

How's Your Cash Flow?

Is your business growing and profitable but your cash flow is slow and miserable? What ideas can help increase cash flow? Have you ever analyzed your current business financials to study your cash flow performance? Let's examine the following issues.

Balance Sheet Account Management

What balance sheet items continue to grow that absorb your cash flow? Look at growth in inventory, accounts receivable, new equipment purchases. When these assets increase, cash is utilized. If you can control these increases, your cash will stay in the bank.

Manage Debt

Too much debt is bad, however too little debt can starve the business to effectively make good financial decisions. Businesses should negotiate reasonable due dates with vendors and use bank financing to help cash flow in growth stages.

Are Profits High Enough?

Over the long term, businesses can grow, expand, and maintain good cash flow when profitability is managed. A study of cash flow should include the review of gross margins. Increased price levels should always be considered in building a solid business. A study needs to include understanding the total costs of selling your product and supporting customers.

A CPA is a great source of resources and ideas to help you study your cash flow issues. We understand how businesses grow and thrive. Sometimes a third party review of your financials can highlight issues that are easily missed. Contact us today

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not constitute tax and accounting advice as your individual financial and tax situations may be different. PLEASE SEEK professional advice from your own professional team of lawyers and CPAs, or contact us to obtain proper advice on using this general information.

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