



Cash is King- Particularly Now

"Cash isn't Cash unless it's Cash" ... Red Scott

Cash is the lifeblood of all business. If you don't have cash (or access to it) well then "stick a fork in it- you are done".

The sad reality is most business owners if they were asked "how much cash does your business have?" most would not have an answer. Even fewer owners could venture a guess to how much cash they anticipate having in their business next month. Knowing how much cash is on your company is the first step in effectively managing future cash flow.

I have listed below some simple steps Business Owners can take to better understand how much cash is in their business- today and in the future.

Most successful companies have a process to produce regular reports identifying:

- actual cash in the bank;
- net cash on the books (net of checks outstanding).

Daily Report- your financial officer (CFO, Controller or Bookkeeper) should provide a daily report to you that has your bank account balances. You should start each day with this report.

In its simplest form, the 1-page report will have today's book balance. Ideally, the report should also include:

- Yesterday's bank balance and the change from yesterday to today.
- A running list of previous days amounts for this month
- A comparison to this date last year. How much cash did you have then? Why has it changed?
- A forecast of expected collections and disbursements for the next week (by day)
- Details about your Line of Credit- Commitment amount and balance outstanding

Many banks have online services to access current account balances. Additionally, most can send the data to you at pre-determined times. I actually have my account balances sent as a text message to my BlackBerry at 6:00am each morning.

Some of you are asking "Why a daily report?". The simple answer is to get you in the habit of knowing and understanding how much cash you have and the changes that occur in cash balances. The more you know and the sooner you know it will allow you to take corrective action when things don't go according to plan. You must be proactive with this critical element of your overall cash flow.

We will cover things you can do to correct negative or adverse cash flow in future editions but for now start looking at your cash balance daily.

Contact me if I you have questions about this critical report or if I can assist you in setting up a process to monitor cash balances.

Financial Statements

Monthly- Timely and Accurate
Budgeting- Annual and Rolling
Enhanced Management Reporting
Cash Forecasting and Analysis

Profit Improvement

Pricing Analysis
Gross Profit Optimization
Expense Reduction Analysis

Banking Relationships

Assess Level of Credit Needs
Bank Analysis and Selection
Loan Package Preparation
Credit Facility Negotiation

Strategic Planning

Development of Critical Goals
Alignment of Work Systems
Working the Plan
Effective Feedback Systems
Innovate Purposefully
Implement Review Process

Bookkeeping

Bank Reconciliations
Regular Financial Statements
Invoicing & Collections
Bill Processing & Payments
Remote or On-site – 24/7 availability

QuickBooks

Set-up
Training and Consulting
Tune-up
Software and add-on discounts

Placement

Analysis of Existing Position
Interim Assistance Provided
Coordination of Selection Process
Temp to Permanent Alternatives

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