



HOW DO YOU MANAGE CASH FLOW TO MATCH YOUR BUSINESS?

Every business owner struggles with the best methods to manage consistent cash flow. What is the best choice for your business?

If you own a small business you know that managing cash flow can be challenging. If you're fortunate enough to have a business with steady sales and steady expenses, then managing your cash is easier than having a business that deals with seasonal sales, or customers who are sometimes slow to pay their bills.

A good example might be a landscaping business, which generates the majority of their cash in the summer months, but struggles to pay it's bills through the winter. Or, perhaps a rancher with a cow/calf operation. Cows only have one calf each year, and paydays occur only when each calf crop is sold. How do you manage your cash when the revenue is generated at such uneven timeframes? For a rancher, the answer might be to have two calf crops instead of one; half in the spring and half in the fall.

It doesn't really change the average profit per cow, but you're generating a payday every six months instead of once a year. For the landscape firm, looking for complementary services to deliver in the winter months might be the answer. Things like snow removal, installing and removing Christmas decorations, or tree removal might be options.

Another option for any business is to establish a Line of Credit at your bank. The money can be accessed when you're short of cash and repaid when the paydays come around. Rather than using credit cards, or other high interest options, the LOC provides the borrower with a flexible, low-cost option to help manage your finances.

ARPI provides business and community coaching throughout the United States. If you have a business question for Jack, email him at

jack.newcomb@totalcsi.com.

You can also visit the ARPI website, www.advancingruralprosperity.com.



Jack Newcomb
Co-Founder

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