Tools for SMALL Businesses

Level 2 Question: Do we have full transparency as to where we spend our money - and do we follow up on budgets and cashflow?

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| **Title** | Cash-to-cash improvements |
| **Why** | “Growth eats Cash” – As your grow your cash-resources will constantly be stretched to the limit, and even if you have funding, you will need to make the best use of the cash you have at hand. |
| **What** | There are many areas, where cash is out of your hands for shorter or longer time. The time form your send an invoice an until your get your cash, the amount of money you have paid out for inventory, that is still sitting in the warehouse. The amount of time you have before you have to pay your vendors. Having a focus on these elements can significantly increase your cash-on-hands. |
| **How** | Identify opportunities for improving your cash cycle:   1. Sales Cycle: Billing to payment 2. Production/inventory Cycle, Inventory levels, production time 3. Delivery cycle, Time to deliver goods or services 4. Payment cycle, Time from received invoice to payment |
| **Examples** | Examples of improvements   1. Sales Cycle: Billing to payment  * Reduce terms of payments from i.e. 30 to 8 days  1. Production/inventory Cycle, Inventory levels, production time  * Reduce inventory levels * Reduce production cycle time  1. Delivery cycle, Time to deliver goods or services  * Reduce time of delivery * Reduce cost of delivery, can customers pay for delivery?  1. Payment cycle, Time from received invoice to payment  * Increse your days of payments to your suppliers. |
| **Template** | See next page |

Cash-to-cash Cycle Improvemnet Sheet

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|  | Shorten cycle times | Eliminate Mistakes | Improve P/L |
| Improvements for sales Cycle |  |  |  |
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| Improvements for Production/Inventory cycle |  |  |  |
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| Improvements for Delivery Cycle |  |  |  |
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| Improvements for Billing-payment Cycle |  |  |  |
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