Combating Chronic Cash Flow Crises Part 1

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Cash Flow Cheat Sheet

Cash flow is not as scary or as complicated as you have been led to believe. In fact, there is a really simple and pain-free way to get on top of cash flow and boost it quickly, predictably, and reliably.

**Key Point #1**
Profit is unhelpful because it includes the amount Penny & Ernest are expected to run in the future. Cash flow is much more meaningful because it’s simply the difference between what Penny & Ernest have actually run in the period.

**Key Point #2**
Cash flow is a certainty–It tells you exactly how much $ came in and went out (or is trapped). It’s exactly like finding an underground well, measuring how much water is in it, & bringing it up to the surface to irrigate your crops.

**Key Point #3**
Goal is to maximize profit & cash flow by focusing on the 4-5 key areas where cash is likely to get trapped each month. Certain industries tend to have specific cash flow vulnerabilities.

**Key Point #4**
Funding is tough to get–mastering cash flow is important because you are more likely to be able to raise capital & negotiate a good rate, if you can prove that you managed your own money wisely.

**Key Point #5**
If you are not carefully monitoring & managing Money In and Money Out, your business is likely to look more like a shower than a bathtub. Remember to put the plug in the tub to stop the leakage.

**Key Point #6**
Your time is best spent implementing strategies and systems to fix the problems and prevent them from recurring. Which 1-2 actions must you take today?

**Key Point #7**
Businest® does the heavy lifting for you by automatically calculating cash flow & presenting expert tips (the roadmap), thus freeing you up to focus 100% of your time taking action & implementing strategies.
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Cash Flow Movements MIMO®:
• When profit increases -> Money In
• When assets decrease -> Money In
• When assets increase -> Money Out
• When liabilities increase -> Money In
• When liabilities decrease -> Money Out
• When equity increases -> Money In

Little Known Secrets:
• 80/20 Rule: Cash flow gets trapped in key areas (focus here to maximize your impact)
  – Customer debt & supplier payments
  – Dead or excess stock
  – Non-income producing assets
• Stop wasting time forecasting cash position (it’s unreliable and uncertain)
• Spend 10% of your time quantifying where cash is trapped, 90% unlocking it
• Focus on strategies & systems to protect cash flow rather than just fixing isolated problems
• Chronic cash flow issues can only be cured if you also fix the stinking thinking that caused it in the first place
• You don’t need to learn accounting to master boosting your cash flow

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