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Resilience 2 (Cashflow)

This is the second in my series of three blogs about what makes a business resilient.This is important, as in the aftermath of Covid we're going to need all the resilience we can find.

Last week we looked at profitability as a factor.This week we're looking at cashflow.Profit is about how much money we make; cashflow is when that money hits the bank account.

We experience cashflow in our personal lives.We earn enough to pay all our bills over the year, but we're often short of money at Christmas; or if the car needs an unexpected large repair bill.

Cashflow is about making sure our customers pay us on time.This means means negotiating good payment terms with them, but also making sure we chase our invoices until they get paid.The þÿproblem with this is that we're taught that it's rude to ask people fo

Customers can only pay the bill once they've received it, so cashflow is about billing as promptly as possible.

It's also about being aware of how much cash we have tied up in stock.The goods in the warehouse represent cash that isn't in the bank account.

If we have positive cashflow, we'll have money in the bank, rather than an overdraft.And Covid has certainly taught most of us how important it is to have some savings to tide us over a difficult time.

So how do you impact your company's cashflow?