



## HOW TO KEEP CASH FLOWING

Your practice cash flow cycle is important to your business success. Cash flow is the key test of business health. With the start of a new calendar year, now could be an ideal time to get your cash flow strategy right.

Easy tips to sustain your cash flow include:

### Develop a cash flow projection

What are your plans for your practice during 2010?

Are you planning to purchase new equipment, to increase the number of patients you see or revise your staff levels? What does this look like from a cash flow perspective? Will your goals increase your weekly expenses? If so, estimate by how much? Monitor and update your estimates regularly. Take action quickly to address any short falls. Check that your current bank account and credit facilities have been structured to work best for you.

### Create a budget

Typically you will have regular payments such as quarterly PAYG, BAS Payment etc. Make sure you create a budget including these payments. Look at last year's revenue, use it as a benchmark to project this year's revenue. Compare the true revenue and expenses in your budget against what occurred last year. Adjust your totals accordingly so that you can monitor your financial position on a monthly basis.

### Take advantage of your cash flow

Look into the credit terms advertised by your suppliers – if you are cash flow positive, investigate the possibility of discounts for early payment. Alternately can you use these funds for other investments? If you are considering a new wealth creation strategy, please ask me about NAB Health Financial Planners,

**Avoid funding major purchases from your practice's working capital.** If you do need to invest in vehicles or equipment, consider using leasing or hire purchase. These options preserve the equity in your practice as they are self-securing and require no deposit. Match the term of your loan to the length of time you will use the item purchased. Fit the payment terms to match your cash flow cycle and make sure you speak to your accountant to maximise any tax deductions.

**Use finance products effectively.** Overdrafts, loans, lease facilities and business credit cards exist to ease the cash flow squeeze. Ask me about the range of finance products available to assist you to improve your practice profits. I also suggest you speak to your accountant for advice on how to use these facilities to your benefit.