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HAMILTON BRADSHAW
Investing in people with passion

How can I make sure my cash doesn't run short?

**Ask
James**



James Caan

Dear James

I have recently started my own clothing boutique. What steps can I take to ensure I don't find myself short of cash?

Helen

Cash really is king, no matter what the size of your business. The success or failure of a company always comes back to one thing – the amount of cash or liquidity in the business.

Every year, far too many firms get into trouble because they run out of money and can't pay the bills. Managing cashflow can be difficult. But if you are disciplined and plan ahead, you can avoid any pitfalls.

Make sure you know exactly when and where money is going out of the business. Keep in mind particular dates where you feel you might be low. The importance of knowing your financials inside out can never be underestimated.

Give yourself enough breathing space when it comes to being paid by customers and paying your suppliers. If you are not being paid on time, don't be afraid to chase up the customer. As chairman of more than 30 companies I spend a lot of time debating cashflow with my senior managers and I always tell them it is unacceptable to have too many entries in the 90 day column.

Payment terms should be set out clearly when negotiating deals with customers, but there may be times

when you have to tighten these. However, I advise you give plenty of notice when doing this as you don't want to damage relationships.

Finally, look within the business for ways to conserve cash or cut costs.

■ *For the full article and news of James Caan's free app go to www.standard.co.uk/askjames. His book, *Start Your Business in 7 Days*, is out now.*