



## **Surviving Cash Flow Crisis**

*In today's economy, cash has become an even hotter commodity.*

### **Note:**

**Turnaround process:** A process in which a small business can create systems that solve the cash crunch, get control of the business' finances, improve efficiency, and refocus marketing. It may take 1-2 years to pull a business out of serious trouble. Owners must deal with their cash crisis quickly in order to get cash in the bank to pay bills.

- Write down all the cash problems and create a timeline for fixing them:  
organize all activities to be done in a notebook.

*Issues:*

- Tackle the collections problem:

*Current Problems:*

- Call all customers who are overdue right now:

*List customer to call:* (phone numbers, area for comments on the call and a follow-up time line if needed)

- Place all overdue accounts on cash on delivery (COD):

Screen all credit applicants! You may want to print invoices immediately, anticipating that you may not be paid on time.

- List customer to be put on COD or restricted terms:  
(List terms and share the list with everyone in sales, customer service and accounting)
  
- Reevaluate pricing/meet competition's prices:  
(List product or service pricing for you and your competitors. Develop an action plan for each product or service for any needed changes.)
  
- *Make paying taxes the priority:*  
*(Make a list of taxes and payment dates; add this to your cash flow as individual line items to insure each gets paid on time)*

**REMEMBER:** Write checks only when there is money in the bank.

- Create a backup system like a line of credit or savings account for paying taxes to avoid NSF charges in hard times:
- Stop uses of cash taken from the register that are not sales related:

Develop a written policy:

- Make sure cash register operators do not balance their own registers:  
Develop a written policy (who and when):

- Employees should have purchases checked out by someone else:

Develop a written policy (what, who and when):

- Door keys are given to only opening and closing managers:

Develop a written policy:

- Review financial statements on a monthly basis: but as a manager you should be continuously reviewing them during operation of the business.

Develop a written policy and realistic time line with specific tasks responsibilities assigned to those that need to be involved (stick with it):

**Summary: Fixing cash flow problems quickly can save the business**

**Visit your local SBDC for no-cost, confidential advising services: [www.wsfdc.org](http://www.wsfdc.org)**