

## *Financial training For non financial staff*



*The financial training specialists*

### **Cashflow? What is that? (Cashflow)**

Introductions on training courses are important. I usually ask participants to say who they are, their role, their financial impact on the business, and what they're looking for out of the day.

The question about financial impact is interesting. Participants usually talk about cost management; customer relationship; getting the goods out & invoicing.

All of which impact profit. Profit is the element of finance that most people connect with: making sure our income exceeds our costs.

But people generally understand cashflow less well.

Cashflow is about billing the work as soon as possible. One of my clients says they bill more than half their monthly billing in the last 7 days of the month: half of that on the last day. But if those bills were sent out earlier, the client could pay earlier!

Cashflow is also about following the bill up until it has been paid. Most people forget about the bill once it has been sent out - but it's no good to us until the money's in our bank account!

And cashflow is also about managing stock levels. Stock ties cash up and prevents it being in the bank, so we want stock levels to be high enough to ensure seamless production and to meet customer needs, but not too high.

About 75% of businesses that fail are profitable - they fail because of cashflow problems.

Lots of people contribute to cashflow (for better or for worse): how many of your team ***understand*** it?