

## *Financial training For non financial staff*



*The financial training specialists*

### **Financial habits - part 3 (Budgeting, Profit)**

Our habit this week is about invoicing promptly.

The less effective manager will do their billing by the end of the month to ensure they hit their billing target for that month - but often much of that billing happens in the last week of the month.

Why is this an issue? Surely they've hit their target, and isn't that what matters?

Most businesses that fail are profitable (so they're hitting their billing targets), and they fail because of cashflow problems. The biggest cause of cashflow problems is slow payment by customers.

The customer can't pay their bill until they receive it. So if we deliver the goods on the 10th, but don't invoice until the 31st, we've delayed payment by 3 weeks.

So the financially effective manager is thinking "What can I invoice today?"

But invoicing promptly is about making sure we have all the information we need in order to be able to invoice promptly. And it might take a few days to gather together the required information and paperwork.

So the financially effective manager is thinking "What can I invoice this week and next week, and what do I need to do **now** to ensure I can bill promptly?"

Most managers have profit targets. If you hit your profit targets you're simply meeting expectations, you're not standing out. If you want to stand out as an effective manager, be aware of cashflow as well. Invoice promptly so that we have a chance of being paid promptly!