Trusted Advisor Network



More Income | More Freedom | More Scale



Inventory Analysis/Cash Flow Trifecta

These three measures can be handled together as they'll all have an effect on cash flow. They also use the 80/20 rule to guide where to start or focus your efforts.

Inventory:	Debtors:	Terms:									
1. Do a stocktake of what you have on hand	1. Run a report on who owes what	1. Have a look at who you extend credit to									
2. Usually 80% of the value of your total stock will be in 20% of your stock items on your stock list	 Usually 80% of your overdue accounts will come from 20% of the names on the list (the usual suspects) 	2. Usually there are many accounts that could be cash or 7 day terms because of size or frequency of purchase									
3. These items are the ones to target for reducing or conversion into cash	3. These guys are the ones to target	3. Who are the customers that will be 80% ok with your change in credit policy.									
What are the top 3 things you can do to convert your inventory into cash (or reduce)?	What are the top 3 things you can do to improve the usual suspects?	What are the top 3 credit policy changes that would get you paid faster?									
e.g. switch it with supplier for a faster mover	e.g. review meeting to clarify relationship	e.g. get a deposit or a higher % deposit etc									
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Takeaways

Take a moment to reflect on what we've worked on today and how you will get greater success in your business over the upcoming 12 months and for the upcoming 3 months...

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