

## *Financial training For non financial staff*



*The financial training specialists*

### **Protecting your cashflow (cashflow)**

A couple of weeks ago a client cancelled a course at the last minute.

These things happen, and I completely understand my client's reasons for it, but it left me with two problems.

First, I'd turned down another client for that day, so I'd lost a day's income (I only spend about 50 days a year training, so that's 2% of my income).

Second, it left a large hole in my cashflow: 25% of that month's cash wasn't going to come in.

The client will rebook, the course is postponed rather than cancelled, but the gap in my cashflow is problem.

From an annual sales target it probably isn't a problem – the sale will just be later in the year. I'll still hit my target.

But the cash not coming in is a problem. Cash coming in in December won't pay September's payroll!

I've protected myself by having a cancellation clause in my terms & conditions. If the client cancels within 14 days of the course they pay the full fee anyway. Because they're a regular long term client I've told them that – as a gesture of goodwill – I'll offset the cancellation fee against the invoice when they rebook the course. But in the meantime I've protected my cashflow.

Of course, I can damage my cashflow equally badly by doing some work then taking an age to invoice it, or by letting a project slip!

What are the threats to your cashflow, and how do you protect yourself against them?