

Partner Workbook

# Cashflow done better



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## Fundamental cashflow conversations to consider with your clients

Many small businesses struggle to understand and effectively manage their cashflow.

Let's take a closer look at some points of action you can talk about with your clients to understand cashflow and what can be done to get better control.

## Why is this important now?

In this current economic climate, cash flow has become critical and is more than likely keeping most business owners awake at night.

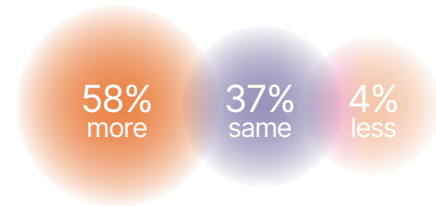
There are three main drivers for cashflow – operations, investments, and finance. Cashflow primarily comes from operations and is generally one of the biggest drivers of cash flow underperformance.

So, what is operating cash flow? Simply put, its money in and out from selling products and services and the cost of delivery of those products and services.

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The top actions SMEs have undertaken to deal with the rising cost of doing business are incorporating increases into the price of their products and services (29%), making less or no profit (28%), and the business owner either reducing or not taking an income (21%).\*

Are the costs of doing business more of an issue now compared to 12 months ago?\*



\*MYOB Business Monitor Report January 2024

The ABS Business Conditions and Sentiments report noted that in June 2022, nearly half (46%) of all businesses experienced increases in their operating expenses.

Similar to March, April and May 2022, businesses commented that general cost increases as well as increases in the cost of products, materials, fuel and wages are reasons for the increase in their operating expenses for June.

— ABS (Australian Bureau of Statistics)

## But how do you know when to **have the conversation?**

### You can:

- ✓ Use your client reports
- ✓ Run comparisons to dig a little deeper
- ✓ Access accounts receivable reports
- ✓ Run a debtor analysis to understand debtor days
- ✓ Check cost increases
- ✓ Check payroll increases.

You also may pick up indicators just by listening to your client and sensing their anxiety or stress – we know this could be a difficult conversation for your client.

Of course, you might have a really motivated client who wants to be proactive in diverting any potential cash flow risk, now that is a win win!

## How can you **help?**

If this service was not part of the initial engagement, it's a good time to discuss who is doing what.

### You could establish some options.

1. Do it for me – client is happy for your practice to establish a cashflow management plan and implement tools to assist the process.
2. Do it with me – there is input from your practice around the cashflow management – maybe this would include some consultation around an implementation plan and then regular meetings to review the results.
3. Do it by myself – client indicates that they will handle it themselves and possibly outsource to manage.

# Cashflow Tip #1

## Automate your bank information

It's imperative in a business to have all the financial activity at-the-ready to get a bird's eye view of a business position. We talk about real time data, data that feeds into the financial system every day, giving you up to date information.

Setting up bank feeds, automations with rules and allocation templates improves data health, gets the heavy lifting done quickly, and sets the scene for analysis and constructive cashflow conversations.

<b>Conversation starter</b>	Why are bank feeds part of the cashflow solution
<b>How to educate your client on the problem</b>	<p>Is this your client?</p> <ul style="list-style-type: none"> <li>• No real time data</li> <li>• Poor decision making</li> <li>• Lack of visibility over income and expenses</li> <li>• Focus is reactive rather than proactive</li> <li>• Flying by the seat of their pants</li> <li>• Feeling behind the eight ball.</li> </ul> <p>Without the automation of bank feeds, there is a lot of manual process, stumbling blocks will push out timeframes resulting in a lack of visibility and tangible information. Cashflow conversations cannot start without the fundamental data at your fingertips.</p>
<b>How to educate your client on the value solving the problem will bring to them</b>	<p>Why it's important to invest in automations such as bank feeds</p> <ul style="list-style-type: none"> <li>• Provide the data to make informed decisions</li> <li>• Automations like rules and categorisation templates will provide consistency and efficiency</li> <li>• Set you up to be proactive in solving cashflow issues.</li> </ul> <p>Reducing the burden of gathering data is the first step to getting a better cash flow result. Being able to see money in and money out of a business develops the pathway to a better understanding of cashflow movement.</p>
<b>How to present the solution to your client</b>	<p>How to begin the journey:</p> <ul style="list-style-type: none"> <li>• Tap into tech to do the heavy lifting</li> <li>• Assemble your business information</li> <li>• Arrange easy access for all stakeholders</li> <li>• Set some actions and timeframes.</li> </ul> <p>To begin to unlock the cashflow conversation, its important to invest in the automation that exists within the technology we have today. Connecting your business data with a bank. Connecting the right people to this business data is equally important. It enables efficiency and convenience resulting in less problematic situations and giving you the keys to better cashflow discovery for your business.</p>

## Action List

I want to see you gain a better understanding of your business cashflow. Let's take a look at the best way to do this...

Setting specific guidelines and measurements at this time is really important. The guidelines ensure everyone understands their level of input and what is required. The measurement sets a level of achievement.

Action	Who is responsible	Completion date
<b>Set up bank feeds</b> <a href="#">Setting up bank feeds</a>		
<b>Set up or review bank rules</b> <a href="#">Setting up rules for bank feeds</a> <a href="#">Managing rules for bank feeds</a>		
<b>Set up categorisation templates</b> <a href="#">Set up categorisation templates</a>		
<b>Coding and data health</b> <a href="#">Working with transactions to manage data health</a>		
<b>Coding reports time frame</b> Discuss with your client and agree on timeframes coding will be completed		
<b>Cashflow discovery and action plan</b> Set up a meeting time to review data and reports to start the cashflow conversation		

## Cashflow Tip # 2

### Automate account management

For best cashflow results, getting invoicing done in a timely manner, enabling online invoice payments, and automating reminders to pay, are all positive ways to boost the flow of money into the business.

<b>Conversation starter</b>	Why automating debt management improves cashflow
<b>How to educate your client on the problem</b>	<p>Is this your client?</p> <ul style="list-style-type: none"> <li>• Not invoicing quickly enough</li> <li>• Always chasing money</li> <li>• Not chasing money at all</li> <li>• Avoiding tough conversation with their customers</li> <li>• Lack of processes/terms and conditions of doing business.</li> </ul> <p>If money is tied up with customers who don't pay, you are selling your business short. Your business does not want to be someone else's bank.</p>
<b>How to educate your client on the value solving the problem will bring to them</b>	<p>Why it's important to automate debt management</p> <ul style="list-style-type: none"> <li>• Deliver a professional branded invoice template to customers to set the scene</li> <li>• Easily provide clear concise details on the invoice to avoid any customer confusion</li> <li>• Get your invoices sent out faster</li> <li>• Know when customers have seen the invoice sent to them</li> <li>• Get paid 30% faster by providing flexible payment options</li> <li>• Automate reminders to chase up outstanding payments quickly</li> <li>• Reduce the need for difficult conversations</li> <li>• Save time and reduce administration burden.</li> </ul> <p>When you start using powerful tools designed to do the legwork for you. Business life can start to feel a lot less demanding knowing you can safely rely on money coming in faster, with less effort and less stress.</p>
<b>How to present the solution to your client</b>	<p>With MYOB Business, you can automate and standardise your invoicing, give your customers better options to pay you faster, take the burden away from chasing overdue money, and get much more clarity around when your money is moving into the business.</p> <ol style="list-style-type: none"> <li>1. Make your invoicing process faster and easier</li> <li>2. Have a better understanding of the money owed to you</li> <li>3. Give your customer better payment options</li> <li>4. Reduce the need to constantly chase money</li> <li>5. Stress Less.</li> </ol>

## Action List

Setting specific guidelines and measurements at this time is really important. The guidelines ensure everyone understands their level of input and what is required. The measurement sets a level of achievement.

Action	Who is responsible	Completion date
<b>Branded invoice template</b> <a href="#">Set up invoice templates</a>		
<b>Review/set up products and services</b> <a href="#">Set up items for products or services</a>		
<b>Review payment terms</b> Set your default in Sales Settings Do you have a credit application process?		
<b>Set up payment options using online invoice payments</b> <a href="#">Set up payment options</a>		
<b>Set up automated invoice reminders</b> Set reminders in settings/sales <a href="#">Set up email defaults for automatic reminders</a>		
<b>Assess debtor risk</b> Use MYOB advisor to get some great commentary around debtor risk <a href="#">How to set up Advisor reports</a>		
<b>Review accounts receivable reports</b> <a href="#">Run reports to analyse debtor days</a>		
<b>Review debt management process</b> Map out your process		



## Cashflow Tip # 3

### Lets take control

<b>Conversation starter</b>	<p>Why taking control and understanding data and reports is essential to managing cashflow.</p>
<b>How to educate your client on the problem</b>	<p>Is this your client?</p> <ul style="list-style-type: none"> <li>• No visibility over income and expenses</li> <li>• No visibility over who owes the business money</li> <li>• Not paying bills on time or sometimes even too early</li> <li>• Spending too much money</li> <li>• Not meeting compliance obligations</li> <li>• Not able to visualise and track the business</li> <li>• Flying by the seat of their pants</li> <li>• No plans or structure</li> <li>• Have their head in the sand.</li> </ul> <p>Most small business owners will often say they are guided by their 'gut feeling' in relation to the business. This is great until the tables turn on them... then what?</p> <p>Cashflow problems are common in a business that does not analyse the effect of doing business, 'being sure that the effort of the business is making money and then being able to collect it in a timely manner'</p> <p>This is an area that requires constant attention, and without having the reporting tools at your fingertips will be an impossible task.</p> <p>Don't rely on 'that feeling' that everything is going ok, or, because it's not, bury your head in the sand.</p>
<b>How to educate your client on the value solving the problem will bring to them</b>	<p>Why it's important to understand the numbers.</p> <p>No-one sets out in business to feel like they are flying blind, but it can happen and it's not a good feeling.</p> <p>The story for cashflow success lies within your business data. Having the tools to establish consistent reports and visuals gives you the keys to unlocking business success.</p> <ul style="list-style-type: none"> <li>• Discover trends shaping in the business</li> <li>• Improve confidence to make decisions</li> <li>• Plan to improve performance</li> <li>• Meet compliance deadlines</li> <li>• Catch disruption early</li> <li>• Take the stress out of the unknown</li> <li>• Allow you to dream bigger and grow quicker.</li> </ul> <p>Making the decision to take control means empowering the business with discovery, planning and measurement for cashflow improvement.</p>



**How to present the solution to your client**

Take control and take away the stress. Understanding how the flow of money effects the cash flow of the business brings that element of control to begin planning for better business outcomes.

- Harness the data
- Review data health and integrity
- Present data in a way that's easy to understand
- Establish consistency in reporting and timelines
- Make attainable goals – action plan
- Set up accountability
- Celebrate success
- Review and reset
- Retrospective – what worked what didn't.

Set up consistent reporting guidelines by setting timeframes, establish the appropriate reports and construct plans to navigate to better cashflow outcomes.

## Action List

I want to see you take control of your business cashflow.  
Let's take a look at the best way to do this...

Setting specific guidelines and measurements at this time is really important. The guidelines ensure everyone understands their level of input and what is required. The measurement sets a level of achievement.

Action	Who is responsible	Completion date
<b>Data readiness</b> <a href="#">Connect a bank account</a> <a href="#">Import prior bank transactions (if needed)</a> <a href="#">Set up bank rules and categorisation templates</a> <a href="#">Reconcile bank accounts</a>		
<b>Review plan</b> Set dates and times with your client		
<b>Review data health and integrity</b> <a href="#">Run exceptions report</a> <a href="#">Use find and replace for data corrections</a> Use bulk allocation from Bank Transaction screen to correct allocations and GST coding Review and search all allocated transactions from Bank Transactions screen		
<b>Data presentation</b> <a href="#">Build out report pack templates for convenient presentation</a> <a href="#">Use Advisory reports to build commentary for your client</a>		
<b>Establish consistency</b> Set up consistent reporting using report pack templates Set timeframes and dates		
<b>Plan &amp; accountability</b> Set actions Set timeframes		

## Action List

Action	Who is responsible	Completion date
<b>Measurement</b> Examples of success measurement: <ul style="list-style-type: none"><li>• Timeframes</li><li>• Percentages</li><li>• Bank balance</li><li>• Ability to pay suppliers</li><li>• Ability to pay employees</li><li>• Ability to pay compliance obligations</li><li>• Stress levels.</li></ul>		
<b>Review, retro &amp; reset</b> Keep the good work up!		

