# CASH FLOW IMPROVEMENT ACTION PLAN

## **IMPROVEMENT IDEAS**

Here are **three improvement ideas** for **Cash Flow**.

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| **CASH FLOW IMPROVEMENT IDEAS**  |
| **Make a better debtor focus list** | Do this by looking through your outstanding invoices and ranking those which are overdue, and by how much they are delayed. If you use accounting software or an app, its likely to offer this functionality. But you can also use the Debtor Days tab in the Cash Flow tool. Highlight your top 10 to chase. These might be the biggest or most overdue but there might be other factors like client relationships or sector to consider. Spend 10 minutes each morning following up on them. If this isn’t a task that you enjoy, then it can be best to do first thing!  |
| **Make a creditor and/or stock list** | Do this as per idea 1 above, by highlighting any creditors you are paying early or ahead of your payment terms. Sometimes this might be helping to build better relationships with your suppliers but sometimes they may not even notice, and you could be making your own cash cycle longer than necessary. You can also look at the impact of any types of stock which are taking a long time to “turn”. These could also be unnecessarily stretching your cash cycle. |
| **Make a renegotiation target list** | Sometimes we don’t like to ask for different payment terms but, if we don’t ask, we certainly won’t get. Identify two or three target areas to test out the following options. You might be surprised at how willing some customers and suppliers are to work differently. Open up discussions and keep a record of which tests seem worth pursuing more.  |

**Actions based on the renegotiation list**

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| **Target list** | **Actions to take**  |
| **Debtors - deposits** | Getting even a small percentage of the money up front can be a tremendous help to your cash flow. |
| **Debtors – reduce terms** | Some customers will find the payment terms you offer them vital, but others may well be willing to pay sooner. You could also try this out with new customers, who won’t see this as a reduction. |
| **Debtors – pay up front** | Some buyers will be happy with this if you ask, and some may be willing to do this in exchange for a small discount. Also, consider whether you can encourage customers to buy from you online. Psychologically, we are much more used to paying up front when we buy online, and this small shift can be extremely helpful. |
| **Creditors – extend terms** | If you have good relationships with suppliers, or you have been a reliable customer, or you can discuss opportunities for growth with them then they might be willing to extend your payment terms – but only if you are proactive. |
| **Large expenditure** | What big purchases might you have coming up and where could you try to negotiate a better payment plan to spread the cash cost.  |

**CREATING AN IMPROVEMENT ACTION PLAN**

## You can decide which priorities you want to capture with an *improvement action plan* that will ensure that you:

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| **Self-Reflect** | take time to reflect and think about your analysis, what has happened before, what actions have brought about success or partial success and what actions have not helped  |
| **Clarify** | clarify your main objectives and identify what change is required |
| **Identify** | identify your progress and measures of success that contribute towards your main objectives |

These priorities could be one action against each of the *Improvement* suggestions above or multiple actions against one or two suggestions. If the topic so far has sparked some different ideas of your own, feel free to include these actions as well or instead of the ones we have suggested.

**INSTRUCTIONS**

Use this documentto build an **Improvement Action Plan** comprising **your top 3 priorities** for **Cash Flow**.

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| **Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_** | **Priority Action 1:**  |
| **Which of the Improvement Suggestions are you going to explore? (Or other ideas.)** |  |
| **What are you going to do on it…**  |  |
| **today?** |  |
| **tomorrow?** |  |
| **later this week?** |  |
| **next week?** |  |

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| --- | --- |
| **Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_** | **Priority Action 2:** |
| **Which of the Improvement Suggestions are you going to explore? (Or other ideas.)** |  |
| **What are you going to do on it…**  |  |
| **today?** |  |
| **tomorrow?** |  |
| **later this week?** |  |
| **next week?** |  |

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| **Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_** | **Priority Action 3:** |
| **Which of the Improvement Suggestions are you going to explore? (Or other ideas.)** |  |
| **What are you going to do on it…**  |  |
| **today?** |  |
| **tomorrow?** |  |
| **later this week?** |  |
| **next week?** |  |