

Cash Flow Management

Coaching Questions

Do you need to reduce cash outflows?

- Determine what you have to spend versus what you'd like to spend.
 - Can anything be delayed?
 - Can anything be done by internal resources or by yourself (sweat equity)?
 - Can anything be turned into a variable cost rather than an upfront fixed cost?
- There are always ways to save money.
 - Could you wait for specific time periods in the calendar year that there are discounts?
 - Are there ways that you could structure different payment terms?
 - Could there be some performance structure or other way to reduce risk?
 - Are there opportunities to do some bartering?

Are there any ways to get additional cash in quicker?

- Could you take deposits from some of your closed customers?
- Could you change your payment terms or add incentives to pay earlier?
- Could you give a discount for paying monthly fees in a lump sum?
- Think about options or opportunities to create short term cash flow. Are there affiliations or additional products that you could sell earlier than when other parts of your business is going to take off. This becomes even more important with residual income or online business models which can take years to meet your salary expectations.

Is there anything that you need to save cash for?

- Are you planning on buying a large piece of equipment or asset that will ramp up your business?
- Are you planning on hiring a new employee and need to have a few months of cash on hand prior to realizing a return on your investment?
- Are you running a marketing campaign?
- Are there taxes to be paid?

What types of financing options are available?

DEBT

- Debt is a loan where you are required to pay interest on a regular basis. Depending on how risky you or your business is, the interest rate and the amount that is lent to you will vary significantly.
- Traditional banks will require collateral and a good credit rating. Make sure that your business always pays its bills on time and files its taxes in a timely fashion.

EQUITY

- Angel investors, private investors, and venture capitalists are all options with associations and ties to incubators and financial institutions that focus on equity financing.
- They want a piece of the business and this will vary on their involvement, the existing value of the business, and its potential.
- They are more concerned with your existing sales levels, potential sales, and your own personal involvement in the business.

