

Insight Checklist Cash Management

Improving Cash Flow

If you have any questions, we will gladly talk you through them.

1.877.Bangor1

Read the article "[Five Tips to Improve Your Cash Flow](#)" and use that information and this checklist to identify opportunities to implement powerful process changes. After answering each series of questions below, make note of areas where you can improve your operations.

One: Track your receivables.

- | YES | NO | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Do you regularly review payment histories and performances of your customers? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you generate weekly and monthly reports on your receivables? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you know when your invoices are sent? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you have a procedure for dealing with late payments? |
| <input type="checkbox"/> | <input type="checkbox"/> | Have you prepared a script of talking points for conversations with clients who regularly delay payments? |
| <input type="checkbox"/> | <input type="checkbox"/> | Have you written a series of letters that are sent to clients once their payments become past due? |
| <input type="checkbox"/> | <input type="checkbox"/> | Is your staff fully trained in your collections process? |
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Two: Fine-tune your billing efforts.

- | YES | NO | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Are you more selective when granting credit to new customers or to those who regularly pay late? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you reduce the length of time you give to customers who are routinely late with payments? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you mail invoices as soon as your work is completed? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you increase prices for customers who pay late? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you have a system that adds late fees or interest to unpaid balances after a specific amount of time? |
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Three: Plan for expenditures.

- | YES | NO | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Do you manage inventories, receivables and payables by using the 80/20 rule? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you pay invoices promptly if a discount is given? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you regularly barter to acquire goods and services? |

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|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Do you negotiate prices and payment terms with your suppliers? |
| <input type="checkbox"/> | <input type="checkbox"/> | Have you tallied your capital equipment (computers, office furniture, vehicles, etc.) and projected the length of service you expect for each? |
| <input type="checkbox"/> | <input type="checkbox"/> | Have you estimated the maintenance costs for each piece of capital equipment that you own? |
| <input type="checkbox"/> | <input type="checkbox"/> | Have you compiled an annual calendar that lists replacement dates for your capital equipment and adjusted it to ensure that you don't replace two items in the same year? |
| <input type="checkbox"/> | <input type="checkbox"/> | Have you considered leasing equipment to avoid depreciation and replacement costs? |
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Four: Require down payment on projects.

- | YES | NO | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | Have you spoken to your peers or contacted industry groups to determine standards for down payments on projects? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you seek deposits or payments in multiple stages? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you have a company policy on requiring down payments? |
| <input type="checkbox"/> | <input type="checkbox"/> | Have you made changes to company contracts to reflect new down payment requirements? |
| <input type="checkbox"/> | <input type="checkbox"/> | Have you alerted key clients and customers to your new down-payment policy? |
| <input type="checkbox"/> | <input type="checkbox"/> | Have you alerted your billing and collections staff to changes to your new collections policy? |
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Five: Conduct credit checks on prospects.

- | YES | NO | |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Do you routinely check a prospective client's status with a credit-reporting agency? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you determine whether a prospective client has declared bankruptcy? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you ask a prospective client for references from other suppliers? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you find out why a prospective client left previous suppliers? |
| <input type="checkbox"/> | <input type="checkbox"/> | Do you attempt to determine if a prospective client left unpaid balances with previous suppliers? |
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The questions answered "NO" indicate the areas where you should focus your attention to improve your cash flow.