

Financial training For non financial staff



The financial training specialists

42% (Cashflow, Profit)

Has your business been going for 5 years?

I read recently that only 42% of businesses make it to their 5th birthday. So if your business is more than 5 years old - congratulations.

But why do so many businesses fall by the wayside?

Some can't get enough sales, and are squeezed out by cheaper or better competitors. Some can't get a good enough price, so aren't profitable. Others simply spend too much, so aren't profitable.

But most businesses that fail are profitable. Cashflow is a big issue: if we can't keep the cash coming in, we can't pay the wages or our suppliers, even though we're profitable. And the biggest barrier to cashflow is usually getting customers to pay on time.

Have a good look at your business's financial report:

1 is the volume of sales coming in?

2 are the sales at a high enough price to be profitable?

3 are costs under control?

4 are customers paying on time?

The chances are you can deduce the answers to questions 1 to 3 from your report, but the answer to question 4 is often harder to find.

So next time you're in a management meeting and finance is on the agenda, listen to the discussion. It will probably focus around whether the sales target has been hit, and where costs have exceeded budget.

Ask "Which customers are overdue?" Follow it up with "And what are we doing to get them to pay?"