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Solving the Puzzle

Cash flow is always an important element in the smooth and successful operation of your business, and is particularly key in meeting opportunities and demands.

Generating sales and managing operations are, of course, also important, but ensuring that cash from those sales is collected and that your company's daily cash flow needs are managed efficiently and effectively is even more important. And this is particularly true when the economy goes into a slump. Your business's resources can be stretched to the max and you may find yourself scrambling to keep up with your own accounts payable, let alone worrying about your receivables.

So proper planning is paramount to be able to better avoid a serious cash crunch in the future.

As one step in that planning, it's wise to diagnose your company's cash flow health and ferret out any weaknesses that could create problems down the line. To that end, here is a checklist to help you get a picture of just how healthy your cash flow is.

Financial Health Checklist	 YES	 NO
Turnaround time is within our norms.		
Bills are generated immediately.		
Bills are accurate, complete and understandable.		
We finance equipment without taking cash from operations.		
Prices compensate for time spent on jobs and associated risks.		
Work is consistently completed efficiently and on time.		
Budgets are detailed and closely monitored.		
We determine the financial viability of outsourcing work.		
We adequately control employee overtime.		
We negotiate the best price and terms for materials and supplies.		
We forecast monthly cash flow and make financial arrangements.		
Our banker is aware of business and financial needs.		
Staff compensation is linked to productivity and profits.		
Standard operating procedures are written and uniformly followed.		
Labor, technology and equipment productivity are measured		

and we use the data in decision-making.		
Our bidding process for new work is accurate.		
Our accounting and technology systems provide the data we need to make timely and effective decisions.		

If you answer no to any of the above questions, you may have profit and cash flow leaks in your company. Take steps to plug the holes before you face significant financial damage.