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HAMILTON BRADSHAW
Investing in people with passion

The cash is coming in but how can I make myself feel more secure?

Ask James



James Caan

Dear James

I FEEL as if I am walking on a tightrope from month to month. I get a decent amount of revenue from some fairly well-known clients but once things like loans, staff wages and overheads are taken into account, it doesn't look anywhere near as good. What can I do?

Natasha

This is a common concern for many small businesses. Having enough cash in the bank to pay your costs comfortably is every bit as important as winning new clients. The liquidity of your business often comes down to how often you are getting paid. Does your revenue arrive immediately or do you have to wait a certain amount of time? If it is the latter, I wouldn't even count this as revenue until you actually have the cash. Remember, you can't pay your staff and bills with an invoice.

When you are going out to win new business, be upfront about payment terms. There is no reason why you shouldn't be getting paid within 30 days by most of your clients.

See if you can renegotiate terms with your current clients. If you have built up a good relationship, they will be understanding of your situation. You want to create an incentive for

early payment so offer a small discount for clients that agree terms before the order is secured – although you will need to be careful with how much you offer.

Planning ahead is critical. You should be disciplined and know exactly what will be going in and out of the business and when. Of course, you may get unforeseen circumstances occasionally but generally speaking, if you are disciplined and stick to the process, you can avoid any challenges.

Regularly analyse the operations of

your business and see if there are ways you can conserve cash.

Are there any areas where you can cut costs without compromising on quality?

Look at the sales journey and see how much it costs you to sell one unit – there may be more efficient ways which you have not yet thought of.

■ *For more tips and advice, download James Caan's free Business Secrets app.*