Strategies for improving your cash flow

Fast facts

Examine your business

Good cash flow management practices are vital for a strong and successful business. The challenge for your business is to ensure that you manage your cash flow so you don't run out of money. Improving your business cash flow is about knowing how to examine your business; exploring ways to improve or grow your cash flow; and knowing where to seek advice.

To improve your business cash flow you must first examine your business details to figure out what is working well and what can be improved. Use your financial reports and data to explore your business cash flow and identify areas that can be improved.

Use the Business performance check in the ATO App to identify how your business is performing against other similar businesses in your industry.

The information and data from these sources will provide you with guidance and insight into the areas your business may need to grow or improve.

7 considerations for maximising cash flow

Maximise cash in

Pricing considerations

- Focus on the most profitable customers, services or products
- Increase the value you deliver
- Change prices

Volume considerations

- Increase the number of potential customers
- Increase products or services
- Sell into a new market or territory
- Improve your sale process

Debtors considerations

- Invoice earlier
- Follow up
- Reduce terms
- Early payment discount

Minimise cash out

Asset considerations

- Sell underutilised assets
- Sell and lease back
- Refinance

Expense considerations

- Reduce discretionary spending
- Reduce overheads

Inventory considerations

- Reduce cost of stock and materials
- Improve terms with suppliers
- Clear obsolete or slow moving stock
- Amend ordering process

Staffing considerations

- Increase utilisation
- Change staff mix
- Employ staff
- Reduce turnover
- Match staffing levels to demand

Seek professional advice

Research conducted by the ATO has shown that there are three common factors shared among successful small businesses, and one of those factors is seeking professional advice from registered tax practitioners or trusted professional advisors. You can use the steps you take in this course to arm you with questions and ideas to make your time with your accountant or professional advisor more efficient.

Last modified: 29 Jun 2023