



Re-Open *Smartly* with Confidence

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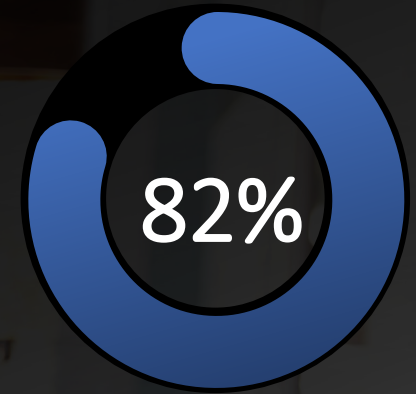
How to Cut Costs and Manage Cash Flow

Wednesday, May 20, 2020

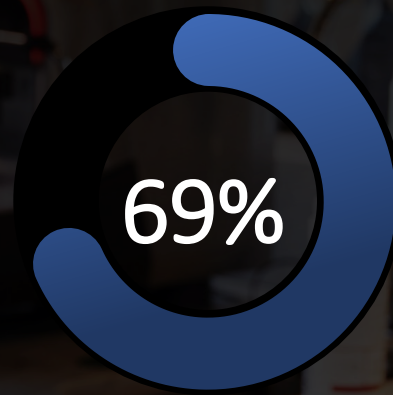
Cash flow matters in every business



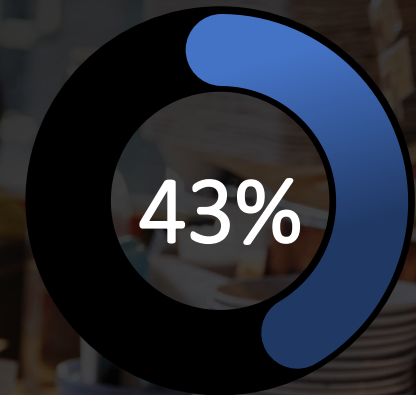
of small businesses regularly struggle with cash flow ¹



of business failures are due to poor cash flow management skills / poor understanding of cash flow ²



of small business owners have been kept up at night by concerns about cash flow ¹



of small business owners have been at risk of not paying employees by payday ¹

¹ – Wakefield Research survey – Jan 2019

² – Preferred CFO Study – March 2017

Cash Flow

- Your bank balance is not your cash flow
- Cash flow is money transferring in and out of your business
- Be prepared – Know when you need cash, before you do
- Prioritization is crucial to cash flow management



Maximize Income

- Offer discounts/sales to reduce older and slow moving inventory
- Sell gift cards and certificates
- Expand or pivot business – offer new products and/or services
- Review product/pricing
- Work with customers to schedule past due accounts receivable payments

Revenue



Reduce and Manage Costs

First – Prioritize costs

Necessary (legal obligations)	Discretionary
Lease	Marketing *
Payroll	Travel and Entertainment
Insurance	Subscriptions
Taxes	Some Services
Utilities	
Loan Payments	
Vendor Payments	*Discretionary, but Essential

Reduce and Manage Costs

- Eliminate unnecessary costs
- Account for new or additional costs
- Move credit card balances to 0% rate cards
- Pay down highest interest rate credit first



Other Ways to Manage Cash Flow



- Sell assets that are no longer needed
- Lease vs. buy
- Manage inventory – utilize just in time strategies, drop shipments from vendors
- Speak with vendors and lenders about payment deferrals
- Maximize payment terms - Pay with Automatic Funds Transfer (AFT) on a bill's due date
- Secure short term credit, if needed

Budget for SBA Loan spending

- Economic Disaster Loan (EIDL)
- Paycheck Protection Program Loan
 - Track forgivable payroll and other expenses
- Express Bridge Loan



Prepare Cash Flow Projections

- Keep your books up to date
- Project your future cash flows at least 6 months out
- Plan for cash shortfalls
 - Short term financing – credit cards or a line of credit

Cash Budget													
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Dec Prev Year Purchases	\$0												
Beginning Cash	\$0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Inflows:													
Cash Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Collections (A/R)													
Other Income (Expense)													
Total Cash Available	\$0	0	0	0	0	0	0	0	0	0	0	\$0	
Cash Outflows													
Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	
Past Due: A/P	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
General Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Purchases													
Principal:													
Debt&Interest													
Other/payback on LOC													
Total Cash Outflow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash Position (before LOC)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Draw/Payback on LOC													
Ending Cash (after LOC)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Free Cash Flow Resources available to you Business



Thanks to an initiative from Moody's "Pathway to Prosperity", Finagraph has made these available to you for free

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Business Cash Flow Essentials Training

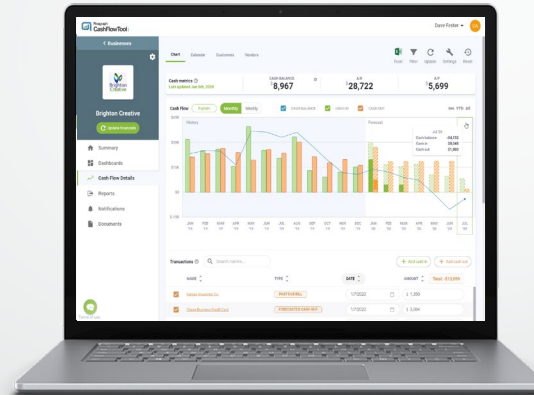
This course is designed to educate and equip you with critical and essential cash flow concepts that every business needs to maximize their cash flow and profits in a simple, yet powerful way



2

6-months free of CashFlowTool

This 6-month free subscription to CashFlowTool will enable your business to immediately see your current and future cash flow. It's the #1 rated cash flow app on the QuickBooks Marketplace



3

CashFlowTool Training

Learn how to make the most of CashFlowTool for your business. You will learn how to setup CashFlowTool, how predictions work, how to do scenario planning and much more.



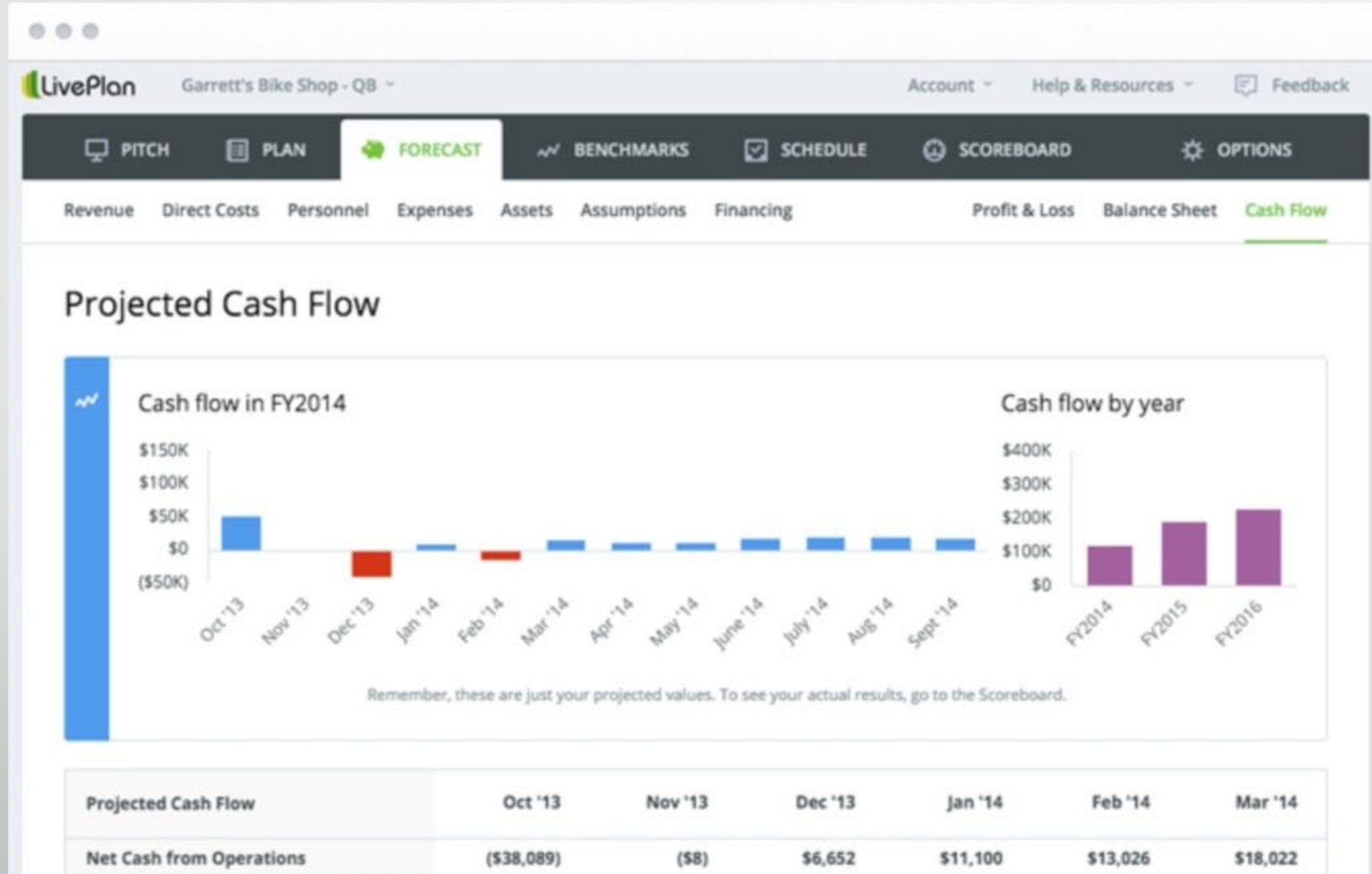
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SBDC Advisors are Cash Flow Experts

We are ready to help your business with cash flow advice and recommendations. We can collaborate on a regular basis to help your business either survive a cash flow crisis or thrive even more.



Live Plan Forecasting Tool



Recap

- Maximize income
- Reduce and manage costs
- Secure credit, if needed
- Identify additional ways to optimize cash flow
- Budget and track SBA Disaster Loan spending
- Prepare cash flow projections for a minimum of 6 months
- Contact your local SBDC office for tools and guidance on cash flow management and forecasting

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