

10 STEPS TO BALANCE CASH FLOW

KEEP THE CASH
FLOWING

10/21/2021



SOLEDAD TANNER, MIB

Founder & CEO, STC Consulting

Senior Financial Executive and Speaker with +30 years of experience in Business & Financial Management in the global logistics and banking industry.

- Bachelor's in Business Administration with an emphasis in Management, *Universidad Catolica de Guayaquil - Ecuador (1995)*
- Master in International Business, *University of St. Thomas (2002)*
- Certificate of Organizational Leadership, *Rice University (2007)*
- Recipient of multiple recognitions:
 - “Trailblazer of the year award, 2020” at the “4th Women to watch International”
 - “Emergent Entrepreneur, 2020” by “Solo Mujeres Magazine”
 - “Women on the Move, 2019 class” by Texas Executive Women
 - “Outstanding International Consultant, 2019” by HIDTC
- **Board Member:** Director at Large for non-profit “Texas Executive Women”,
- **Board Treasurer** for “International Entertainment Partnership” (IEP).
Finance Committee Chair for “Houston Entertainment Industry Task Force” (HEITF)
- **CFO** for non-profit: “Beautiful Purpose”





Solutions for Corporations

- CFO On-Demand
- Controller On-Demand
- Financial Speaker

Solutions for Business Owners & Start-Ups

- Financial Management
- Financial Coaching & Training
- Business Consulting

PROFIT + PRODUCTIVITY



The reality of business The Probability

- 30% of new businesses fail during the first two years of being open
- 50% during the first 5 years
- 66% during the first 10 years
- Only 25% make it to 15 years or more

(Source:
SBA)

Top Reasons Small Businesses Fail



Why?

- 82% of small businesses fail due to **cash flow** problems.

<http://www.businessinsider.com/why-small-businesses-fail-infographic-2017-8>

Excerpted from the infographic, "Why Do Businesses Fail? A Study of Failing U.S. Business"

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The Difference between Cash & Profit

- ✓ Cash is the amount of money you have in your bank account.
- ✓ Cash represents the liquidity of your business.
- ✓ Profits is the revenue remaining after deducting business costs.
- ✓ It can include sales that you've made but haven't been paid for yet.



CASH VS. PROFIT

- A business can be **profitable** and still not have **adequate cash flow**.
- A business can have **good cash flow** and still **not make a profit**.

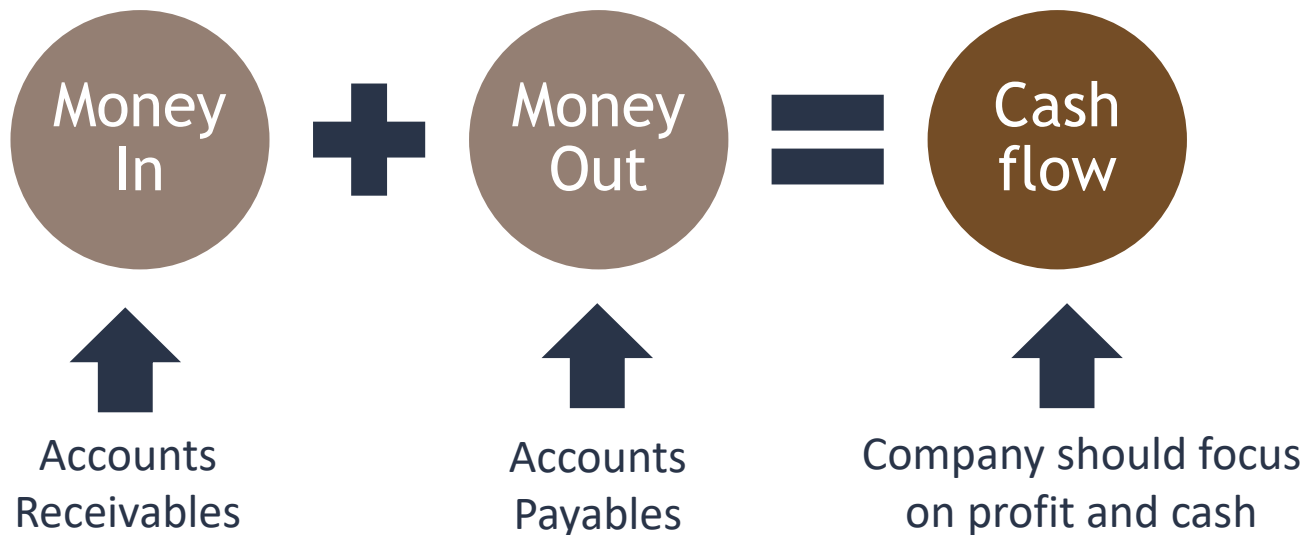
How to calculate cash flow?

CASH RECEIVED - CASH SPENT = NET CASH FLOW



CASH FLOW: Questions to ask

- ✓ When are you getting paid by your customers?
- ✓ When are you paying your vendors?



The key to managing
cash flow is
to ensure
that cash comes in
faster than it goes out.



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CASH FLOW: Positive

- If your business is **cash flow positive**, you are accumulating cash in the bank.
- ✓ Let's say you started with \$1000 in cash at the beginning of the month.
- ✓ You paid \$500 in bills and expenses, and your customers paid you \$2,000 for your services.
- **Good news: Your cash flow is positive**, at \$2,500 for the month.



	\$	1,000
(-)	\$	500
(+)	\$	2,000
(=)	\$	2,500

CASH FLOW: Negative

- If your business is **cash flow negative**, and you are finishing the month **with less cash** than you started with.
- ✓ Let's say you started with \$1,000 in the bank at the beginning of the month.
- ✓ You paid \$1,500 in bills and expenses,
- ✓ You invoiced your customers for \$3,000 worth of services, your customers only actually paid you \$200. You're still waiting for the rest of your payments to come in.
- **Bad news:** Your cash flow is **negative**: -\$300 for the month.



	\$	1,000
(-)	\$	1,500
(+)	\$	200
(=)	\$	(300)

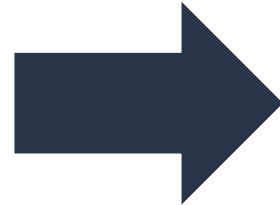
CASH FLOW: Analyze your numbers

1. Is your cash balance at the end of the month or year, higher or lower than same period in the past? What caused that changed?
2. Are there months where you have a negative cash flow? Is that consistent each year?
3. What is the average time it takes for your customers to pay your invoices? Is it higher than expected? What can you do to collect faster?
4. What are the average days to pay your bills? How does it compare to other businesses in your industry?



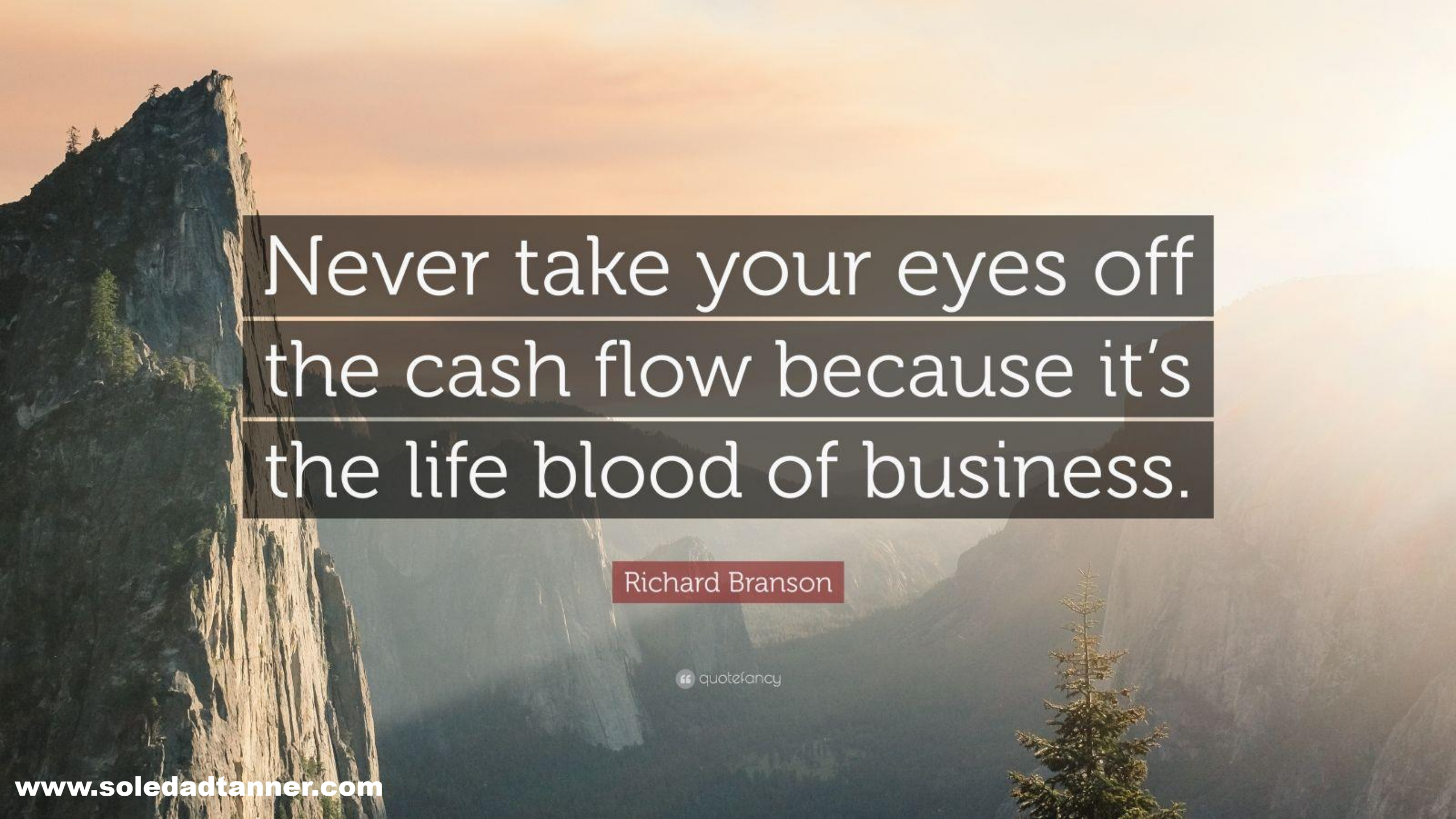


10 STRATEGIES TO IMPROVE CASH FLOW



1. **Send invoices** out immediately
2. **Increase the Pricing** of products and services
3. **Bookkeeping**
4. **Financial Management:** Forecast
5. **Reduce Expenses:** Discounts
6. **Manage inventory**
7. **Manage Assets:** Lease vs. Buy
8. **Increase Sales:** Added value & Marketing Campaigns
9. **Train Employees** To Up-Sell and Cross-Sell
10. **Watch your accounts receivable:**
 - I. Review customer credit limits,
 - II. Accept Electronic Payments & Credit Cards
 - III. Set clear payment terms

LAR
COL
EST



Never take your eyes off
the cash flow because it's
the life blood of business.

Richard Branson

quote fancy



Financial knowledge
Gives You Freedom;
Know your numbers!

When will your business make profit?

Open to the public

PROFIT GROWTH



Roadmap to Profit!
Soledad Tanner

STC
FINANCIAL & BUSINESS CONSULTING

- Founder & CEO of STC Consulting, a financial & business consulting firm that helps improve the profit & productivity of businesses.
- Ms. Tanner is an Outstanding International Consultant Award winner and global financial business consultant & speaker.
- She has 30+ years of extensive international experience in finance & controlling, strategy & consulting, performance and metrics in the global logistics and banking industries.

Laredo College
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Thursday, November 11, 2021 • 2 p.m.

Registration link: www.laredo.edu/cms/profit



Soledad Tanner, MIB
Founder & CEO

2503 Robinhood St # 150
Houston, TX 77005

soledad@soledadtanner.com

Office: (346) 227-2895
Cell: (832) 998-2136



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Thank you! Q&A & Prizes