

# The *Art* of Cash Flow Management

Learn the tools you need to  
manage cash flow in your  
business!

JIL & ASSOCIATES, INC





# TERMINOLOGY

## CASH FLOW BASICS

Cash flow is the movement of money in and out of a business over a specific period. It is a crucial aspect of financial management, as it reflects the net change in liquid assets.

*Cash inflow* - Cash coming into the business

*Cash outflow* - Cash going out of the business

*Positive cashflow* - Inflow of funds exceeds outflow

*Negative cashflow* - Outflow of funds exceeds inflow





# *Positive Cash Flow*


## & WHY YOU WANT IT

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Positive cash flow provides a surplus allowing a foundation for growth, investment opportunities, and financial stability. Negative cash flow on the other hand can lead to financial challenges, debt accumulation, and potential business disruptions. Monitoring and understanding cash flow patterns are essential for making informed financial decisions and ensuring long-term sustainability.

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# MEASURING CASH FLOW WITH Statement of Cash Flows

The statement of cash flows is broken down into three components:

***Operating Activities*** - Cash flow stemming from operating activities (i.e., sales and expenses)

***Investing Activities*** - Cash flow stemming from purchasing or selling assets (i.e., selling the company car)

***Financing Activities*** - Cash flow stemming from debt or equity activities (i.e., taking a loan or paying yourself as a draw)

# *Using the Statement of Cash Flows*

STAY UPDATED



The Statement of Cash Flows allows you to assess your business's ability to generate cash, identify potential cash flow issues, understand how cash is being used, and make informed decisions about your business's financial health and performance.

**PULL YOUR STATEMENT OF CASH FLOWS AND ASK YOURSELF THESE QUESTIONS:**

Is my operating cash flow positive?

Is my operating cash flow greater than profits?





# Assess and Manage Cash Flow

*What were your answers?*

**Is my operating cash flow positive?**

No? Eliminate erroneous expenses

**Is my operating cash flow greater than profits?**

No? You need to work on shorten your accounts receivables window, work with vendors to lengthen your payables window, or consider ordering less inventory

ADDITIONAL TIPS FOR

# *Managing* CASH FLOW

*Influence an inflow of operating cash:*

- ✔ Set up automatic reminders for unpaid invoices

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- ✔ Review A/R Aging Report often to find trends of late paying customers and strategize to improve receivables times.

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- ✔ Implement a late payment fee policy

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- ✔ Offer a minimal discount for customers that pay early or upfront.

*Remedy the hemorrhaging of outgoing cash*



Review your spending habits and eliminate expenses that are not necessary to run your business nor contribute to customer satisfaction. Shop around for better prices!

*You got this!*



# Need *help* with your finances?

Our team is ready to serve you!



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[Click here to schedule a FREE 30 minute consultation](#)

## *Let's connect!*