

Your 7 Step Cashflow REVIEW Recipe

1

Check your opening balances

- First thing to do in your review, is look in what weeks going forward, your opening balances are going below our minimum cash at bank, or some of your below \$0
- For the ones that are not, trace back week by week and see where the bleeding is happening and began.
- You want to have at least 3 actions you can do post this session to make your cash position STRONGER from this part of the review

The further in advance you can see this, the more time you have to change things to ensure you fix them and keep a strong and growing cash at bank.

Do not do this for a few reviews and watch how quickly you can and will get yourself into cashflow trouble.

2

What expenses are you going to have?

“Let’s look at the expenses in a bit more detail and examine what changes we can make that will have a positive impact for [name of volunteer]”

[how to lead this part of the session]

- Look for patterns of expenses increasing (on the month tab) and ask questions as to why
- What expenses CAN you cull?
- What expenses CAN you decrease?
- What expenses CAN or SHOULD you increase?

- What 3 actions should be done post this session to make your cash position STRONGER from this part of the review

Some expenses could be reduced by negotiation and asking questions of the supplier or people in the team, as to how they could be reduced or used differently

3

Track against previous months

“Look to see if you are going in the right direction or wrong direction – more often than not and understand why”

- We are looking for trends against previous months and also;
 - Did we improve on last month of THIS year?
 - Did we improve on the SAME month of LAST year?
 - How much has our cash in bank changed in the past 3 months and is it going in the right direction?
- Have you learnt from mistakes of the past?

Focus on the “right things” to stop bleeding in certain areas, so it is not a continual “leaking” point of the business!

4

How am going against my budget?

A technique I often use in categories of my business that I have done poorly in, ala not met cashflow budget, is highlight those particular cells with a specific colour font or highlight the cell with a colour (like red, as it is for bleeding in financial vernacular).

- Go through 1 month and highlight in a “colour fill” of the cell (say red if the income was less than budget or if expenses MORE than budget)
- Do the same for the next month, but ONLY with the cells you filled from the previous month to see if you reined in the expenses and did not do it 2 months in a row or did not go under budget

This section highlights and prevents you from making that same mistake again, so drill into making decisions to ensure you meet your budget the next month.

5

What assumptions have I made?

“This out of all the steps is the thing you should only 2-3 times a year when you do not understand how a certain number in the forecast was created or why it is in there for that amount.

[how to lead this part of the session]

- Just make sure you have captured them SPECIFICALLY
- If assumptions are done, read through a couple and if they are a bit vague or you do not understand them, ask MORE questions to make each assumption more specific

Do this more in your first 6 months of using a cashflow, until you really start to understand your cashflow and business activities in sync better. Then the intensity of this really comes 2 months before and 1 months after the end of FY when you are resetting your cashflow projections for the new FY.

6

Make the changes in advance?

As you see things that are not right or do not match what you know is going to happen in the business in reality, then update and change your cashflows in advance.

- It could be sales you will not make or extra sales you have made that you will realise in 7 weeks' time for example.
- When you see problems or things that you NOW KNOW will not happen, take them out of the cashflow.
- If you need things to happen in the future, put the numbers in the future weeks, BUT then highlight that box with a font colour or the cell is itself coloured, so you know and it automatically highlights to you to keep focused on this as it is not known and needs to be created.

Remember that when you adjust any of your income lines, you need to adjust the “related” expense lines as very rarely do you receive extra income, without SOME FORM of expense coming your way also.

7

Have someone external look at your cashflow!

Do this once a quarter as a minimum!

3 examples of people you could show it to that would provide you with value and ideas to improve are;

- Accountant
- Business Coach
- Mentor

The value I have received from these conversations have been;

- They have asked me really simple questions that I have not thought of
- I have had to explain things I take for granted which has given me a distinction I would not have got from reviewing it myself
- I have found holes in my cashflow as when I went to explain it and teach someone else, I realised I did not know something

Something to consider for sure!!



If you would like help putting together your cashflow or want to take your current one to the next level, then why not book in a **COMPLIMENTARY 20 min Strategy Session with TT.**

Simply email Lisa on lisa@teachitforward.com.au or click the button below

BOOK NOW!!!