

The Founding Moms



HOW TO MANAGE YOUR CASH FLOW WORKBOOK



|| COURSE FORTY-THREE ||

HOW TO MANAGE YOUR CASH FLOW

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≡ PART ONE ≡

WHAT CAUSES A BIZ TO FAIL

???



FMC member **Megan Lopp Mathias** walks us through managing cash flow in a small business.

STEP 1: More than planning or concept, the issue of cash flow is something that will cause business failure, especially in the beginning.

STEP 2: Megan is an attorney who cares about giving back to the community, especially women.

STEP 3: There's not enough of a focus on cash flow management.

- It's not just money set aside.
- What do you do with the cash you do have, and how do you make it work longer for you?

|| PART TWO ||

UNDERSTANDING CASH FLOW MANAGEMENT



THIS IS HOW **THE FOUNDING MOMS** DOES IT!

STEP 1: Cash flow management isn't about receivables or what you have in the bank. It's about how all of those things work together.

- Do you have inventory, equipment, cash?

STEP 2: Moms, especially, have “toolboxes” that they're not necessarily using in other parts of their lives. Make it one big toolbox!

STEP 3: Think about the tools available to you.

- If you have accounts receivable, can you get a credit line based on those?

STEP 4: The number one rule: pay your bills as late as possible, and ask your clients to pay as early as possible.

- This applies to both service- and product-based businesses.
- Call consistently - this keeps you top-of-mind.
- Don't feel bad about collecting what you're owed.
- You can break up payments if you need to; sometimes it's better to have something rather than nothing in order to mitigate losses.

STEP 5: A lot of this is about communication.

- Try billing immediately or saying payment is due 10 days out; if payment isn't received, then you have a process in place to softly – and then more harshly, if needed – collect on overdue balances.

STEP 6: What do you use to manage all of this?

- Software can help, or create your own spreadsheet if you can't afford it.
- Quickbooks is great and can provide analytics for you.

STEP 7: Ideally, you want 6-9 months of working capital because something unexpected is going to happen.

- This isn't one transaction; save over time.
- Leverage what you can as an asset.

|| PART THREE ||

WHO CAN HELP ME IN MANAGING CASH FLOW?



THIS IS HOW **THE FOUNDING MOMS** DOES IT!

STEP 1: Find a mentor or people who can help you with various pieces that you don't have to pay for.

STEP 2: Talking about financials can be scary, but it's the only way to learn.

- It can actually be relieving!

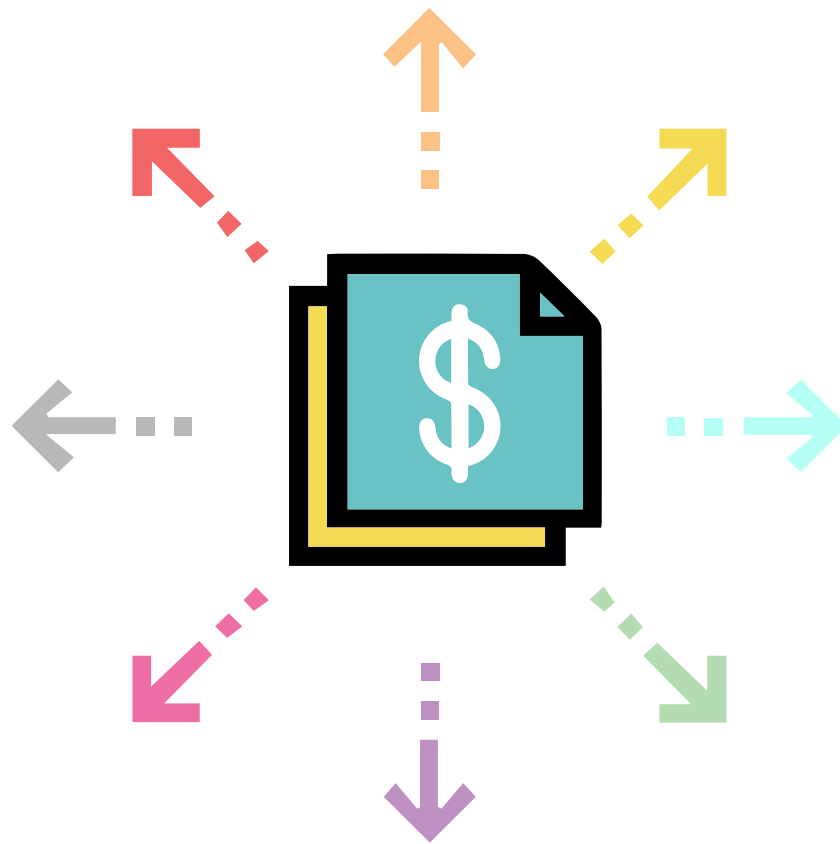
STEP 3: A good bookkeeper can give you your data regularly.

STEP 4: Talk to other business owners. Find out what's available in your industry.

- Don't feel bad about asking for advice or reaching out and asking for help!

|| PART FOUR ||

CASH FLOW RESOURCES



THIS IS HOW THE FOUNDING MOMS DOES IT!

STEP 1: Look for companies that give out microloans to help if you have a cash flow crunch.

STEP 2: Where are you banking? Find a way to leverage that relationship.

STEP 3: Accountants have established history of working with business owners and may have connections with bankers that you don't.

STEP 4: Lawyers can always help.

STEP 5: Groups like Founding Moms are a great resource!

STEP 6: Look into credit cards that give you points (just make sure you can pay it immediately).

STEP 7: Look into saving apps, like Acorns.

STEP 8: Apps like Venmo and Cash App can be great for emergencies.

WRAP UP:

- Find a mentor
- Start a plan, understand your industry and your cash flow challenges
- Identify vendors who will let you have 90-day terms, and bill clients on 15-day terms
- Figure out lines of credit
- Leverage your relationship with your banker, accountant, lawyer, etc.
- Microloans can be a short-term solution, and apps like Acorn can help you save.

Find Megan on Twitter at @ChiWomen_Biz or meganloppmathias.com

Got questions about cash flow management? Let's talk about it in the [FMC!](#)

SAVE UP!

What does 6-9 months of working capital look like to you? Remember, this doesn't have to come from one transaction; rather, you save over time. Write down the amount of money you need to save each month in order to have working capital for business emergencies.

Total amount of savings _____

MONTH

SAVING GOAL MET?

January _____

February _____

March _____

April _____

May _____

June _____

July _____

August _____

September _____

October _____

November _____

December _____

RESOURCE LIST

Who or what can help you understand and work through your cash flow management? List the names of people you can reach out to.

MENTOR:

GROUPS WHO CAN HELP:

BOOKKEEPER/ACCOUNTANT:

BANKER:

LAWYER:

SOFTWARE YOU USE:

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WWW.FOUNDINGMOMS.COM/FORUM