

The 10 Absolutely Must-Follow Cash Flow Rules

Everyone wants cash on hand at all times. Here are 10 rules to help you get there from *Never Run Out of Cash* author and Inc.com columnist Philip Campbell.

When it comes to properly managing the cash flow of your business, the best way to move from where you are now to where you want to be is to get a clear picture in your mind of the benefits you will enjoy as you take control of your cash flow.

The benefits include:

- Increasing the likelihood that your business never runs out of cash.
- Eliminating the constant worry associated with not knowing what your cash balance is right now or what you expect it to be in the near future.
- Improved relationships with your vendors because they are no longer banging on your door demanding that their past dues invoices be paid immediately.
- The ability to see cash flow problems long before they can happen.

In short, you free yourself to focus your unique talents and abilities on growing your business rather than fighting the constant cash flow fires.

Here are 10 cash flow rules you can implement immediately that will transform the way you manage your business from this point forward. These rules are the keys to creating the kind of financially successful business you deserve.

1. Never Run Out of Cash.

Running out of cash is the definition of failure in business. Make the commitment to do what it takes so it does not happen to you.

2. Cash Is King

It's important to recognize that cash is what keeps your business alive. Manage it with the care and attention it deserves. It's very unforgiving if you don't.

*Remember, Cash Is King, because
No Cash = No Business.*

3. Know the Cash Balance Right Now.

What is your cash balance right now? It's absolutely critical that you know exactly what your cash balance is.

Even the most intelligent and experienced person will fail if they are making business decisions using inaccurate or incomplete cash balances. That's the reason why business failures are not limited to amateurs or people new to the business world.

4. Do Today's Work Today.

The key to keeping an accurate cash balance in your accounting system is to do today's work today. When you do this, you will have the numbers you need - when you need them.

5. Either You Do the Work or Have Someone Else Do It.

Here is a simple rule to follow to make sure you have an accurate cash balance on your books. You do the work or have someone else do it.



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Those are the only two choices you have. The work must be done. It's like mowing the lawn. You can't just ignore it. Someone has to do it. That means either you do it or have someone else do it.

6. Don't Manage From the Bank Balance.

The bank balance and the cash balance are two different animals. Rarely will the two ever be the same. Don't make the mistake of confusing them.

It's futile (and frustrating) to attempt to manage your cash flow using the bank balance. It's a prescription for failure. You reconcile your bank balance. You don't manage from it.

7. Know What You Expect the Cash Balance to be Six Months From Now.

What do you expect your cash balance to be six months from now? This one question will transform the way you manage your business.

This question really gets to the heart of whether you are managing your business or whether your business is managing you.

8. Cash Flow Problems Don't "Just Happen."

You would be shocked and amazed at the number of businesses that fail because the owner did not see a cash flow problem in time to do something about it.

The key is to always be able to answer the question - what do I expect my cash balance to be six months from now?

9. You Absolutely, Positively Must Have Cash Flow Projections.

Cash flow projections are the key to making wise and profitable business decisions. They give you the answer to the all-important question from Rule # 7.

It's impossible to run your business properly without them.

10. Eliminate Your Cash Flow Worries So You Are Free to Do What You Do Best - Take Care of Customers and Make More Money.

This is the real key to your success in business. The reason you have to make sure you have the cash flow of your business under control is so you are free to focus all your time and talents where you can make the most difference in your business.

When you have your cash flow under control, you are free from worry, doubt and concern. You have the cash flow information you need to make sure that everything you do each day in your business is clearly focused on making your business better.

You have the information you need to measure your progress using the amount of cash you generate (and keep) for yourself and your business as your ultimate financial measurement. In subsequent columns, I will delve into the specifics to help you achieve each step.