



Top 35 Ways to Improve Cash Flow

Sales Related:

1. Increase sales (particularly those involving cash payments).
2. Increase prices especially to slow payers.
3. Review the payment performances of customers with sales force.
4. Become more selective when granting credit.
5. Seek deposits or multiple stage payments.
6. Reduce the amount/time of credit given to customers.

Costs & Systems:

7. Reduce direct and indirect costs and overhead expenses.
8. Use the 80/20 rule to manage inventories, receivables and payables.
9. Improve systems for billing and collection.

Credit Management:

10. Invoice as soon as work has been done or order fulfilled.
11. Generate regular reports on receivable ratios and aging.
12. Establish and adhere to sound credit practices - train staff.
13. Use more pro-active collection techniques.
14. Add late payment charges or fees where possible.

Purchasing:

15. Improve systems for paying suppliers.
16. Increase the credit taken from suppliers.
17. Negotiate extended credit from suppliers.
18. Use barter to acquire goods and services.
19. Make prompt payments only when worthwhile discounts apply.

Inventory:

20. Reduce inventory (stock) levels.
21. Improve control over WIP (work in progress).
22. Sell off or return obsolete/excess inventory.

Investment:

23. Defer or re-stage all capital expenditure.
24. Sell off surplus assets or make them productive.
25. Enter into sale and lease-back arrangements for productive assets.
26. Use leasing etc. to gain access to the use of productive assets.
27. Defer projects which cannot achieve acceptable cash paybacks.



Financing:

28. Use factoring or discounting to accelerate receipts from sales.
29. Re-negotiate bank facilities to reduce charges.
30. Seek to extend debt repayment periods.
31. Net off or consolidate bank balances.
32. Defer dividend payments.
33. Raise additional equity.
34. Convert debt into equity.
35. Make medium- and short-term cash-flow forecasts - update regularly.