

Article Title: 7 Tips for Small Business Cash Flow Management

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Description: A key issue for starting entrepreneurs is small business cash flow management. Learn below how to keep your small business solvent and growing with these 7 cash flow management tips.

Article Text:

Entrepreneurs quickly learn the importance of small business cash flow management. These 7 tips will help improve your cash flow, your accounts payable, and will give you the peace of mind to do your best work for your customers.

Tip #1: Earn Money Every Day

Even in a specialized small business such as financial services, training or software development, do activities that will bring in money every day. A private tutor, who does most of her work after school hours with elementary and middle school students, could work in the mornings as a writer and editor for Internet sites. Eventually, the writing income may surpass the tutoring income.

Tip #2: Keep Accounts Receivable Down

Ensure your customers know prompt payment for your services will help you keep providing them. Provide 15 to 30 days as terms for accounts receivable and stay on top of late payers. If they continue to be delinquent, cut them loose.

Tip #3: Make It as Easy as Possible for Your Customers to Pay

Set up direct deposit accounts for your large, regular customers, and activate such online payment systems as PayPal (TM) for smaller-volume regular customers, and even occasional clients. These payment systems are nearly effortless and superbly reliable, so your clients and customers can send their payment speedily and securely.

Tip #4: Set Up Computer and Phone Banking for Your Business

Write as few cheques as possible for your accounts payable. Ask at your bank branch to set up electronic and telephone banking services for your business.

Tip #5: Find Small Business Bank Service Discounts

Some banks will offer a package of small business banking services for as low as

\$6 a month.

Tip #6: Save 10 Per cent of Every Payment You Receive

Start an emergency fund and plunk 10 per cent of every customer payment into it. This emergency cash will keep your "rainy day" from turning into a hurricane.

Tip #7: Invest in New Information Technology Slowly

Use your existing technology for as long as it works effectively for your business transactions and records. Take advantage of free software online, such as the Open Office (TM) spreadsheets and word processing, and free security software such as AVG (TM), to keep your costs to a minimum. Find other free online tools, such as word counters and plagiarism checkers, if you write a online blog or articles. These tools improve productivity at no cost.