

Is Your Business Running Out of Cash Faster Than It's Coming In?

A guide to improving cash flow in your business

PlanA Consulting cash flow guide March 2025



PlanA Consulting
plan for success

IS YOUR BUSINESS CASH FLOW A SOURCE OF CONSTANT STRESS?

95% of New Zealand SMEs face negative cash flow at least one month a year!



Many SMEs struggle with consistent cash flow due to lumpy income (seasonal dips), slow-paying clients (costing NZ small businesses an estimated \$456 million annually), high inventory costs associated with slow stock turns and unexpected expenses. Overlooking tax obligations and rapid growth exacerbate these issues, impacting profitability and creating barriers to sustainable scaling.

At PlanA Consulting the goal is to help business owners build a strong & profitable business, with good solid advice & support to get the results they want.



If you're ready to transform your business, then visit:
www.planaconsulting.co.nz

for a series of strategies to reclaim control of your business finances.

TAKE CONTROL OF YOUR CASH FLOW

With these actionable strategies and best practices:



Understand and Categorise Cash Flow

Although this might seem obvious know what's coming in (sales revenue, loans, funds introduced, drawings) and what's going out (cost of goods, rent, wages, inventory, debt repayment, taxes). Aim for positive cash flow where what's coming in exceeds what's going out. **Business Tip: make sure you review your cash position through the month – the aim is for no surprises.**



Master Cash Flow Forecasting

Implement robust cash flow reporting and forecasting (using spreadsheets, accounting software, or expert advice) to spot potential crunch points in advance and make informed decisions. Know what any overdraft or bank facility limit is, who owes you money & when regular payments go out. **Business Tip: Build a strong relationship with your external accountant (if you don't have an internal CFO) & make cashflow forecasting part of your monthly financial reporting.**



Get money owed to you sooner

Can you change from standard “20th of the following month” to faster payment terms (7 days after invoicing), deposits in advance, progress payments & the like. **Business Tip: Review your credit terms – how can you get your cash faster.**



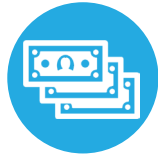
Proactive

Establish formal processes for following up on invoices. Use automated invoice reminders and set a consistent timeframe for follow-up calls. Consider adding late payment fees.

Business Tip: Download my free resource ‘Effective Strategies for Collecting Money Owed to you in Business’

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Offer Multiple Payment Options

Make it easier for customers to pay you by offering a variety of secure payment methods: credit cards, bank transfers, online payment gateways, and mobile payment solutions. **Business Tip:** Display all payment options clearly on your invoice or at checkout and consider offering a small discount for preferred methods. Make it easy for people to pay you.



Control Expenses

Regularly review your supplier rates and shop around for lower-cost alternatives. Cut discretionary expenses where possible and avoid unnecessary capital expenditure. **Business Tip:** Challenge every expense line – ask “Is this adding value to my business” and set a limit where you seek at least three quotes before major purchases.



Set Aside Tax Money

Calculate projected tax obligations with the help of your accountant and set aside the required funds. **Business Tip:** If you're taking drawings out remember to put additional money aside for tax - taking out \$100 in your hand, put \$30 (or whatever rate applies to you) into another tax account. Don't get caught short with the tax department!



Effective Inventory Management

Minimise inventory costs by optimising stock levels and reducing excess inventory through targeted sales or promotions. Turn your stock as quickly as you can. **Business Tip:** Regularly conduct stocktakes to ensure your stock levels are correct & get rid of any stock that doesn't sell.

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Proactive Credit Management

Establish a line of credit before you need it.

Business Tip: Build a relationship with your bank. Understand what credit may be available before you need it. Remember – no surprises.



Strategic Pricing

Conduct market research to ensure profitable pricing. **Business Tip:** Continuously monitor competitor pricing and customer perceived value to optimise margins. Understand what the market will pay for your goods & services.



Monitor Key Performance Indicators (KPIs)

Track metrics such as accounts receivable, accounts payable, inventory turn, labour efficiency ratio, quick ratio, cash runway or whatever works for you. **Business Tip:** Create a simple dashboard to visualize key KPIs and identify trends requiring immediate action.

Having positive cashflow doesn't come by chance and if you're not watching the cash going out, then there is a good chance it can disappear. By implementing these simple strategies, you can unlock sustainable cash flow, reduce stress, and position your business for growth.

READY TO GAIN FINANCIAL FREEDOM AND ACHIEVE YOUR BUSINESS GOALS?

‘A business without cash is like a car without fuel – no matter how well-built it is, it won’t go far.’



Subscribe to our newsletter for more insights, or book a free, personalised consultation with Hutch from PlanA Consulting today. Let’s build a stronger, more profitable future, together.

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