
A Secret Behind A Flourished Business: Positive Cash Flow

Flourish your business cash flow with a few effective tips 2020

It is a very well saying, 'You have to invest money to make money'. But, when your incoming cash flows are less than your outflows, you know where is your business going? Certainly, you are in loss and your business may fold up in the next few months. When cash is the king, so why not focus on improving and managing your cash flows? So, find the balance between inflows and outflows of money in your business so that you can build a successful organization. Here are a few effective ways to boost the business ' cash flow:

1. Use a software tool to stay on track

Every month tracking your available cash and anticipating inflow and outflow of money is quite necessary to manage your cash flows. However, it quite time consuming and a headache work for them who keep busy in their business processes. So, the easiest and simplest way for you to keep track of your business cash flow is to use an accounting and invoicing software. Being aware of cash flow issues is one of the first steps in improving cash flow.

2. Improve customer dealing

The more effective your customer dealing is, the more your cash flows go up. Customer dealing can be improved by multiple practices such as; offering quick invoices, sending invoice reminders, providing easy payment options and payment incentives, handling customer disputes and clearing outstanding payments.

3. Use technology to your advantage

Whatever type of business you're doing, whether you're are running an online website or having a physical store, you must use advanced technology as much as you can in your business. It doesn't make only your business operations easy but also allure customers toward your business. For example, you may use cloud technology to keep your cash flow spreadsheets or install SSL Certificate/Certificates on your website to give optimum security to your consumer's data. SSL is one of the best practices of security for an online business that should be placed on a priority basis.

4. Make an effective marketing strategy

Boost your new source of income to increase a positive cash flow. You can follow some marketing activities to improve your cash flows such as; including new services and products, encouraging your clients to buy more, staying in touch with loyal customers, investing in online marketing, providing 24 hours customer care service and offering discounts and coupons.

5. Experiment with your prices

One more way to boost the cash flow is price rising. Most business owners are reluctant to change rates and raise them more precisely. There is no guarantee that price rises will negatively affect sales, but they can lead to an increase in cash inflow. So, you can experiment with your prices as it will help in determining how much consumers flexible with your prices can.

6. Extend payables as long as possible

Get the best deal you can on payables as opposed to receivables. If possible, extend your payables to net-70 or net-90. Although it can boost you boost your cash flow, also boost your debt. However, several suppliers charge late fees. Therefore to avoid being penalized, make sure you pay on time. For this reasons you must have some cash reserve on hand. You may destroy your relationship with your suppliers or potentially lose the best supplier when you owe suppliers and suddenly run out of money. It can also delay your next order, as a result, the entire operation will disrupt.

7. Liquidate Old Assets

Do you have any equipment or an inventory that is no longer use or obsolete? Take it for sale to produce fast cash. Idle, outdated, unworkable machinery takes up space and binds the funds that could be used more effectively somewhere else. Moreover, look at your shelves, if your old stuff has not left their space for a long time, it is time to sell them in discount rate to make a profit and purchase new articles.

8. Review and Reduce Expenses

Another way to improve cash flow is to reduce the expenditures. Check your expenditures and then reduce those that do not affect your inflows. For instance, by going from a weekly to a biweekly payroll schedule, you can cut overhead costs. It helps to decrease processing costs without hurting the bottom line.

9. Open a Business Savings Account

Opening a business saving account can give you a chance to earn money through interest. This is a simple way of generating a little additional cash and is an effective way of ensuring that your business always has a cash flow cushion.

Conclusion

If your cash flow is in order, your revenue will be in order. There is no single way to boost the cash flow of a business, and even small firms use multiple practices that improve their performance. All the above mentioned practices can help you in increasing your cash flow and grow your commerce sustainably. Moreover, analyze your operating cost, marketing efforts, and payments patiently to find out how you can make more revenue while reducing costs.

1. <https://www.dailypioneer.com/2019/columnists/when-cash-is-the-king.html>