Cash Flow Coaching Kit Logo

Managing your Cash Flow: Cameron’s Cash Flow

[Narrator] Cameron runs a busy cleaning service.

He allows his customers 30 day terms on his contracts and often agrees to extend these terms.

He has to regularly buy cleaning supplies and notices that they only allow 14 or 21 day terms.

Money is coming into Cameron's business less frequently than money is going out.

He struggles to have cash available to meet his obligations.

So, he decided to change his terms to 14 days.

[Cameron] My cash flow has been really good since I changed the terms of my invoicing.

I didn't realise I could do that.

[Narrator] It's all about timing.

You want your customers to pay you in a shorter timeframe than you have to pay your suppliers or other creditors.

That way, the money you receive from your customers can be used to meet your commitments.