

10 Tips on Collecting Cash Quickly



Jacques Jourdan
October 2008

In these difficult financial times, maintaining a strong and healthy bank account is paramount for every small business owner. Below are some quick tips that can help you not only improve your cash position, but reduce the money management headaches also.

1. Review your budget again- A budget helps you to forecast the future of your business as well as assist you in maintaining the best schedule to pay bills. In our current climate it's important to review your budget again.

2. Be Efficient- The faster you deliver your product or service the faster you get paid. Review your business model and look for ways to cut out wasted time.

3. Raise your Prices- I know some of you might be saying I may lose business but if you are having problem paying your bills and have not raise prices in the last 2 years, it's worth looking into.

4. Reward Prompt Payment- Rewarding customers who pay fast is a great way to keep cash flowing. Again in today's tight financial market even if it's a small discount can go a long way in maintaining and building a stronger relationship with your clients.

5. Invoice Regularly- Be straight forward with your clients about your billing terms. Timely billing will go a long way to helping you maintain a consistent cash flow.

6. Prepare a Plan B- If possible set a line of credit with your bank as insurance. Having one before you need it makes good business sense.

7. Enforce Credit Checks- Knowing that your clients are capable of paying you is good business. Don't give credit to or work with a client who does not qualify.

8. Avoid Excess Inventory- While many vendors offer discounts for bulk purchases, excess inventory ties up your money. Be diligent and manage your inventory closely and you will free up cash

9. Invest Excess Cash- Don't let any excess cash lie around in your checking account. If you have extra cash put it in a savings or CD account. Remember, money in checking accounts earns no interest, make your money work for you.

10. Take Your Time- An important part of maintaining positive cash flow is to hold onto your money as long as possible. Pay your bills on time so as not to incur feed and maintain good credit history. Yet, take advantage of longer payment periods.

Jacques Jourdan is a Business Banker with JPMorgan Chase with over 20 years of business experience. I can be reached at 516-355-2671 or 845-521-5332 and email jacques.a.jourdan@chase.com