

## *Financial training For non financial staff*



*The financial training specialists*

### **Being proactive (cashflow)**

I was working with Colfax, a US company, a couple of weeks ago. One of their characteristics is constant business improvement; another is a sharp focus on cashflow.

These two characteristics combine in their daily management meetings. These meetings last ¼ to ½ an hour, and focus proactively on upcoming issues, rather than reacting to things that have happened (or failed to happen).

A key focus is upcoming project milestones, and customer invoices due for payment. These are important cashflow issues, because if we don't hit the milestone and invoice on time, we're unlikely to get paid on time. If we don't chase the customer for payment, we'll probably get paid late.

So the daily management meetings make sure the company will hit the upcoming milestone, and make sure there are no reasons why the invoice shouldn't get paid on time, rather than asking the following week why the milestone was missed, or why the invoice wasn't paid.

The workshop I was on contained some sceptical plant managers. To convince them, the facilitator suggested they talk to some plant managers who have already implemented daily management meetings. He mentioned a couple who had said they didn't have time for a daily meeting like this, but now know the daily meetings are key to running the plant effectively.

We often go to great lengths to make sure problems don't happen (preventing a problem is easier than putting it right) – Colfax simply apply this sensible principle to cashflow as well.