

Title:

Improve Your Company's Cash Flow

Word Count:

565

Summary:

One of the challenges of running a small business is dealing with the feast-or-famine nature. That's not just about the flow of business, but also the flow of cash. Sometimes things get tight; here's how you can improve your business's cash flow

Keywords:

Small Business Ideas, Small Business Startup, Small Business

Article Body:

<p>One of the challenges of running a <a href="http://www.microsoft.com/india/smallbusiness/">small business</a> is dealing with the feast-or-famine nature. That's not just about the flow of business, but also the flow of cash. Sometimes things get tight; here's how you can improve your business's cash flow </p>

<b>Bill Promptly </b>

<p>Ever find yourself so busy building your business that you don't get around to billing regularly? You're not alone. This is a common - but potentially crippling - problem. </p>

<p>If you don't already have a system in place, start billing for projects on a regular basis. When taking on longer-term projects or clients, negotiate in advance for regular payments instead of allowing the amount to build up. </p>

<b>Create Incentives for Faster Payment </b>

<p><a href="http://www.microsoft.com/india/smallbusiness/">Small businesses</a> can sometimes cut the time spent waiting for payment by offering a discount for quick payment. I've received bills from<a href="http://www.microsoft.com/india/smallbusiness/"> businesses</a> offering discounts of 1% or 2% for payment within 10 days. If I was going to pay the bill within 30 days anyway, I'm likely to pay up right away to get that extra discount. Good for my bottom line; good for the business's cash flow. </p>

<b>Avoid Slow Pay and No Pay Customers From the Start </b>

<p>The best way to avoid cash-flow problems because of people not paying is to weed them out before they start owing you money. So if someone is about to become a significant customer, do your homework. Check out credit references.

Call other businesses that have had a relationship with the client. </p>

<b>Use Barter Instead of Cash </b>

<p>You could reduce the strain on your immediate cash if you need something from someone and can offer goods or services of your own in return. </p>

<b>Trim Your Inventory </b>

<p>OK, so you can't go to a "just-in-time" inventory management system like many larger manufacturers. How about "just-in-less-time"? Money spent on inventory is money tha's not producing any interest or savings for you. </p>

<p>Sometimes reducing inventory can be pretty simple. I've seen restaurateurs cut back on the size of their wine cellars, focusing on quality wines from a few regions instead of trying to be all things to all diners. If the customer still has good choices, it might not matter that he has fewer than before. </p>

<b>Consider Consolidating Your Loans </b>

<p>It's often tough for small businesses to borrow money. But I'm surprised at the number of ways entrepreneurs do manage to borrow. One <a href="http://www.microsoft.com/india/smallbusiness/product\_overview.msp">small business</a> owner I know has only one employee, but has four different loans related to his business: an equipment loan, a car loan, a business line of credit and a business credit card. </p>

<p>If you also have several loans, review the rates and terms on each one. You may be able to consolidate two or more loans into a lower-interest account and improve cash flow. I'm generally not a fan of stretching out repayments, but if you're thinking of talking to a lender about consolidating existing loans into a new one, you might look at taking on a longer-term loan in exchange for lower payments. </p>