

SOURCES OF EXTRA CASH IN YOUR BUSINESS

Cash can hide in your business in the form of other resources. If you need cash to fund the growth of your business, here are some sources of cash that you have currently.

Accounts Receivable

During the review period you indicated that some customers were on an invoice basis. The information provided said that you collected on your accounts in the following percentages.

70%	Zero to 30 days
20%	31 to 60 days past due
10%	61 to 90 days past due
0%	90 days or more past due

This means that your average days receivable is 30.39 days. For every day you reduce this figure your business would gain an extra \$1,546.48 in cash released to the business.

Steps to improving your accounts receivable.

- More aggressive collections
- More restrictive credit approvals
- Incentives for upfront or prompt payment (fewer credit sales)
- More frequent review of accounts receivable to detect later paying customers sooner
- Sell accounts receivable to factoring company

Accounts Payable

During the review period it was found that you pay your bills according to the following schedules:

70%	Zero to 30 days
20%	31 to 60 days past due
10%	61 to 90 days past due
0%	90 days or more past due

According to your diagnostic review, the average days payable for your company is 120.57. For every day you increase your days payable, \$456.16 is released into the company coffers which could possibly be put to good use growing your business.

Steps to improving your accounts receivable.

- Renegotiate agreements and terms with suppliers
- Make installment payments
- Make exclusive/long term arrangements in return for pricing or payment concessions
- Discuss possibilities with each supplier to generate ideas for stretching payments