

Combating Chronic Cash Flow Crises Part 1

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Combating Your Chronic Cash Flow Crises Part 1

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

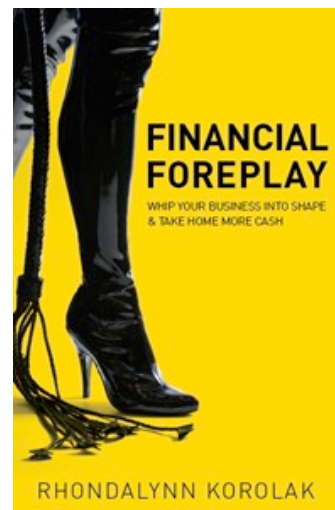
Little Known Secrets:

- 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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