

Mastering Control of Your Cash Flow

 Square





Cash flow is the
lifeblood of a business

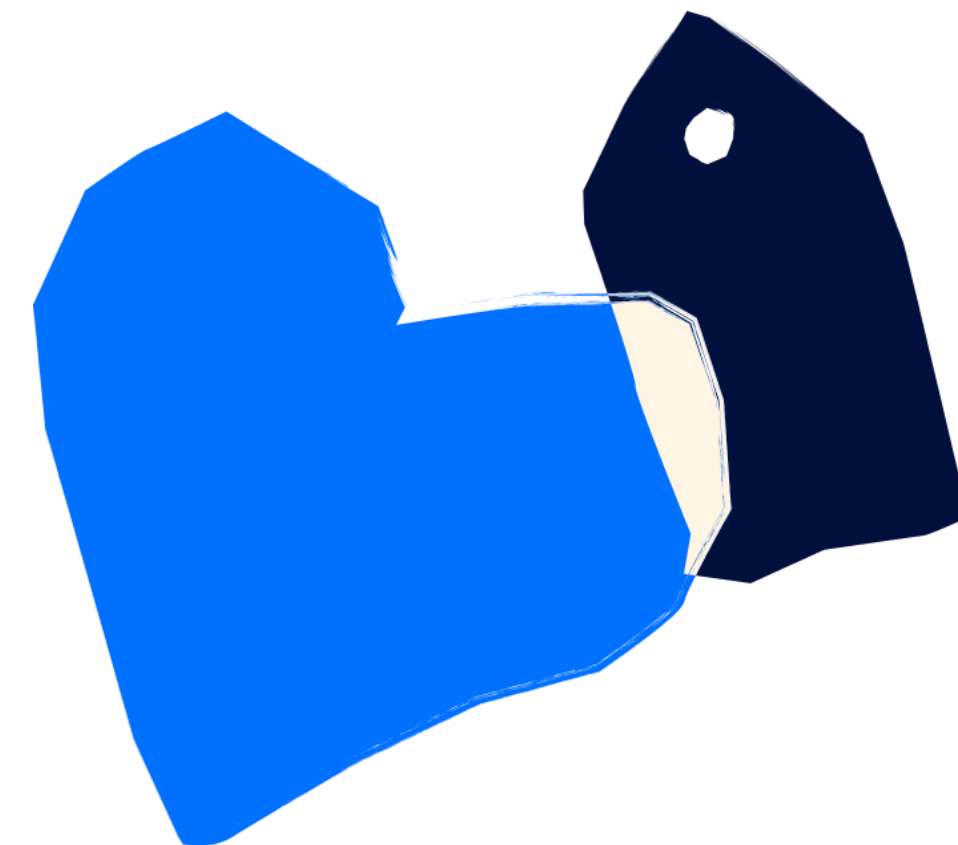
33%

small business don't survive
more than 2 years



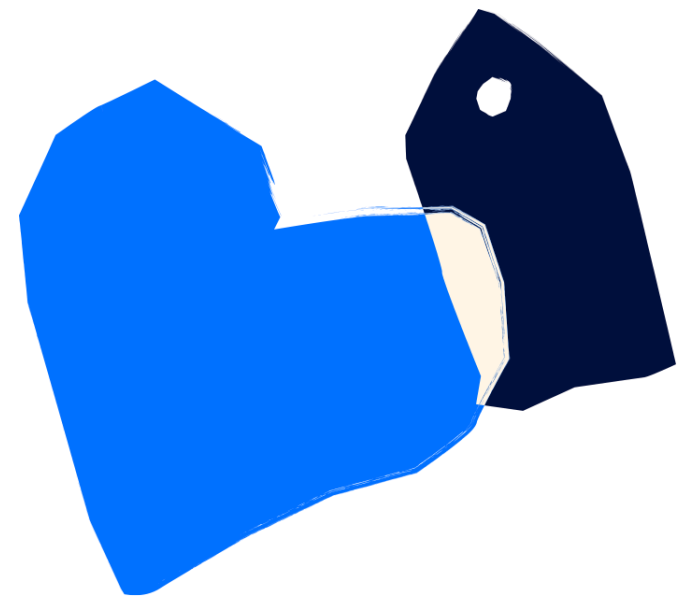
Common causes include:

- **Poor financial management**
- **Insufficient funds**





**All small
business owners
face cash flow
challenges once
in a while**



49%

**small business owners say
cash flows keep them
up at night**

Source: November 2017 survey of 1,000 U.S. small business owners, conducted by Square Inc, and Square seller payment processing data between 2012 and 2017.

Inflows

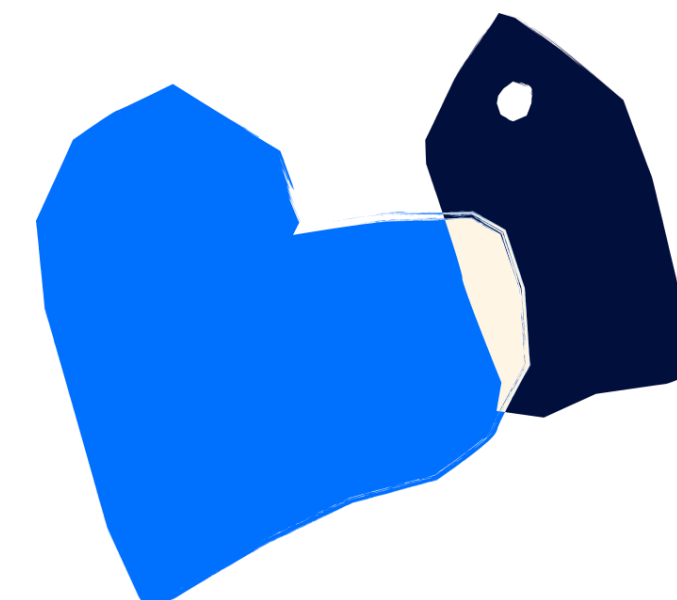
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Outflows

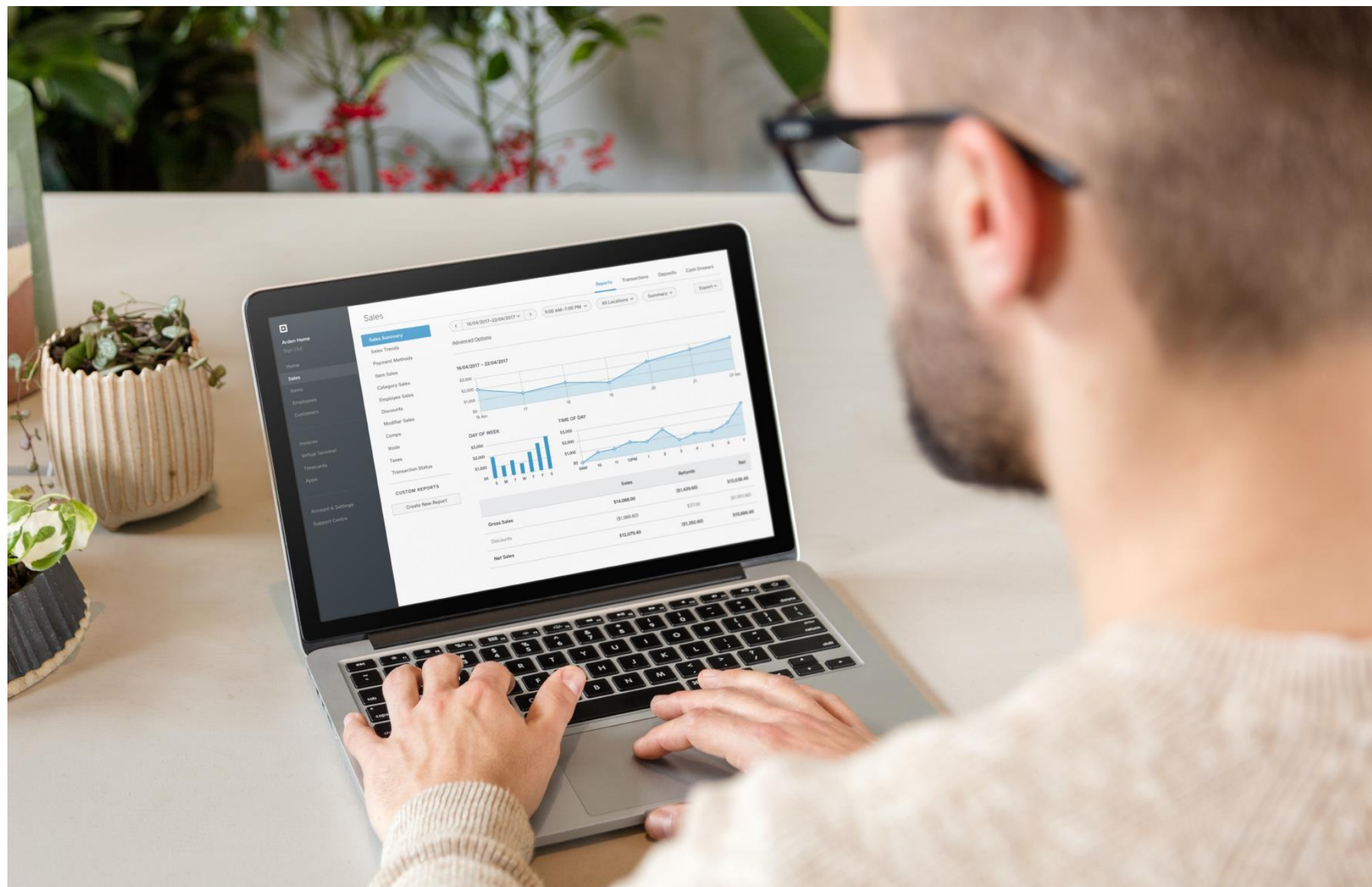


- **Insufficient planning**
- **Not tracking your cash**
- **Timing issues**

- **Not maximizing ways to accept payments**
- **Unexpected expenses and opportunities**

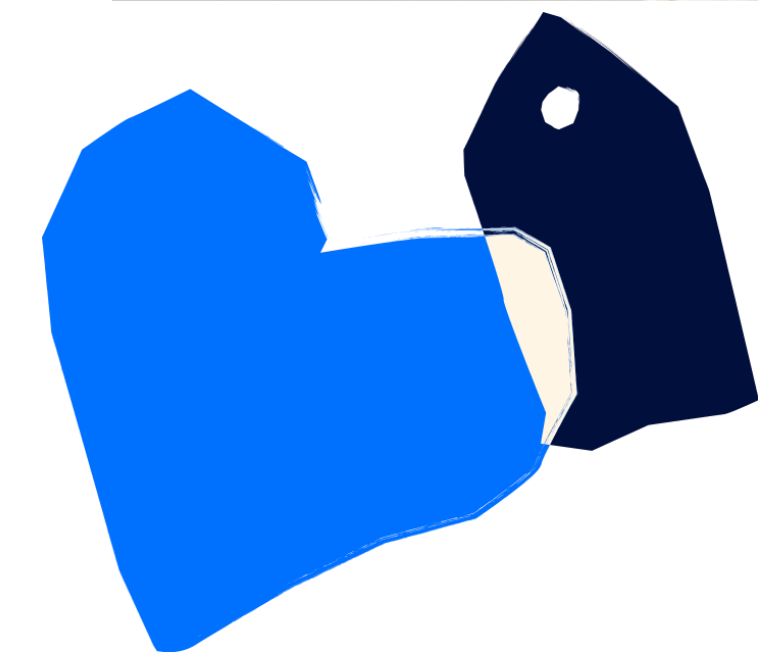


Some ways to manage your cash flows



1. Do proper planning

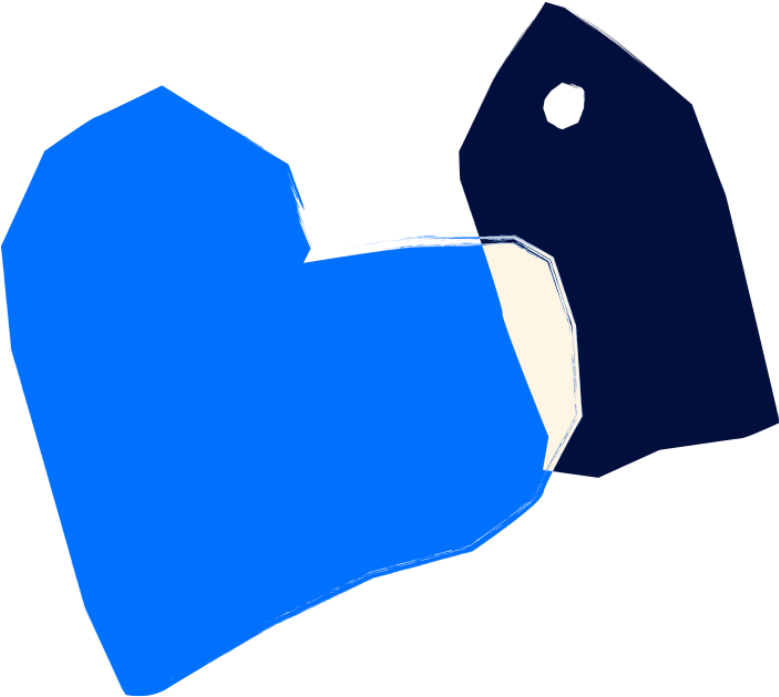
Sources: "12 Habits of Business Owners Who Get Paid on Time." Inc Magazine.
"How To Manage Cash Flow In Small Business." ProfitBooks.



Some ways to manage your cash flows




1. Do proper planning
2. Monitor cash flow ongoing



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“How To Manage Cash Flow In Small Business.” ProfitBooks.

Here's a sample cash flow worksheet

12 Month Cash Flow														
Cash Flow (12 months)	Enter Company Name Here												Fiscal Year Begins: Jan-19	
	Pre-Startup EST	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Total Item EST
Cash on Hand (beginning of month)		0	0	0	0	0	0	0	0	0	0	0	0	0
CASH RECEIPTS														
Cash Sales														
Collections fm CR accounts														
Loan/ other cash inj.														
TOTAL CASH RECEIPTS	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Available (before cash out)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CASH PAID OUT														
Purchases (merchandise)														
Purchases (specify)														
Purchases (specify)														
Gross wages (exact withdrawal)														
Payroll expenses (taxes, etc.)														
Outside services														
Supplies (office & oper.)														
Repairs & maintenance														
Advertising														

Quick ratio =

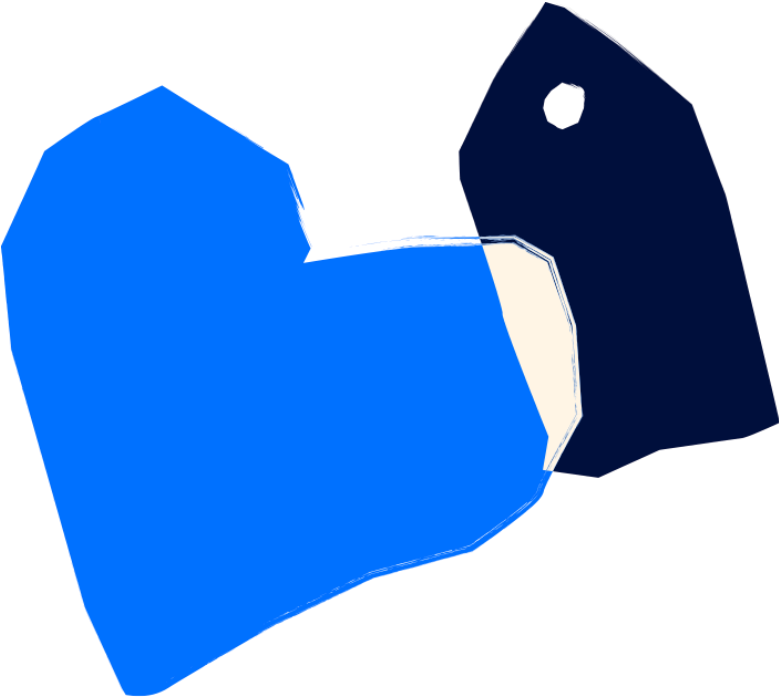
cash + cash equivalents + accounts receivable

current liabilities

Some ways to manage your cash flows



1. Do proper planning
2. Monitor cash flow ongoing
3. Focus on cash flow and less on profit

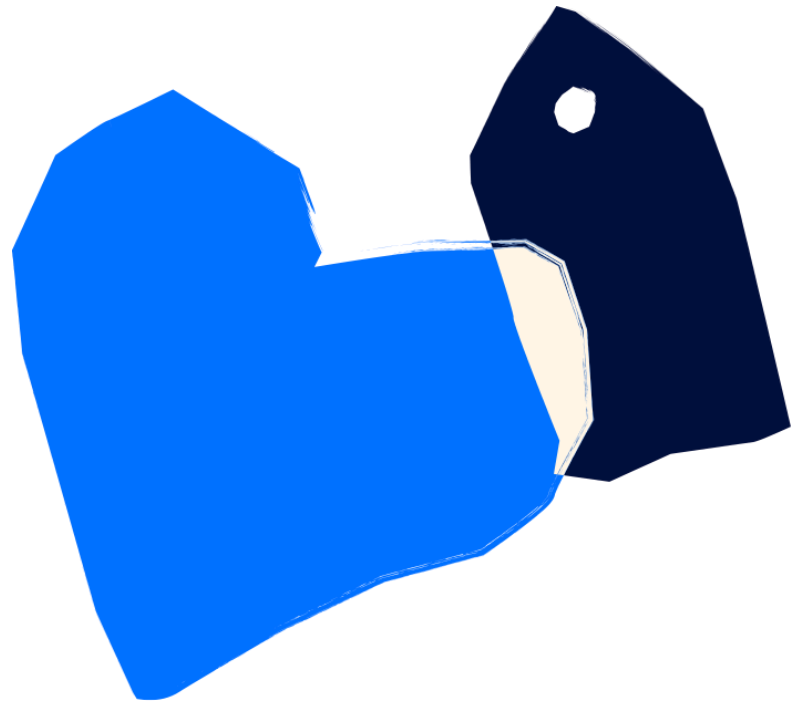


Some ways to manage your cash flows



- 1. Do proper planning**
- 2. Monitor cash flow ongoing**
- 3. Focus on cash flow and less on profit**
- 4. Bill quickly, set clear payment terms**

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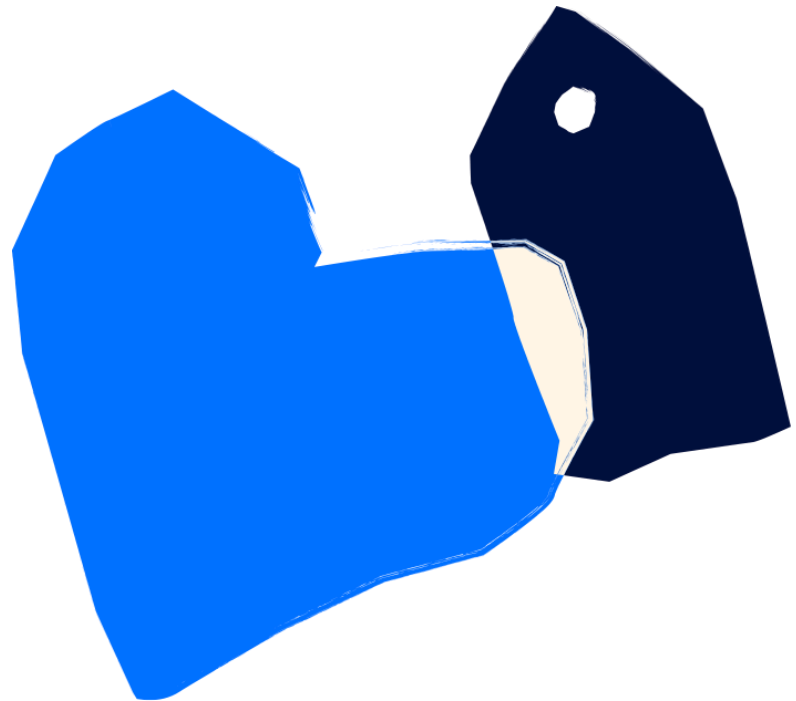


Some ways to manage your cash flows

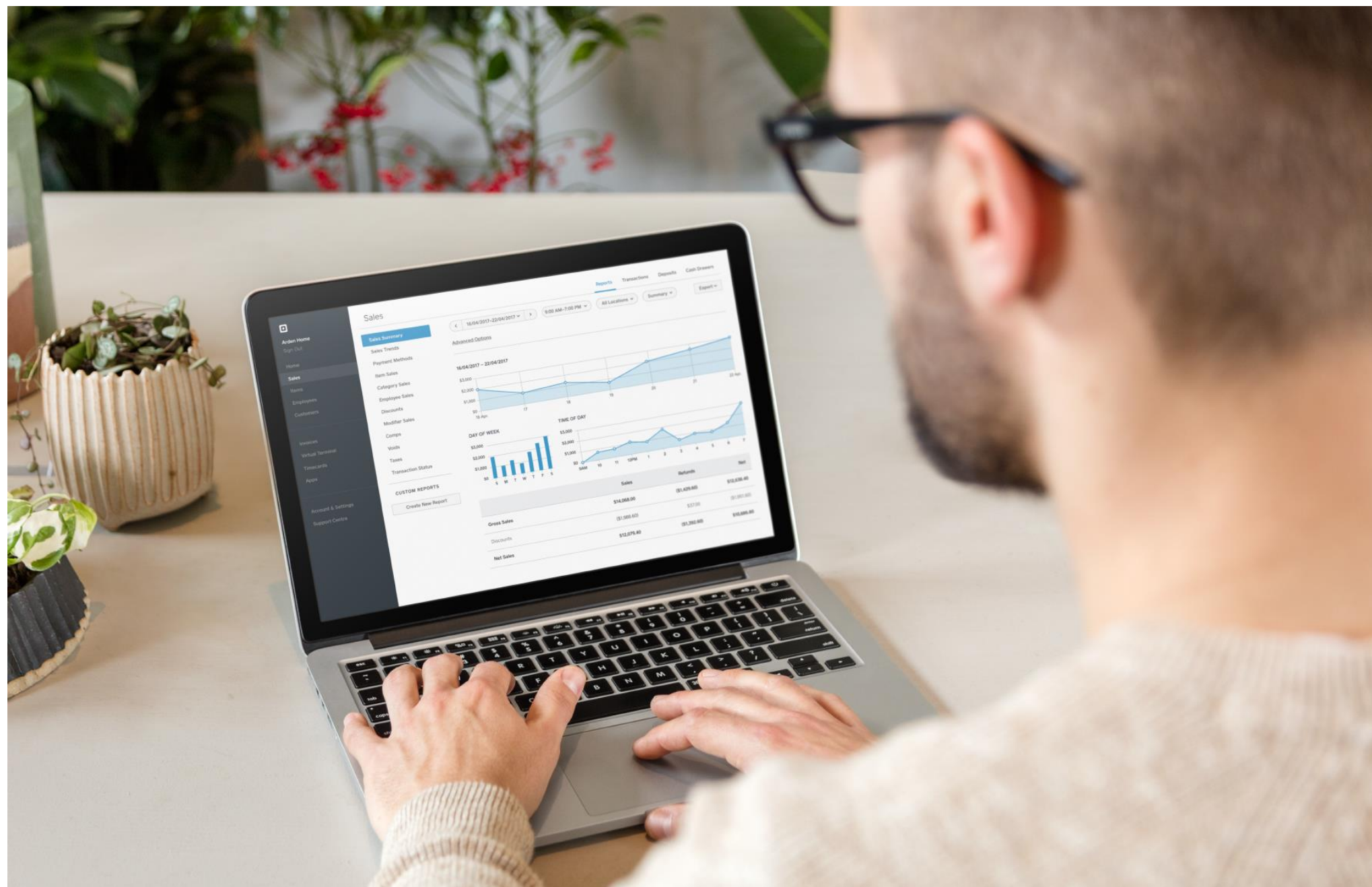


1. **Do proper planning**
2. **Monitor cash flow ongoing**
3. **Focus on cash flow and less on profit**
4. **Bill quickly, set clear payment terms**
5. **Extend your payment terms**

Sources: "12 Habits of Business Owners Who Get Paid on Time." Inc Magazine.
"How To Manage Cash Flow In Small Business." ProfitBooks.

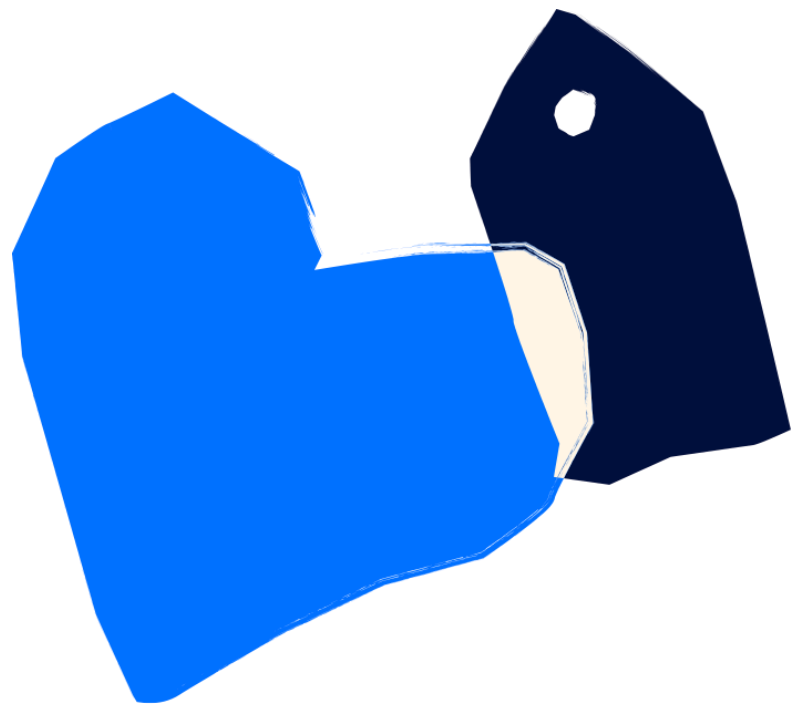


Some ways to manage your cash flows



6. Reduce or eliminate expenses

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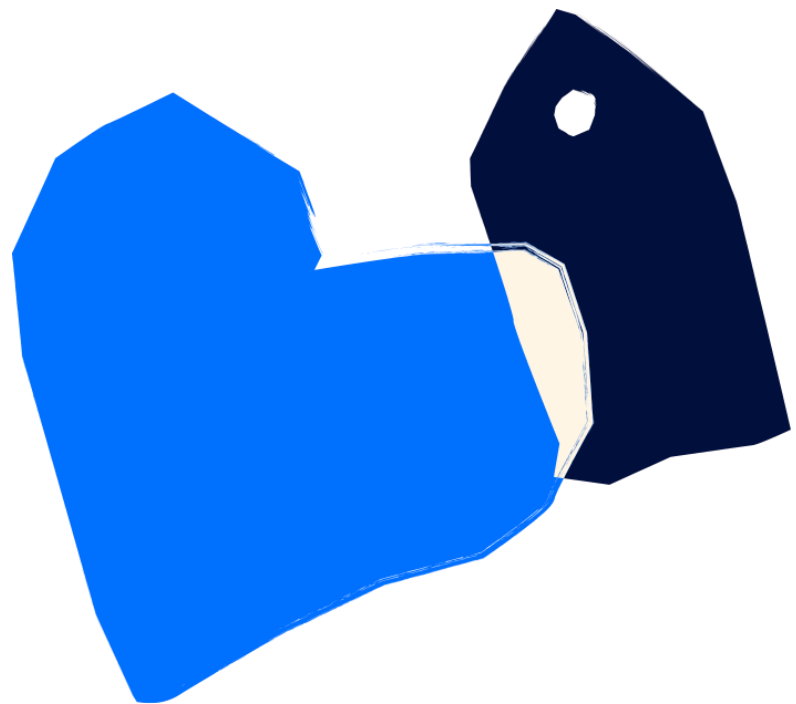


Some ways to manage your cash flows



6. Reduce or eliminate expenses
7. Maximize ways of taking payments

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Offer flexible payment options

BUILD YOUR PLAN

Choose the plan that's right for your budget

Pay less interest with Auto Pay. And you can prepay anytime with no fee.

Save Money with Auto Pay

Get lower rates including 0% APR

3 Monthly Payments

4% APR

\$705 / mo*

\$14.00 Total Interest

6 Monthly Payments

14% APR

\$365 / mo*

\$86.44 Total Interest

12 Monthly Payments

16% APR

\$191 / mo*

\$185.93 Total Interest

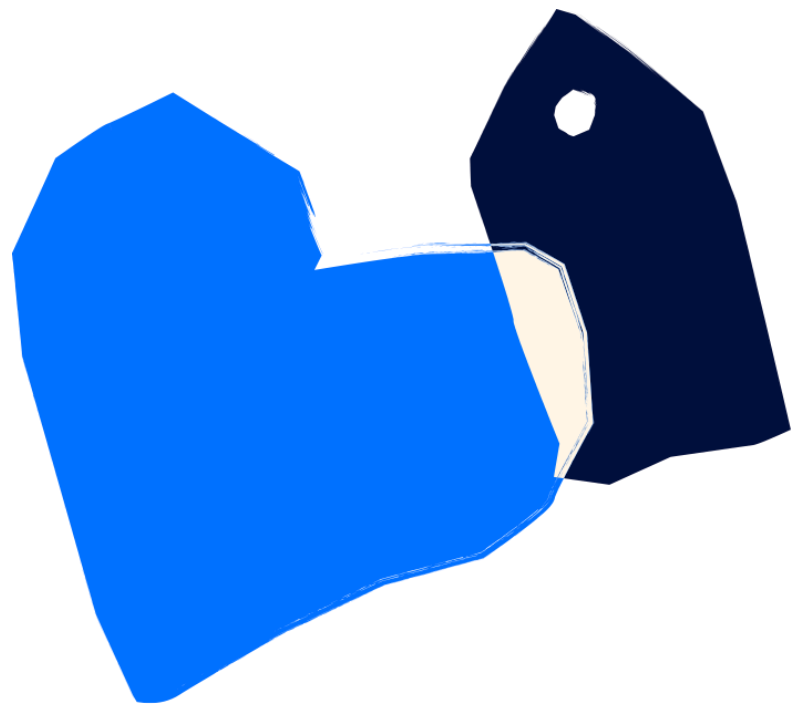
*Numbers are for illustrative purposes only.

Some ways to manage your cash flows

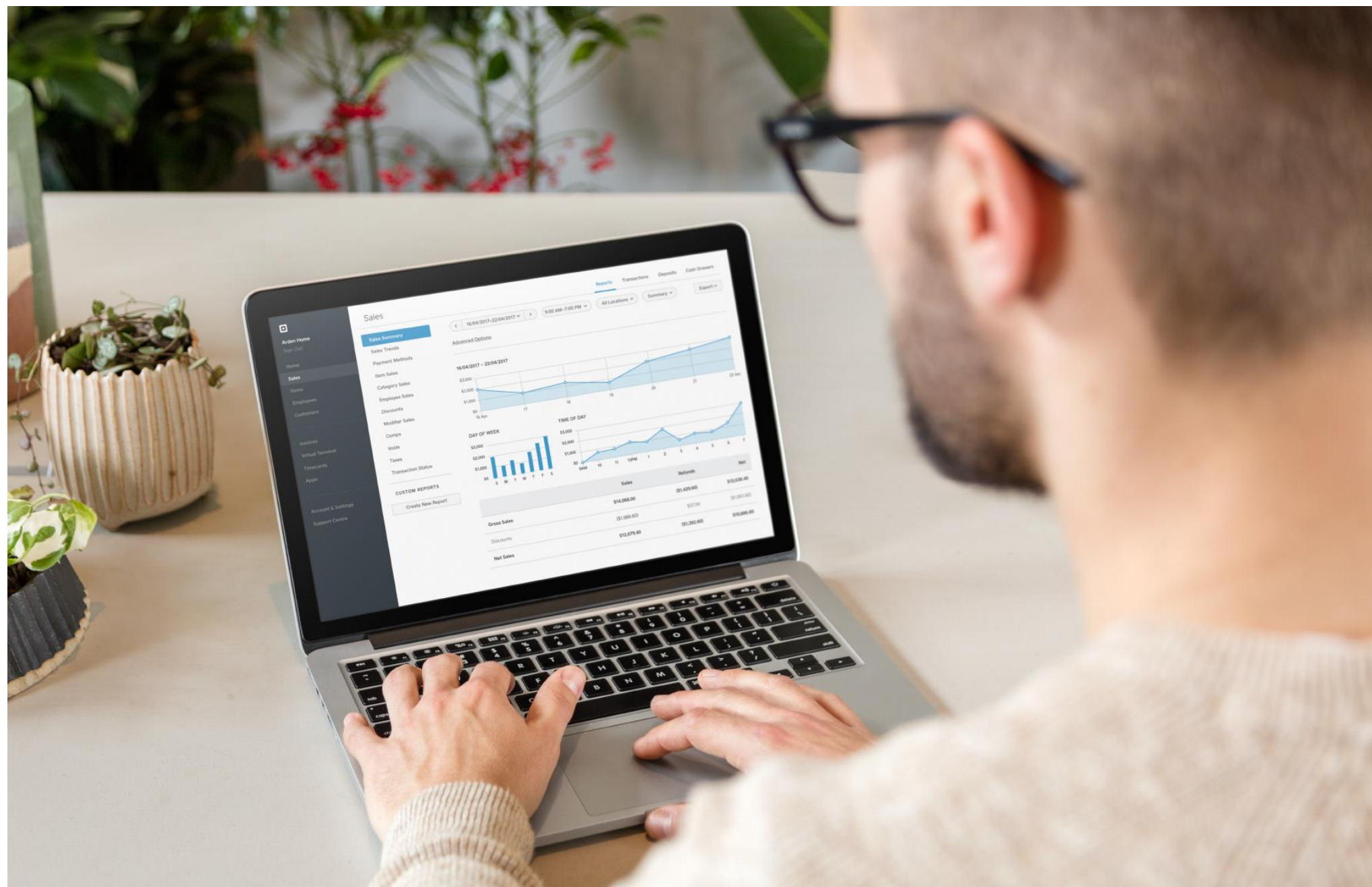


6. Reduce or eliminate expenses
7. Maximize ways of taking payments
8. Invest your extra cash

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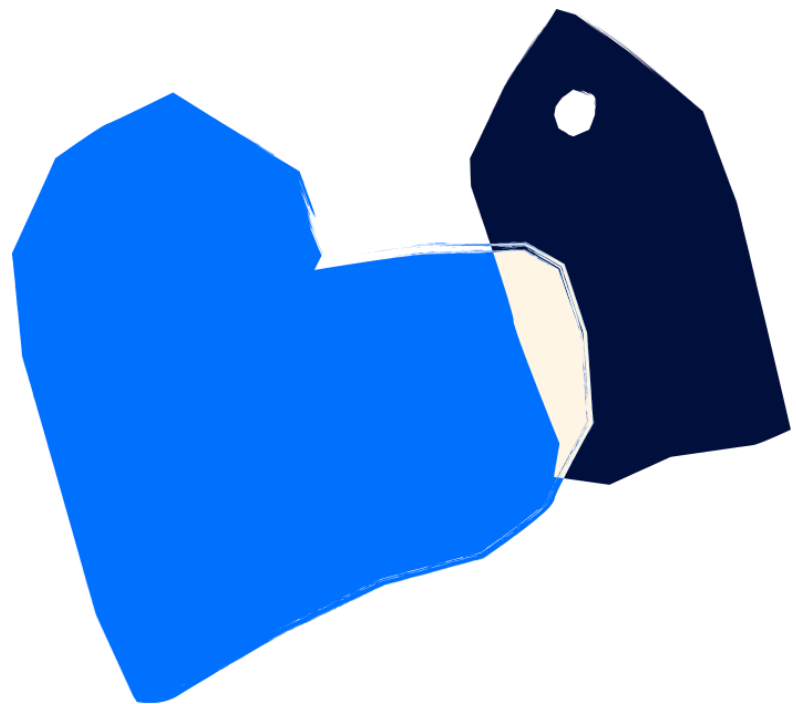


Some ways to manage your cash flows



6. Reduce or eliminate expenses
7. Maximize ways of taking payments
8. Invest your extra cash
9. Free up cash from unused assets

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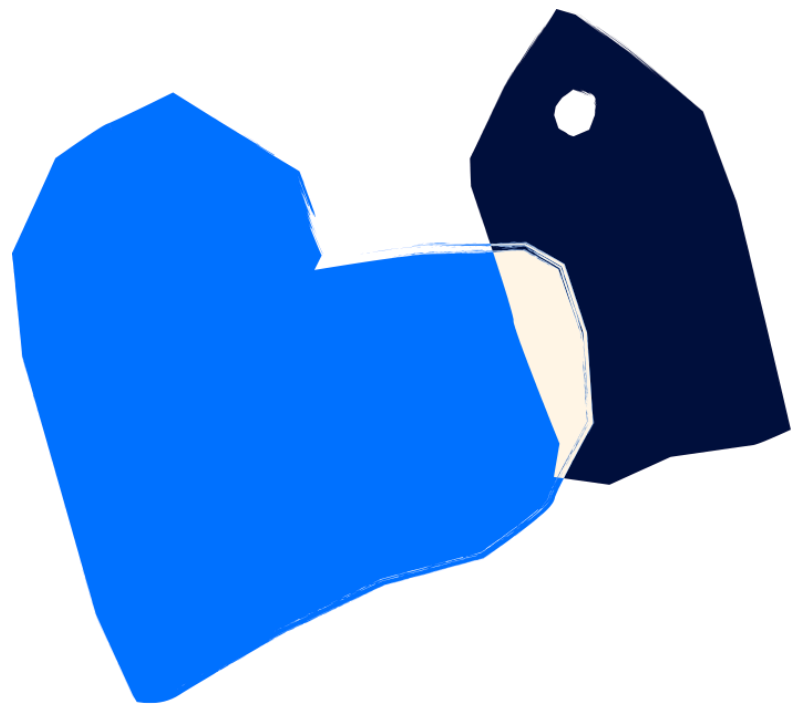


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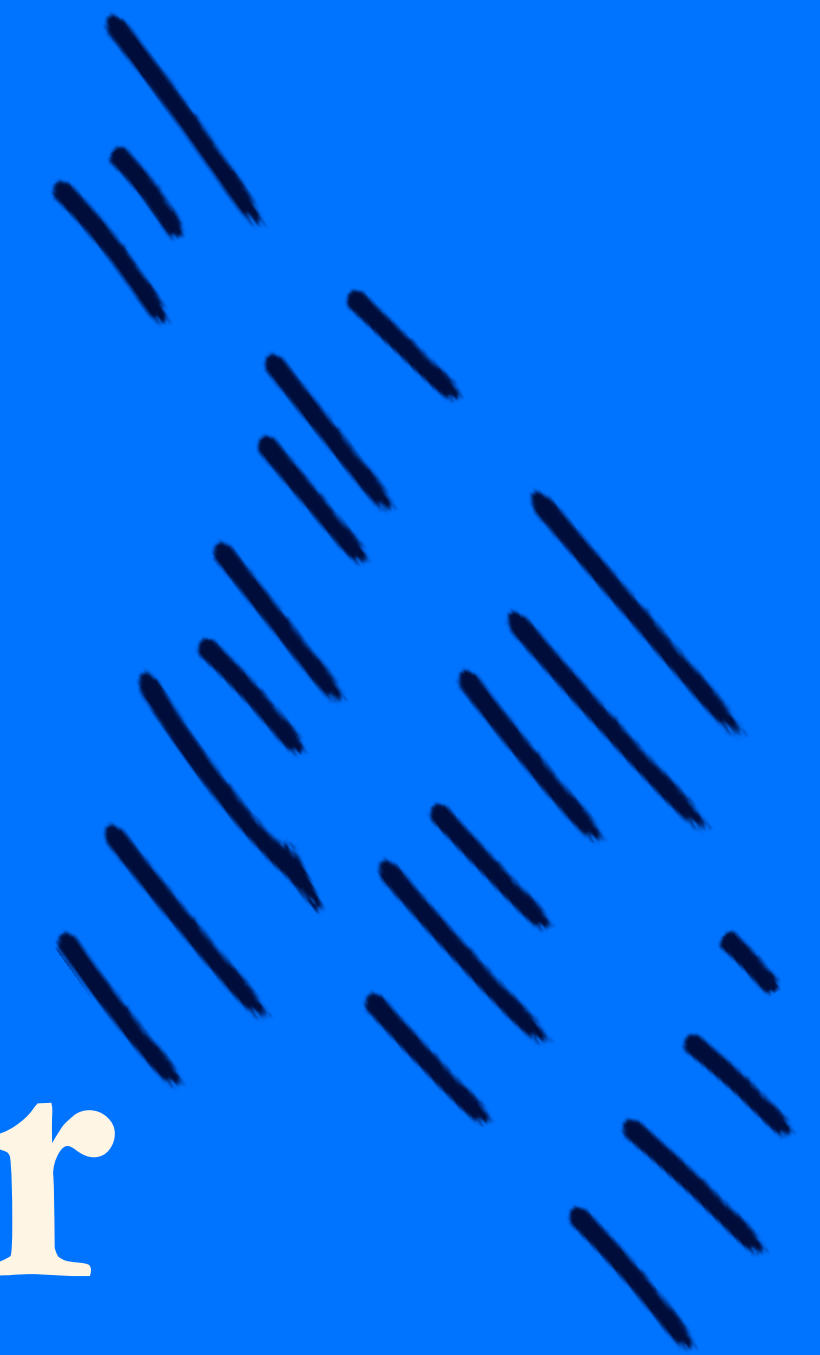
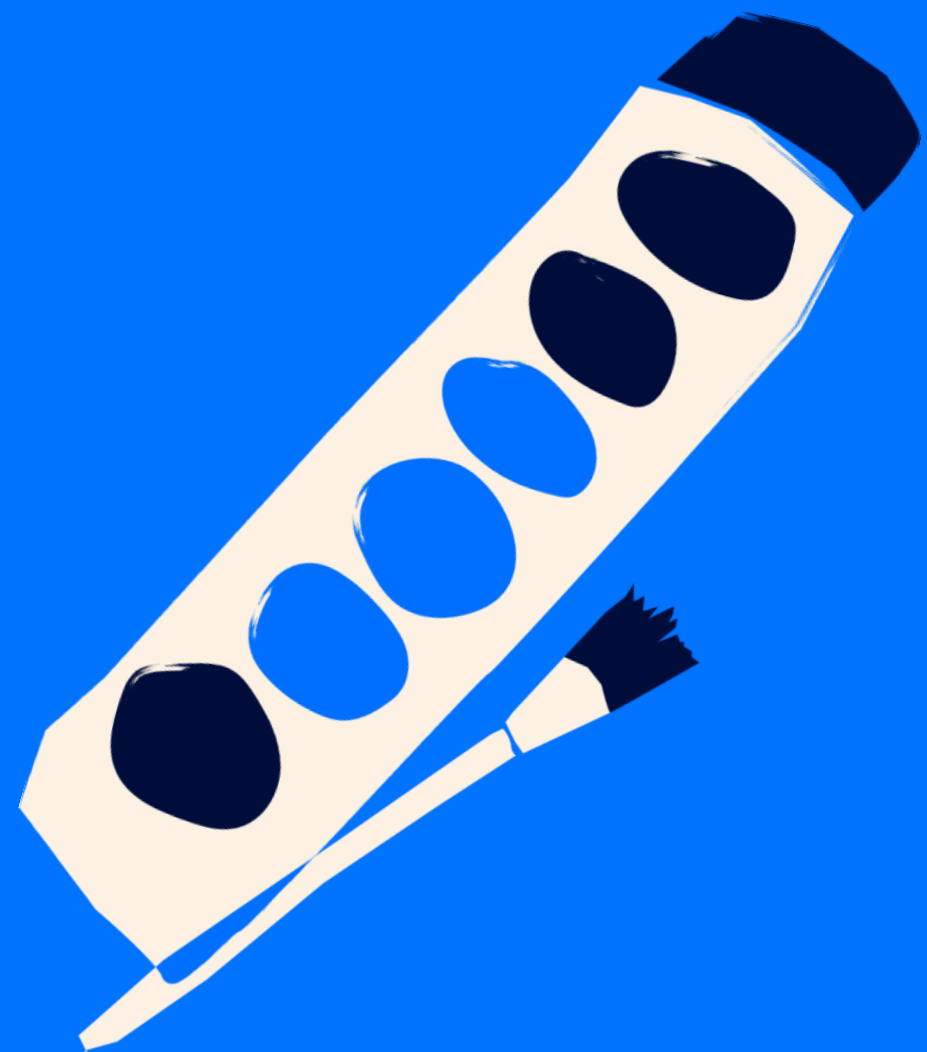


6. Reduce or eliminate expenses
7. Maximize ways of taking payments
8. Invest your extra cash
9. Free up cash from unused assets
10. Ensure you can cover your expenses

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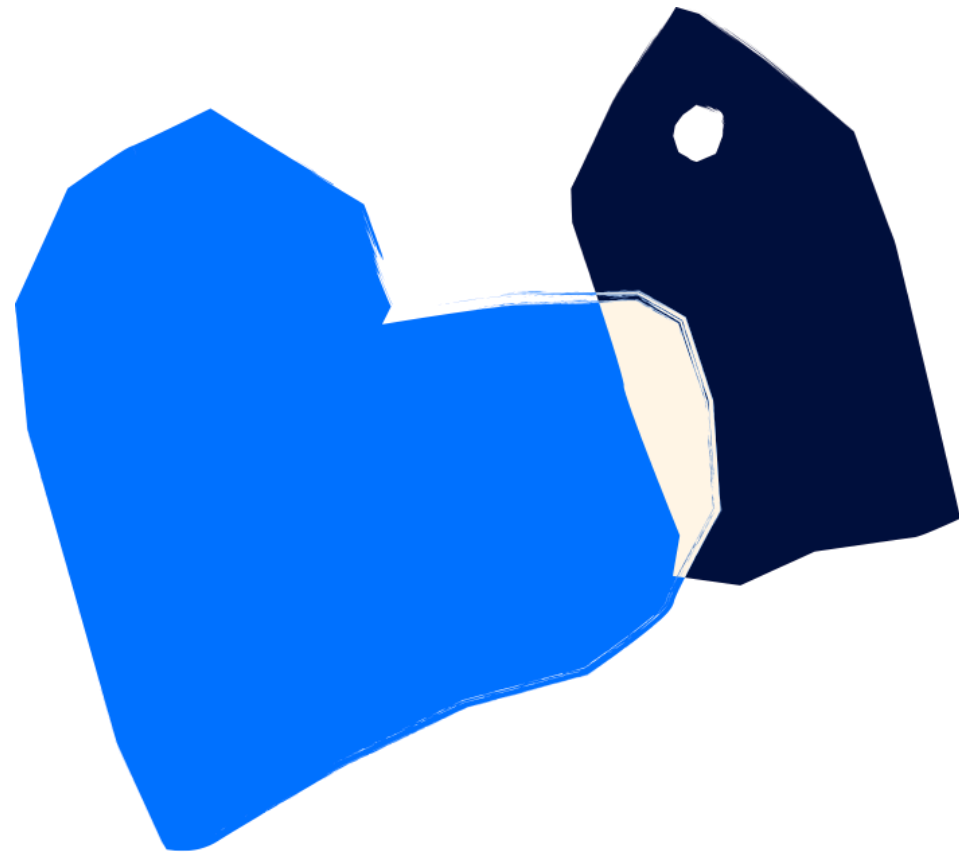


Understanding your funding options





**Your business
might be able to use
extra funds**

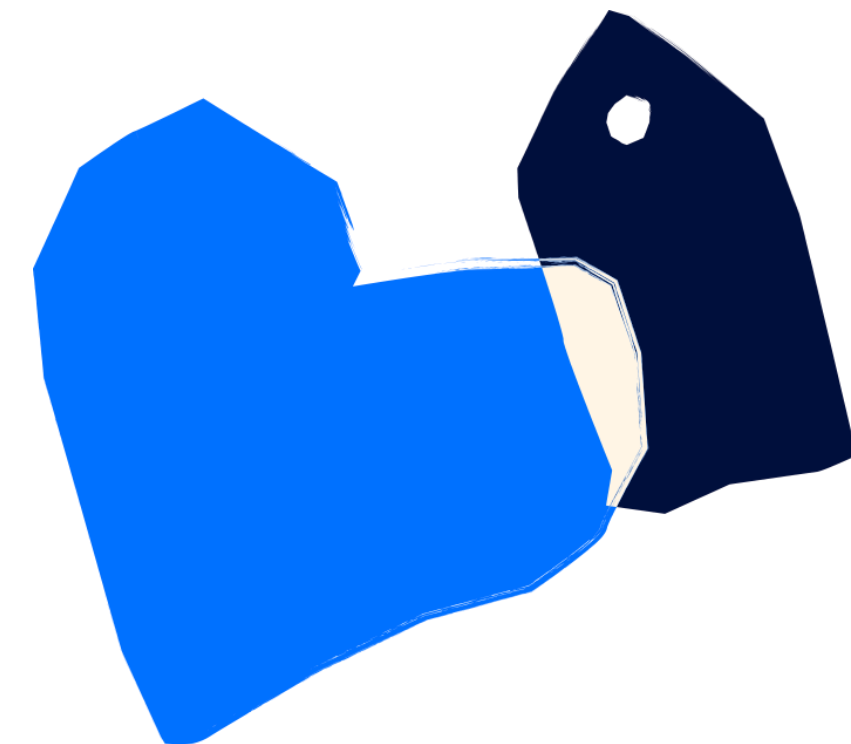


Ask yourself:

- **Can extra funds help your business grow in an ROI positive way?**
- **What sources of funds are available?**
- **What are the costs/benefits of each?**
- **How much can you afford to borrow?**

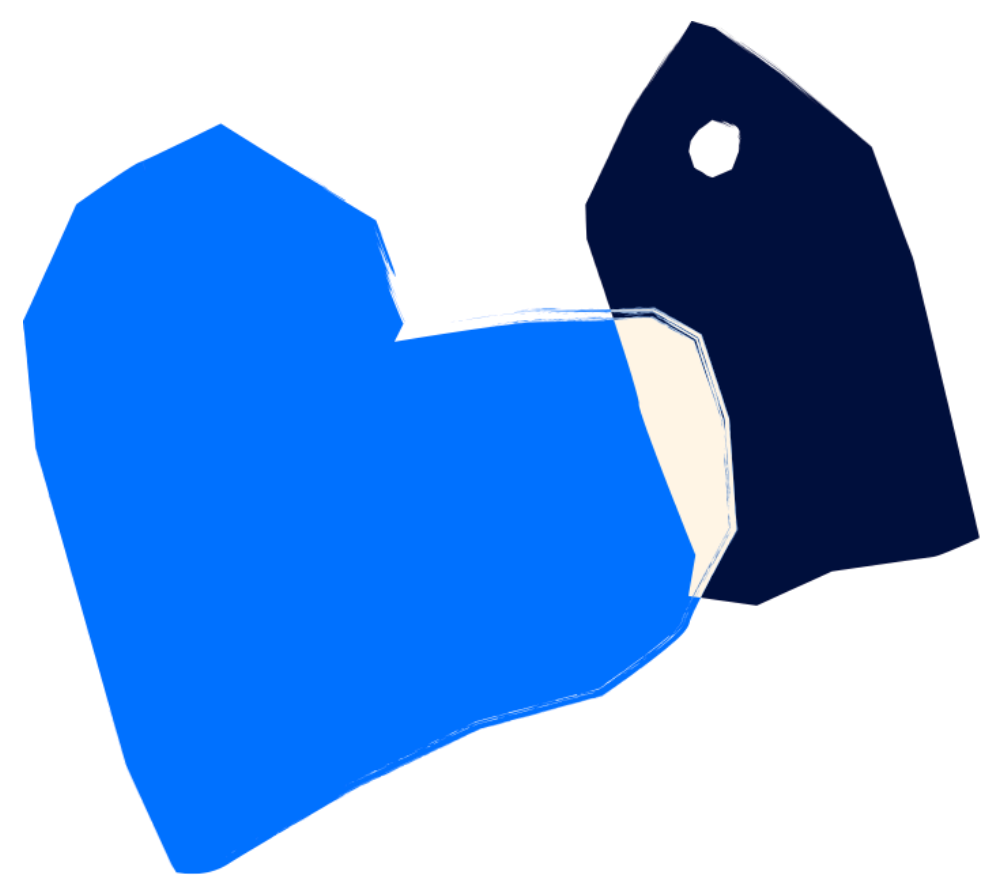


Re-invest profits into your business





Take out a business loan



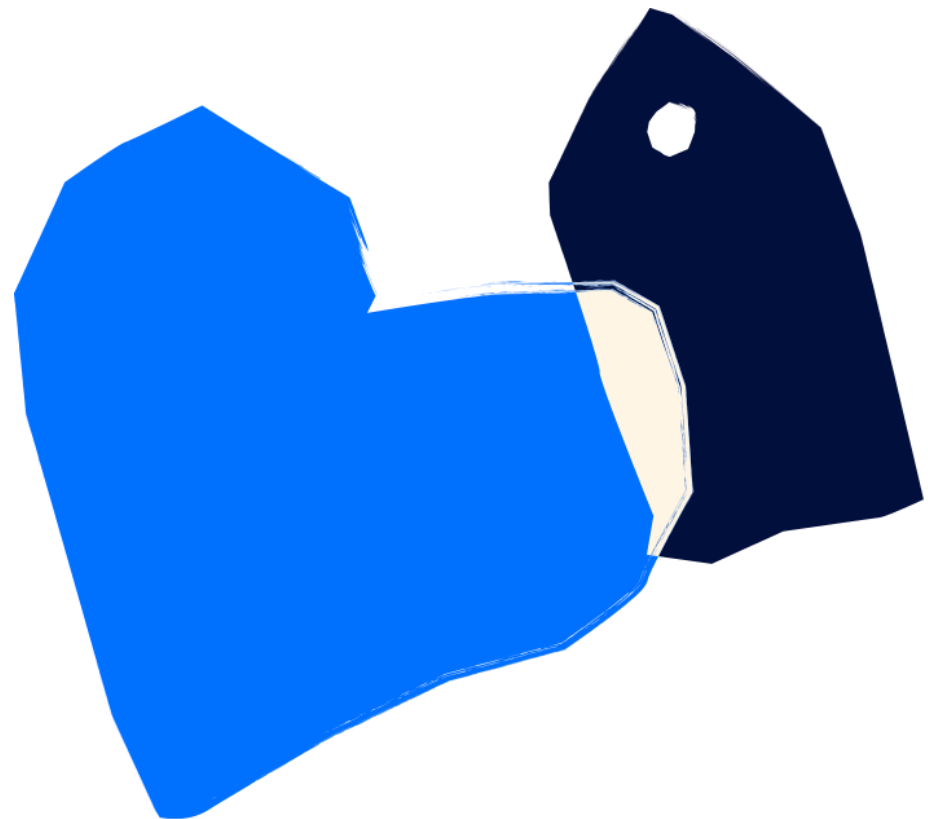
Some ways financing can be used

- Inventory and equipment
- Marketing
- More staff
- Overhead and operations
- Expansion or new space
- Any other business need

Source: November 2017 survey of 1,000 U.S. small business owners, conducted by Square Inc, and Square seller payment processing data between 2012 and 2017.

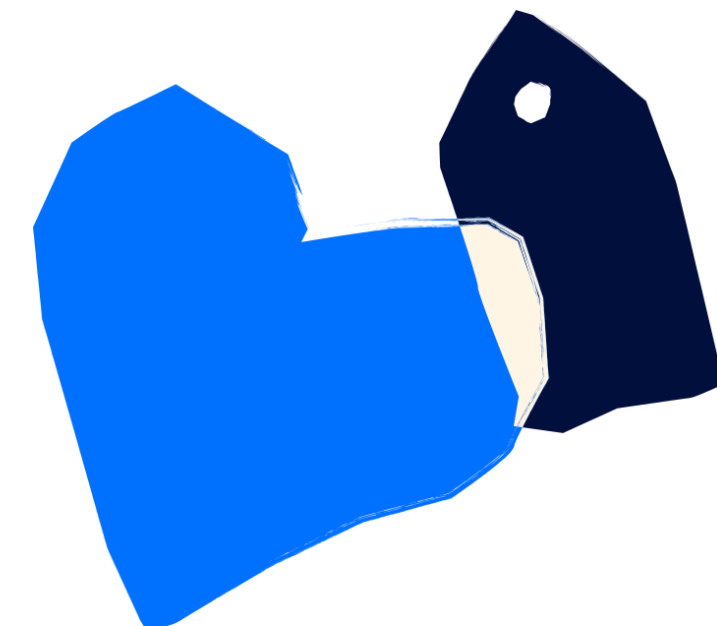


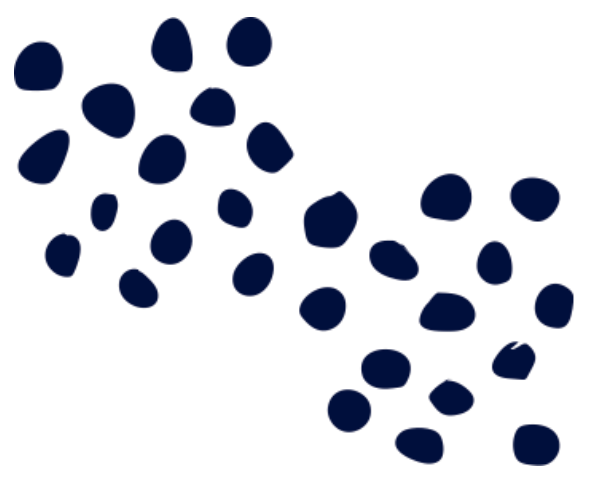
**Apply for a business
credit card or
line of credit card**



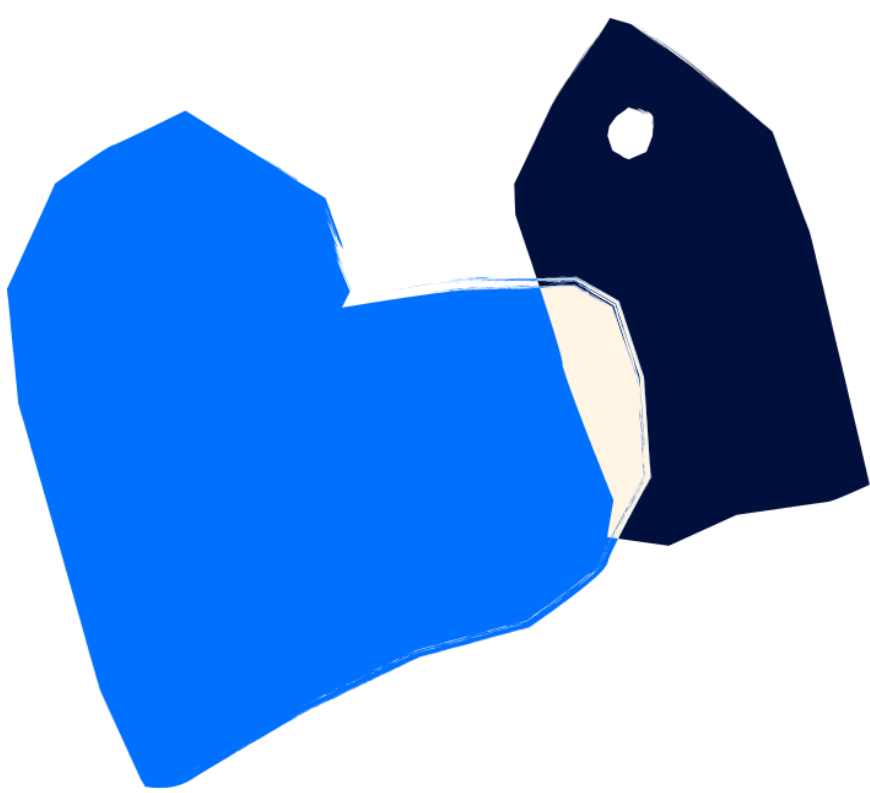


Use your personal funds

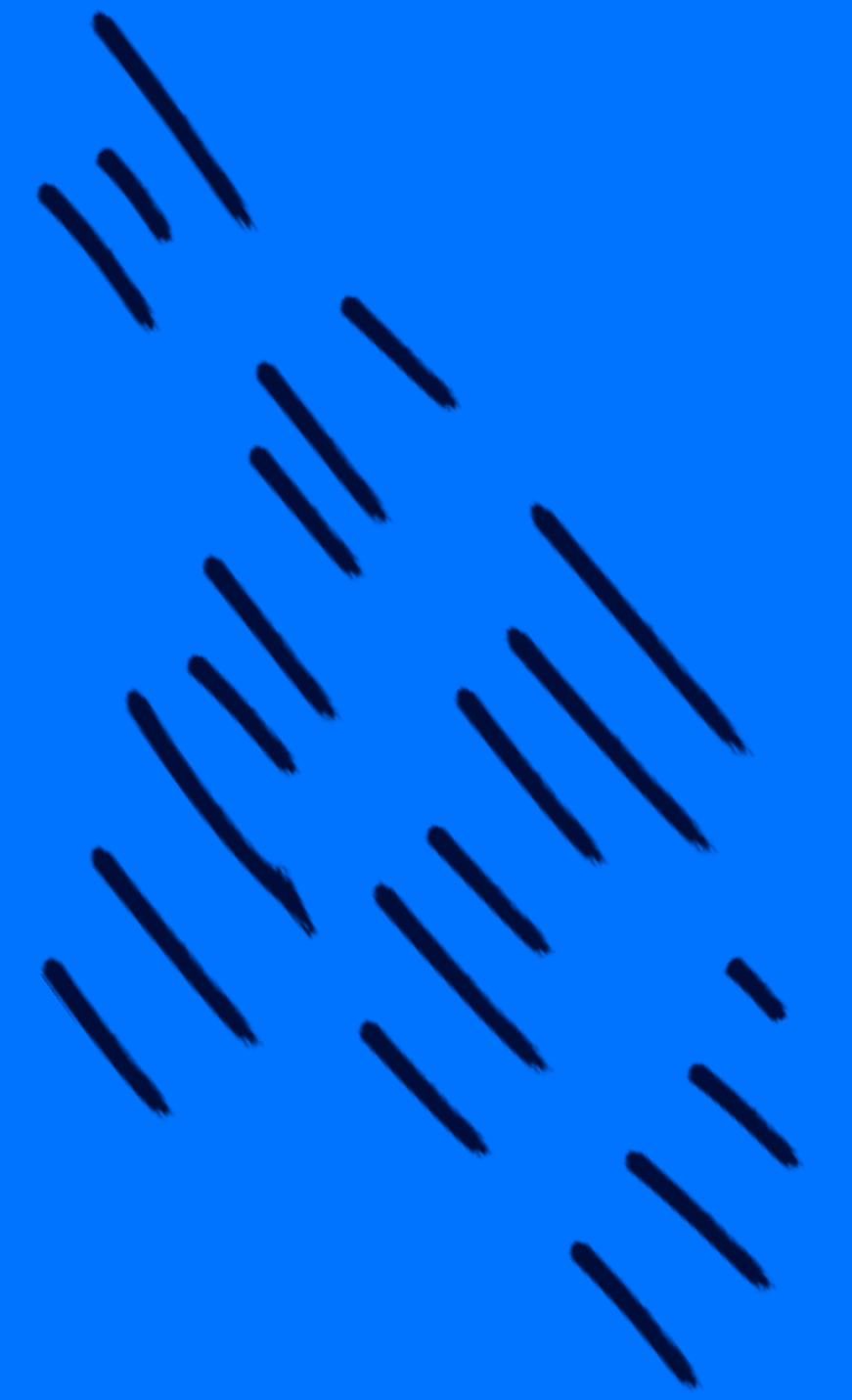
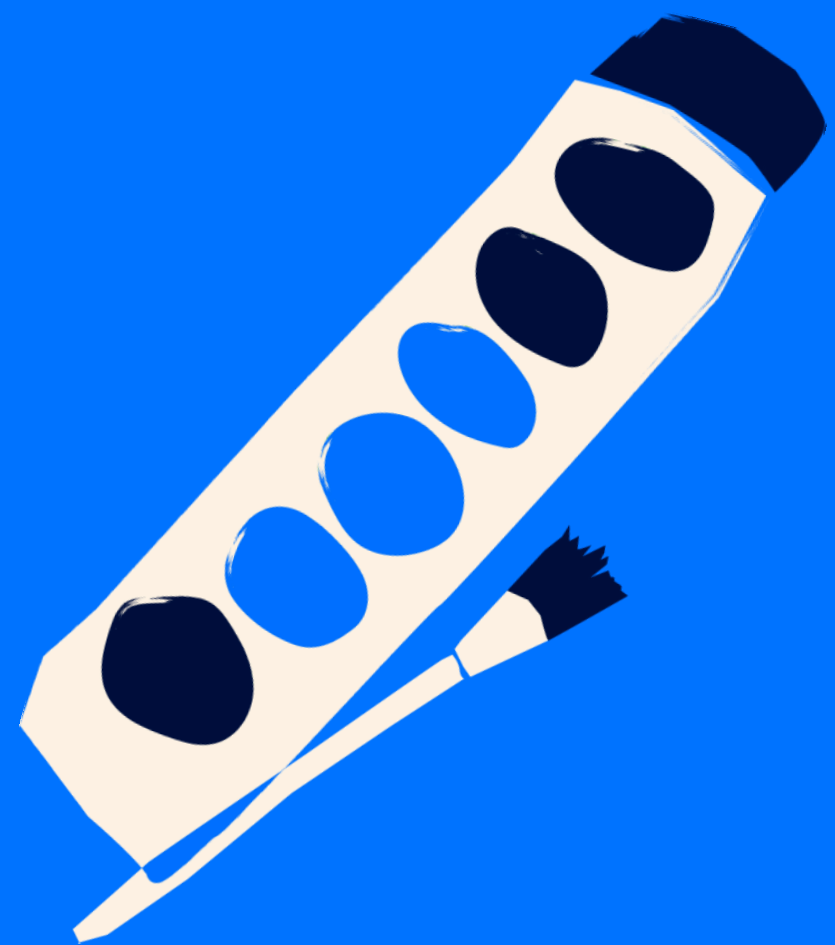




Ask your networks



More on business loans



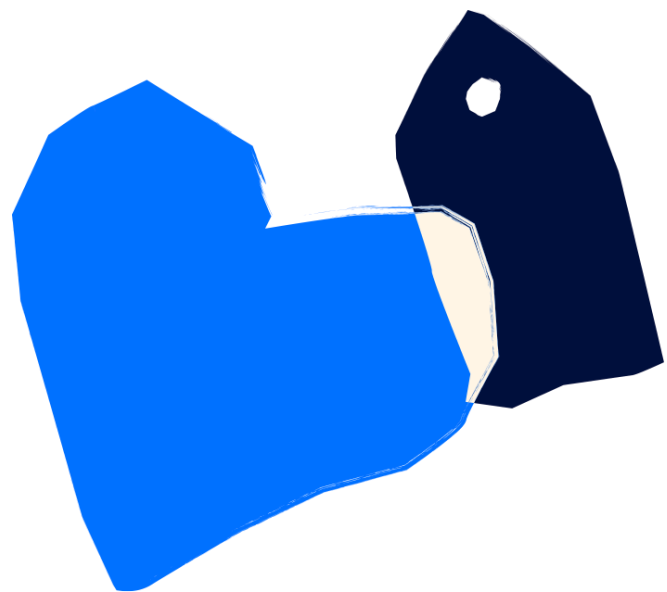
70%

**small business don't receive
the funding they want**

Typical lenders have a variety of requirements, which may include:



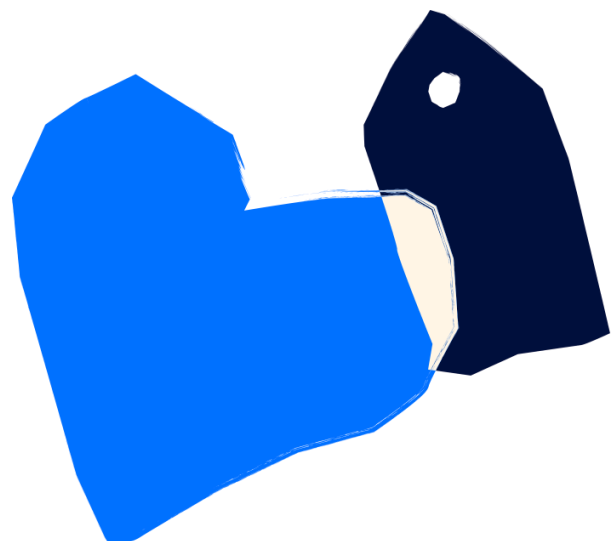
- Sufficient assets + financial reserves
- Healthy cash flows to repay the loan
- Lengthy time in business
- Good repayment on other debt
- Good personal credit
- Personal guarantee
- Sufficient collateral to back the loan

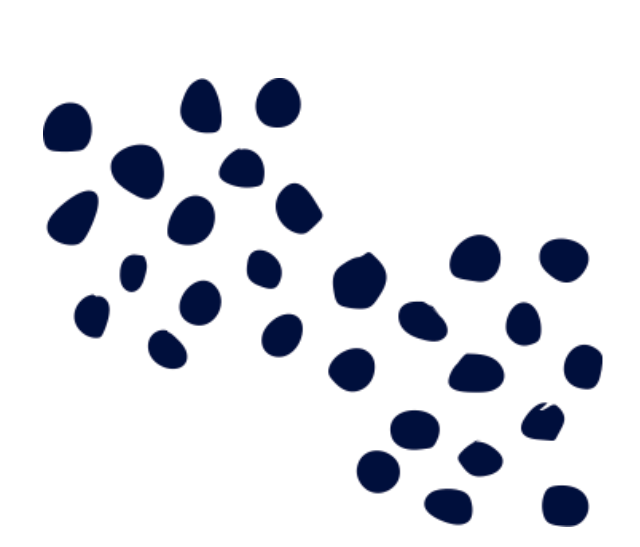


Some companies make loan offers based on data it automatically sees about your business

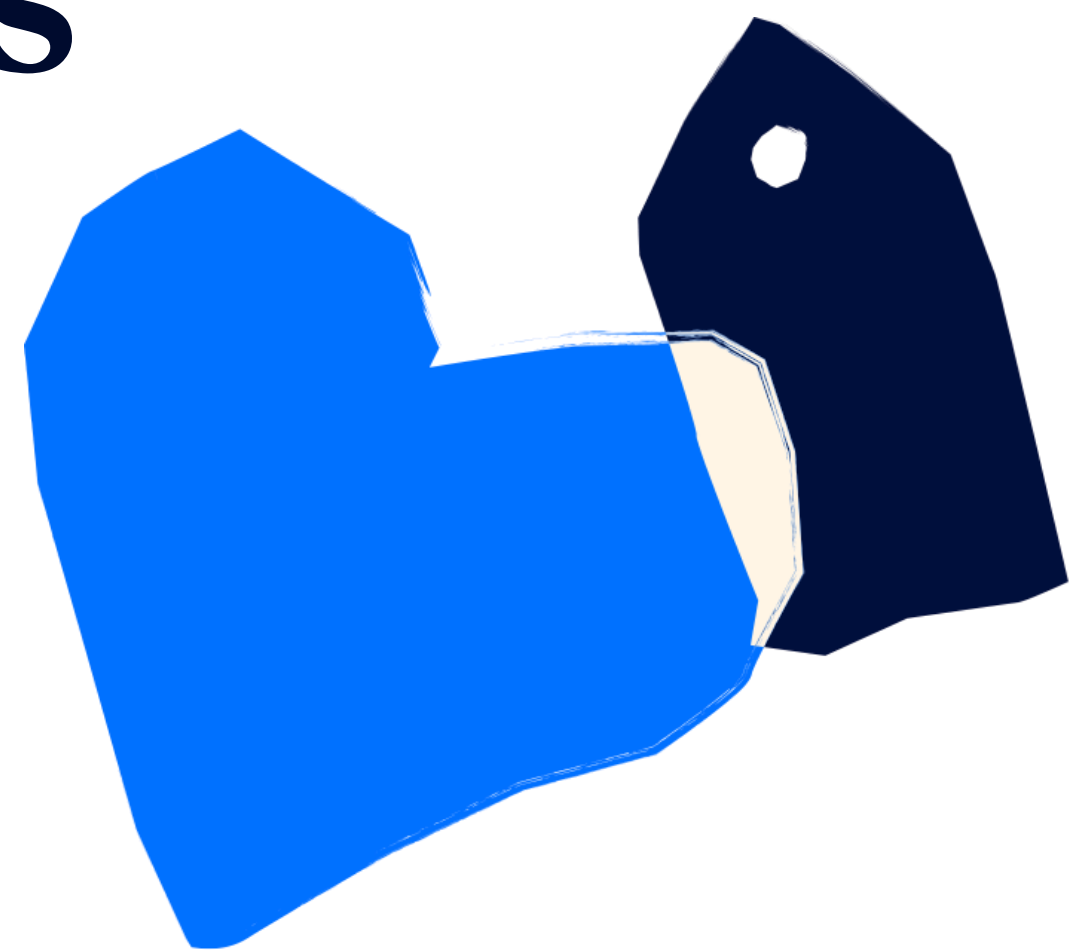


- Number of sales transactions, frequency, and recency
- Sales history
- Healthy, growing business
- Variety of customers



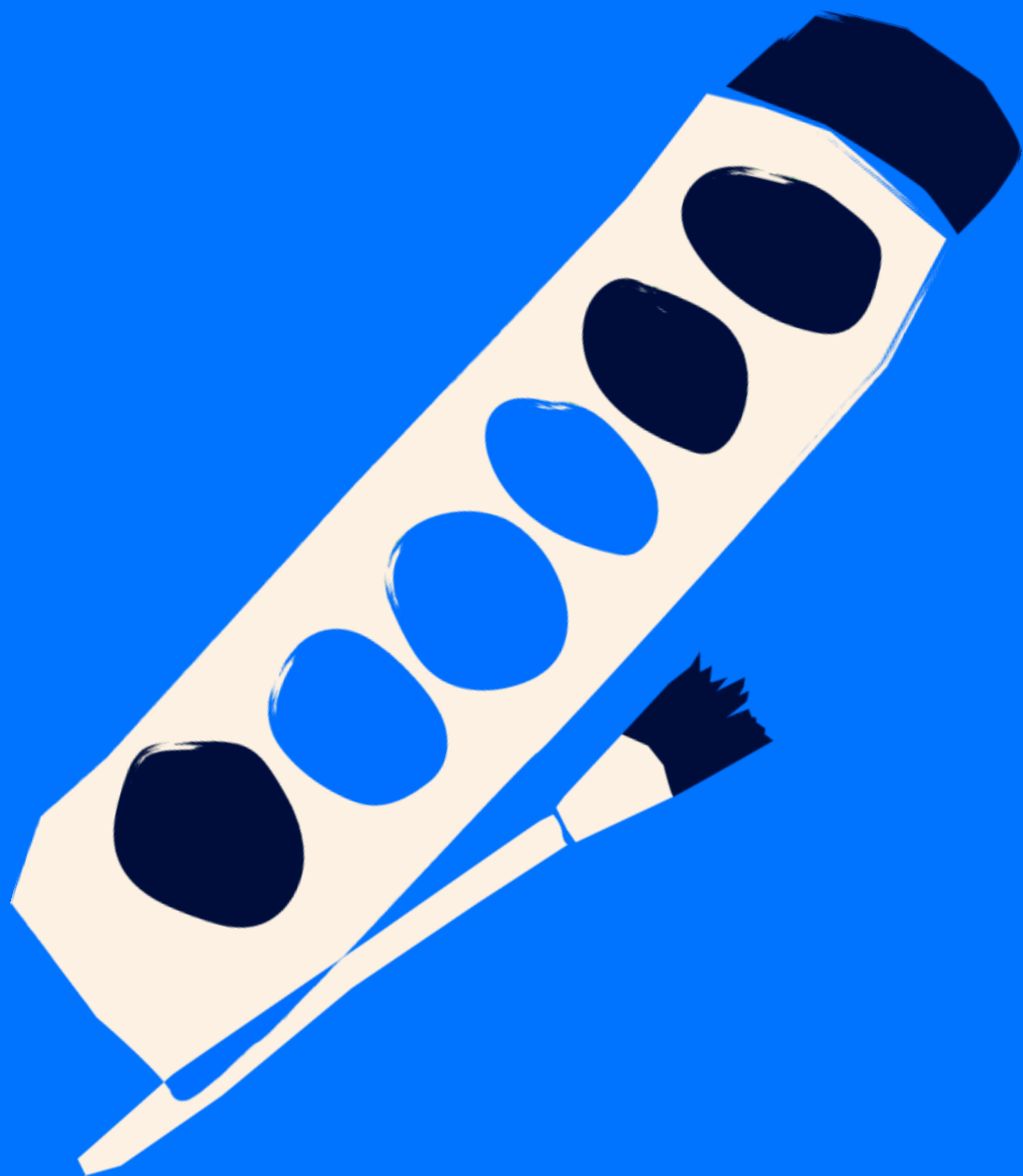
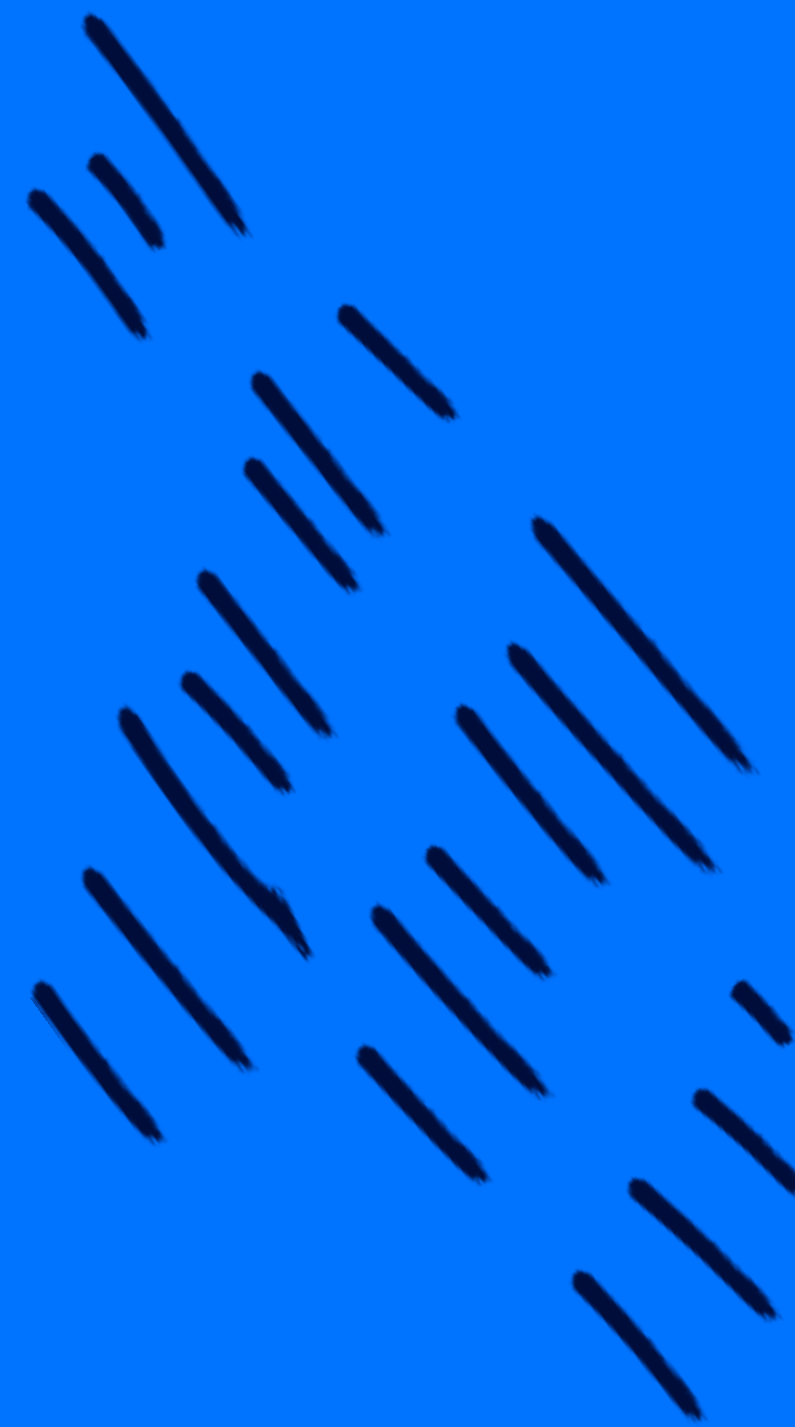


Pay close attention to the loan offer terms



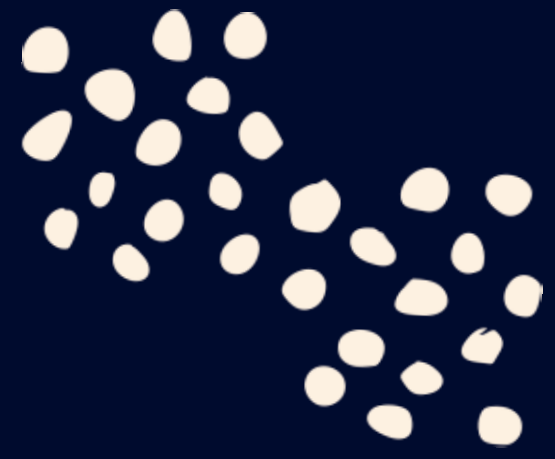
- The entire payback amount (principal + ALL borrowing fees)
- All costs that may not be reflected up front (including late fees, application fees, and origination fees)
- Speed, convenience of application and funding
- Ease of repayment
- Reputation and dependability of the lender

Wrap up!



Summary of cash flow management tips

- 1** Have a strong business plan, and build reports to know exactly what your cash flow situation is at any given time.
- 2** Grow your cash inflows (accept more payment options, invest your extra cash), and try to reduce or eliminate your expenses.
- 3** Get paid by your customers quickly, but try to extend out your payments to your suppliers.
- 4** Understand your business's funding options, and thoroughly evaluate the funding terms so you can make the best decision.



Resources

squareup.com/capital

score.org

sba.gov

