ST10443512   
SELEPE   
SAMSON   
MAKWELA   
GROUP3

# How to manage a projects cash flow.

### What is the key to managing cash flow?

Cash Flow Analysis: Ithelps understand how much money is moving in and out of youre project and helps you manage it properly , cash flow analysis helps with planning ahead to avoid cash shortages, identify potential problems, and evaluate the profitability and feasanility of your project and evaluate the profitability of the project being worked on.

### Explain how cash flow on a project should be managed.

There are keys to Managing Project Cash Flow:

* 1. **Cash Inflows:** Identifying all sources of income related to the project whether is client payments , funding, and any other revenue streams. These should be tracked regularly for example on a monthly basis
  2. **Cash Outflows:** By estimating all project costs, including salaries, materials, and other expenses. This helps in forecasting future cash needs and understanding when these costs will occur
  3. **Establish Profitability:** A cost-benefit analysis must be conducted to decide whether the project is profitable or not. A profitability index greater than one indicates the project is worth pursuing.
  4. **Optimize Receivable and Payables:** In order to improve cash flow , try and manage the timing of payments from clients payments to suppliers , doing this can involve negotiating for favorable payment terms
  5. **Contingency Planning:** Secure financing options or identify cost saving measures as cash flow shortages can occur

### Explain how cash flow on a project should be controlled

The cash flow in a project is about making sujre that the money going in and out of the project is balanced, so the projecy doesn’t run out of funds. To control it, a project manager should first prepare a cash flow forecast, which shows when moneyu will be spent and when money will come in. Payments should be linked to project milstones that funds arrive as work progress.

### Five critical success factors relating to project costs and cash flow

* 1. Accurate cost estimation
  2. Financial monitoring
  3. Financial monitoring
  4. Change management
  5. Contingency planning

## Reference:

www.bing.com. (2022). *Microsoft - Search*. [online] Available at: https://www.bing.com/ck/a?.

‌

www.bing.com. (2022). *Microsoft - Search*. [online] Available at: https://www.bing.com/ck/a?.

‌

Getharvest.com. (2025). *Intuitive time tracking app for your business | Harvest*. [online] Available at: https://www.getharvest.com/harvest-asana?chan=Bing&device=c&kw=harvest%20asana&loc=137821&camp=133469152&adgr=5557822077&type=brand&msclkid=5645c1acc34412e4caeba961a5f98ea7&utm\_source=bing&utm\_medium=cpc&utm\_campaign=EMEA%20Harvest%20-%20Brand%20-%20Partners [Accessed 19 Sep. 2025].

‌