

Basic Management Tips For Improving Cash Flow

- (1) Make preparing invoices one of your highest priorities.
- (2) Before sending the first bill to a new customer, ask the name of the person who authorizes the payment; address the bill to that person.
- (3) Provide customers with information allowing them to make payments directly into company bank accounts.
- (4) Include due dates on all invoices that the company sends out.
- (5) Send invoices separately from statements.
- (6) Send stamped, self-addressed envelopes with the bills.
- (7) Reduce the grace period for late payment -- and increase the frequency of reminders to late payers.
- (8) Copy incoming checks, depositing the originals immediately and using the copies for check posting and accounting.
- (9) Have bookkeeping pay suppliers on a chronological basis -- rather than the easy routine of paying all on one day.
- (10) Centralize the spare parts inventory.
- (11) Standardize auxiliary materials and spare parts.
- (12) Scrap, rework, or sell obsolete spare parts.
- (13) Pare down the number of raw materials specifications in use.
- (14) Decrease all stocks held for "safety" purposes.
- (15) Reduce the lot sizes used for purchasing supplies.
- (16) Reduce the amount of finished goods on hand.
- (17) Refine the accuracy of the company's revenue forecasts.

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