms broken down so you use the statement perfectly.

- ★ Cash Received is cash expected from customers.
- ★ Cash is disbursed to suppliers of goods including labour and some of it is invested.
- ★ Cash position at the end of period is liquid cash.

MONTHLY CASH FLOW ANALYSIS

CASH FLOW STATEMENT	MONTH		
	Estimate	Actual	Variance
Cash Received			
Beginning Cash Balance			
Cash Sales			
Collections			
Cash inflows from investing activities			
Interest from fixed deposits			
Loans			
Total Cash Available			
Cash Disbursed			
Salaries & Wages			
Insurance			
Office Supplies			
Utilities			
Repairs & Maintenance			
Commissions			
Travel & Entertainment			
Advertising			
Total Disbursements			
Cash Position			
Loan payment with interest			
Capital purchases			
Owner's withdrawals			
Total Cash Paid Out			
End of Month Balance			

Cash is King

Here are your takeaways from this guide.



Know your cash flow position.



Get paid as quickly as possible.



Use your payment terms to the fullest.



Let go of excess inventory.



Always keep track of your cash.

CASH FLOW IS



KING

Standard Chartered



Through Financial Education, Standard Chartered aims to build financial capability among vulnerable groups such as youth, women and small businesses with limited knowledge and access to financial services to demonstrate our brand promise, Here for good.

As part of Corporate Social Responsibility, we have two programs; Financial Education for Youth (FE4Y) which is a set of programmes aimed at building financial capability of the world's youth and Education for Entrepreneurs (E4E) aimed at building financial capability of small businesses with a focus on women led enterprises, which is why we are connecting with #MotherlandMoguls.

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