



CASH FLOW BEST PRACTICE CHECKLIST

CASH FLOW BEST PRACTICE	DO WE DO THIS? Y/N	COMMENT
SUPPLIERS:		
Increase the credit taken from suppliers		
Negotiate extended credit from suppliers		
Make prompt payments only when worthwhile discounts apply		
Maintain good business relations with all suppliers		
Talk to suppliers about mutually beneficial arrangements, e.g. joint promotions and marketing to save on expenditures		
SALES:		
Sell for cash or credit card rather than on terms		
Increase prices, especially to slow payers		
Seek deposits or multiple stage payments		
Review the payment performances of customers using input from sales force and consider not dealing with bad payers		

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COSTS:		
Reduce direct and indirect costs and overhead expenses		
Periodically review what is being paid for service contracts such as office cleaning, phone plan charges, bank services, etc.		
Don't let policies automatically renew – review them first		
ACCOUNT HANDLING:		
Invoice as soon as work has been done or order filled – don't wait until end of the month		
Age accounts receivable monthly		
Be aggressive in collecting debts		
Add late charges and fees when possible		
Tighten customer credit requirements		
Reduce the amount of credit given to customers		
Reduce the repayment time allowed		
Pay bills only on their due date unless there is a discount for early payment		
Spread out payments		
Use credit cards for business purchases (as long as they are paid on time this can be an effective form of credit)		
CASH HANDLING:		
Deposit payments promptly		
Invest excess balances into interest bearing accounts		

CASH FLOW BEST PRACTICE	DO WE DO THIS? Y/N	COMMENT
INVENTORY:		
Benchmark average inventory turnover rate against other businesses in the industry		
Reduce inventory to the most necessary items		
Dispose of slow moving items (sell at cost or bundle and discount, etc.)		
Use supply contracts to get the best price on inventory		
Improve control over work-in-progress		
Assess your ideal inventory level based on historical sales patterns and on projected future sales and safety stock requirements		
Calculate the most economical order quantities for different products/components		
ASSETS:		
Assess lease vs. purchase options		
Defer capital expenditures that won't achieve acceptable cash paybacks in a given period		
Convert debt into equity		
Identify and sell off surplus assets		
FINANCING:		
Consider prudent borrowing		
Raise additional equity funding		
Defer dividend payments		

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TRADING PATTERN:		
Encourage 'out of season' buying		
Vary prices by season		
Encourage non-urgent customers to wait for delivery until a slower time of year		
MANAGEMENT REPORTING:		
Develop medium and short term cash flow forecasts and update them regularly		