

# CASH FLOW SOLUTIONS

## TWELVE THINGS TO DO IF YOU'RE CASH SHORT

Every business ends up short of cash from time to time. But there's short of cash, and then there's SHORT OF CASH. In the first case, you're going to have to wait a few months to buy that new production machine. In the second, you need to figure out some way of covering payroll on Friday. No one needs, or likes that kind of "short." So, if you are so short of cash that you can't cover payroll, what can you do to bridge that gap, to allow you to get over the hump? **Here are twelve things you can do to take the pressure off:**

- **If you're borrowing from the bank, ask for an over-advance.** I've always said that there's only one thing that a bank hates more than bad news - it's surprises. So, don't surprise them. Explain why you need the extra money, how soon you're going to pay it back, and how you're going to keep it from happening again.
- **Call your customers and ask them for early payment on the invoice that's due next week.** You don't need to give them an explanation. Just say that you're working on your receivables.
- **Ask your customer for a prepayment or a deposit on their next big order.** If they complain that they've never had to leave a deposit before, tell them that your supplier of material is asking for a deposit, and you'd appreciate their help.
- **Hold off on paying EVERYTHING except for your payroll.** Unless you've already stretched everyone to the limit, you can stretch everyone another two weeks, or even 4 weeks without an explanation. If they call to ask for the payment, you can say that you'll send them a payment in two weeks. But don't give them a date if you're not going to be able to send the check.
- **If you've made a promise to pay a supplier money, call your suppliers and ask them for a two-week delay** in paying that next invoice. You don't want to miss a promised payment date.
- **Look at your insurance payments, your rent payment or any other scheduled payment.** Pay it the day before it's late and you incur late fees.
- **Ask your suppliers if you can pay them by credit card.** That automatically gives you an extra 30 - 45 day terms.
- **Continue to pay your most critical suppliers.** If they can shut down your business because they won't ship to you, don't be late paying them.
- **Keep a clean record with a few suppliers - no matter what.** This way, you can use them as continuing credit references.
- **Pay the absolute minimum on your credit cards for the next few months.**
- **Take out a cash advance on your credit card.** Most credit card companies have a program of giving cash advances. The rates are a bit higher, but it's a ready source of cash.
- **Credit cards are offering many balance transfer options.** You can cash a balance transfer check with your credit card company and pay from 0% to 5% interest to use their money for the next 12 months. And with only a minimum payment due monthly, you're cash flow ahead.

**Need more information, specific to your business? Contact us today at: 844.I.A.M.A.CFO**

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