

Change levers menu



Cash IN



Cash OUT

Pricing

- Change prices
- Focus on most profitable customers, products or services
- Increase value you deliver

Volume

- Increase number of potential customers
- Increase products or services
- Sell into new market or territory
- Improve sale process

Debtors

- Invoice earlier
- Follow up
- Reduce terms
- Early payment discount

Assets

- Sell underutilised assets
- Refinance
- Sell and lease back

Expenses

- Reduce discretionary spending
- Reduce overheads

Inventory

- Reduce cost of stock or materials
- Improve terms with suppliers
- Clear obsolete or slow moving stock
- Amend ordering process

Staffing

- Change staff mix
- Increase utilisation
- Match staffing levels to demand
- Reduce turnover
- Employ staff

Which levers suit you best? If the levers don't suit you, do you have a contingency?

Pricing lever

Change pricing to improve cash flow

Actions

Considerations

Change prices

- How much margin do you need to generate from your sales in order to cover your expenses?
- How much could you increase prices without losing business?
- Could you implement small regular price increases? E.g. CPI
- Note: Not all businesses will be in a position where they can increase prices. A review of prices could indicate you already have your price point right, and that you may need to consider other levers, such as reducing overhead expenses or employing more staff.

Focus on most profitable customers, products or services

- Which are your most profitable customers, products or services?
- How much time do you need to invest in your sales efforts towards those customers?

Increase value you deliver

- What other problems could you help your customer solve?
- Do the customers only want one particular part of your product or service? Can you focus only on this?

Which action suits you best? And why?

Volume lever

Increase volume of sales transactions

Actions

Considerations

Increase number of potential customers

- Will a marketing campaign increase the number of customers who are attracted to your business?
- Will offering discounts or having a promotional sale increase your customer base?

Increase products or services

- Can you offer additional products or services?

Sell into new market or territory

- Is there an opportunity to sell to new customers?

Improve sale process

- Can you use a different process such as going via a wholesaler or online?
- Can you manage your process in a less time consuming manner?
- Can you convert a higher number of enquiries into committed sales?

Which action suits you best? And why?



Debtors lever

Collecting cash owed to you faster

Actions

Considerations

Invoice earlier

- Can you raise a progress bill?
- Can you invoice an amount in advance of completing the service or delivering the products?
- Can you automate invoicing?
- Can you offer your customers to pay via direct debit?

Follow up

- Can you give your customers a call?
- Can you send them a reminder notice?
- Can you automate/outsource follow up?

Reduce terms

- Should you require some of your customers to pay you sooner than others?
- Should some customers pay upfront?

Early payment discount

- Can you afford to offer an early payment discount?
- Can you implement a late payment penalty?

Which action suits you best? And why?

Assets lever

Make your assets work for you
and free up cash flow which is
currently tied up in the business

Actions

Considerations

Sell underutilised assets

- Do you have assets no longer required or underutilised in the business?

Refinance

- Is there an opportunity to get better terms from a lender?

Sell and lease back

- Would leasing free up your cash flow by allowing you to pay for assets over a longer period of time rather than in one lump sum?

Which action suits you best? And why?



Expenses lever

Reduce Cash Outflows

Actions

Considerations

Reduce discretionary spending

- Are there expenses that could be deferred?
- Can you negotiate these expenses on better terms such as credit policies or discounts for early payment?
- Are there any non-essential expenses which the business is currently paying?

Reduce overheads

- Can you renegotiate prices on different operating expenses such as utilities, rent or maintenance services.
- Are there cheaper options for services you are currently using, such as bundled technology packages or multi-channel marketing and advertising deals?

Which action suits you best? And why?

Inventory lever

Reduce amount of cash tied up in unsold inventory

Actions

Considerations

Reduce cost of stock or materials	<ul style="list-style-type: none">Can you source your products from cheaper suppliers without compromising on quality?
Improve terms with suppliers	<ul style="list-style-type: none">Can you extend payment terms?Can you take advantage of discounts?
Clear obsolete or slow moving stock	<ul style="list-style-type: none">Are your stock levels too high?Is there stock that isn't selling?Do you hold stock which is obsolete?
Amend ordering process	<ul style="list-style-type: none">Can you automate purchase orders?Can you reduce the lead time between placing and receiving an order?Can you order stock from your suppliers once you have received an order from your customers?

Which action suits you best? And why?



Staffing lever

Employing the right people with the right skills in your business

Actions

Considerations

Change staff mix	<ul style="list-style-type: none">Can you outsource some tasks or roles or increase the flexibility of your workforce through part-time, casual or contracted staff?Do you have the right staff focused on delivering your core products and services to your target customers?
Increase utilisation	<ul style="list-style-type: none">Do your staff understand their contribution to helping you operate the business?Do you track staff utilisation and set targets for your staff to achieve?Would higher qualified staff deliver more?
Match staffing levels to demand	<ul style="list-style-type: none">Do you need to reduce your workforce?Do you need to cut back on hours?
Reduce turnover	<ul style="list-style-type: none">How can you keep your staff happy? More training? Review of remuneration? Alignment to the business goals? Positive culture?Could you reduce hiring costs with better retention?
Employ staff	<ul style="list-style-type: none">Do you need specialist skills such as sales and marketing to help grow the business and increase sales?Can you afford to take on an employee? Consider total cost of employment, including Superannuation, WorkCover and taxes.Do you know all the laws and regulations which you will need to comply with?

Which action suits you best? And why?