

Top tips to drive financial inclusion and better cash management for SMEs

From the basics, to top tips on how you can improve, Ralph Rogge, CEO and founder of Crezco shares everything you need to know about cash flow management for your small business.

Cash is king! Cash is more valuable than profit, revenue, stock or receivables, and remains critical for any businesses. It's an unavoidable necessity to pay for staff and suppliers and provides you with the necessary confidence to invest further in your businesses. Unfortunately, it is also one of the biggest challenges companies face. *A recent survey by Capify* found that a majority (52%) of UK small business owners are worried about their company's cash flow over the next 12 months.

Three columns to cash

There are three key columns affecting cash flow: cash coming in (accounts receivable), cash going out (accounts payable), and access to cash (equity or debt raise). If your business is spending more than it makes, and does not have access to further liquidity, then things are going to dry up quickly.

Seemingly it should be straightforward to avoid cash flow issues. Like trying to lose weight, just assure you burn more calories than you intake: spend less than you make. Nonetheless, it isn't that simple and so many great businesses

with happy customers, especially smaller enterprises, suffer unnecessarily.

Five cash flow management tips

There are easy steps that businesses can take to combat cash flow issues. Here are the five we consider important.

1. **Make getting paid easy:** It is a truth universally acknowledged, that the propensity to be paid is inextricably linked to the convenience of payment. Inconvenient payment methods, such as cash and bank transfers, are subject to human inertia and human error. Few businesses hurry to pay their suppliers, but if you introduce friction to the payment process you will easily lose their attention as they look to address something less painful.
2. **Get real-time:** You need to be accepting real-time payments. Everything in life has become instant, we're impatient and we wait for nothing or nobody. I'm not sure about the moral or psychological implications here across sectors and products, but I remain confident that it is an unnecessary inefficiency for cooked meals and online shopping to arrive sooner to our doorsteps than payments do in our bank accounts. Some customers may still need to pay via card, say for retail point-of-sale businesses, which have slow settlement times, but otherwise you need to be implementing instant payments to have funds settle in real-time.
3. **Reconcile, reconcile, reconcile:** A stitch in time saves nine. Stay on top of your outstanding invoices. This is easiest done when paid invoices reconcile automatically within your accounting software, companies like Xero and QuickBooks, as achieved by Crezco. This is the quickest and most efficient way to gauge your cash flow and potential problems. Without this you're flying in the dark and suddenly things become a lot less clear. Furthermore, if paid invoices reconcile automatically, you'll save a lot of time manually handling this process and life will be a lot more pleasant.
4. **Credit control:** You can please some of the people all of the time, all of the people some of the time, but you can't please all of the people all the time. Some people are going to be slow to pay and you're going to benefit from implementing a collection process. Either employ a credit controller, a collection agency or online credit control software, like Chaser, which will send out automatic payment reminders and help with the collection process.
5. **Cut costs:** Eliminate all unnecessary costs and fees. It seems self-explanatory but undoubtedly there is room left to run things more efficiently. [Find a company](#) that can help you save around 2-3%, on all card-payments. For a company with low profit margins, say 5%, that's a 40%/60% increase in profitability. Look after the pennies, the pounds will

look after themselves.

More than anything else in their businesses, smart small-business owners recognise that staying on top of their cash flow is critical for the long-term health of their company. Do these things successfully, and your company will be able to survive and thrive even in times of financial instability.

Ralph Rogge is CEO and founder of [Crezco](#)

Article by RALPH ROGGE