

Financials **6**
Optimise Profit

CASHFLOW TRIFECTA

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:

1. Do a stocktake of what you have on hand
2. Usually 80% of the value of your total stock will be in 20% of your stock items on your stock list
3. These items are the ones to target for reducing or conversion into cash

What are the top 3 things you can do to convert your inventory into cash (or reduce)?

e.g. switch it with supplier for a faster mover

Top 3...

Debtors:

1. Run a report on who owes what
2. Usually 80% of your overdue accounts will come from 20% of the names on the list (the usual suspects)
3. These guys are the ones to target

What are the top 3 things you can do to improve the usual suspects?

e.g. review meeting to clarify relationship

Top 3...

Terms:

1. Have a look at who you extend credit to
2. Usually there are many accounts that could be cash or 7 day terms because of size or frequency of purchase
3. Who are the customers that will be 80% ok with your change in credit policy.

What are the top 3 credit policy changes that would get you paid faster?

e.g. get a deposit or a higher % deposit etc

Top 3...

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...

What are your top take outs from today?

How will this improve your business financially?

What 2-3 tasks are the 1st steps to get the results you want?

What Value have you had from the time we've spent together today?