

How to navigate around Cash flow problems

Cash flow problems can leave you all at sea unless you take the right precautions. Prepare for the worst and growing your business will be smooth sailing.

1. Learn to predict stormy skies

Sailors check the weather forecast before they leave port. You need to do the same. Make sure your business has the cash to stay afloat by using a cash flow forecast.

Today:



31°C
24°C

Tomorrow:



20°C
18°C

Month:

80%

Survival rate of small businesses planning cash flow once a month.

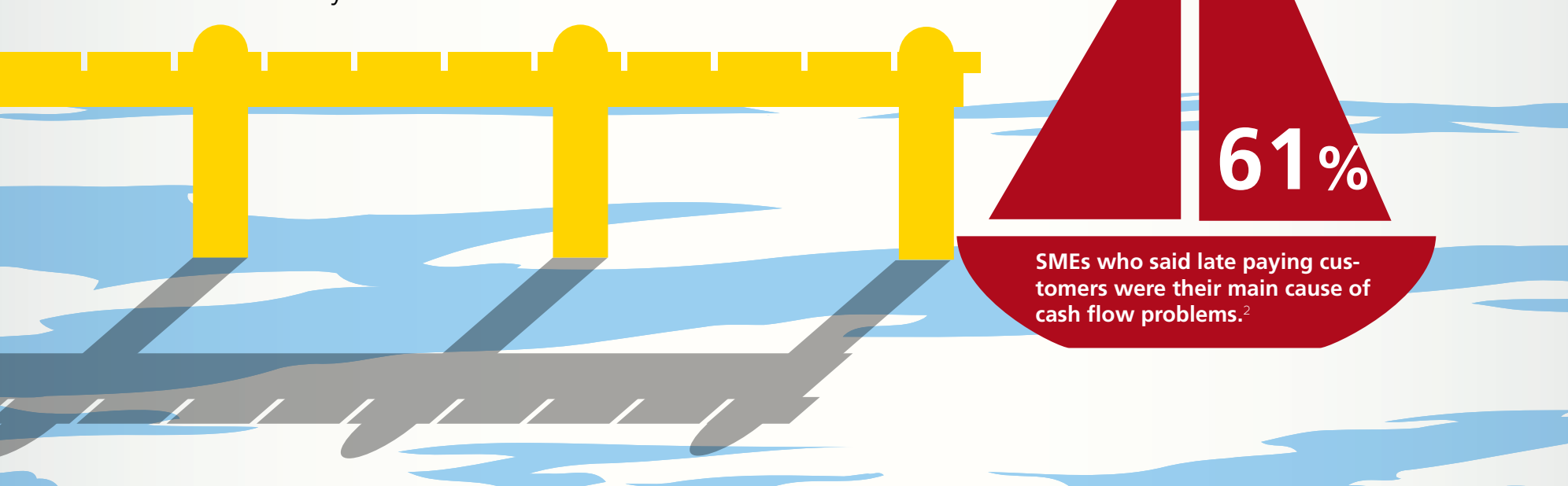
Year:

36%

Survival rate of small businesses planning cash flow once a year.¹

2. Don't stay in port while the sun is shining

Good conditions don't always last – especially when it comes to invoices. The longer you wait to invoice a customer, the longer your cash cycle will be and the lower your cash flow will be.



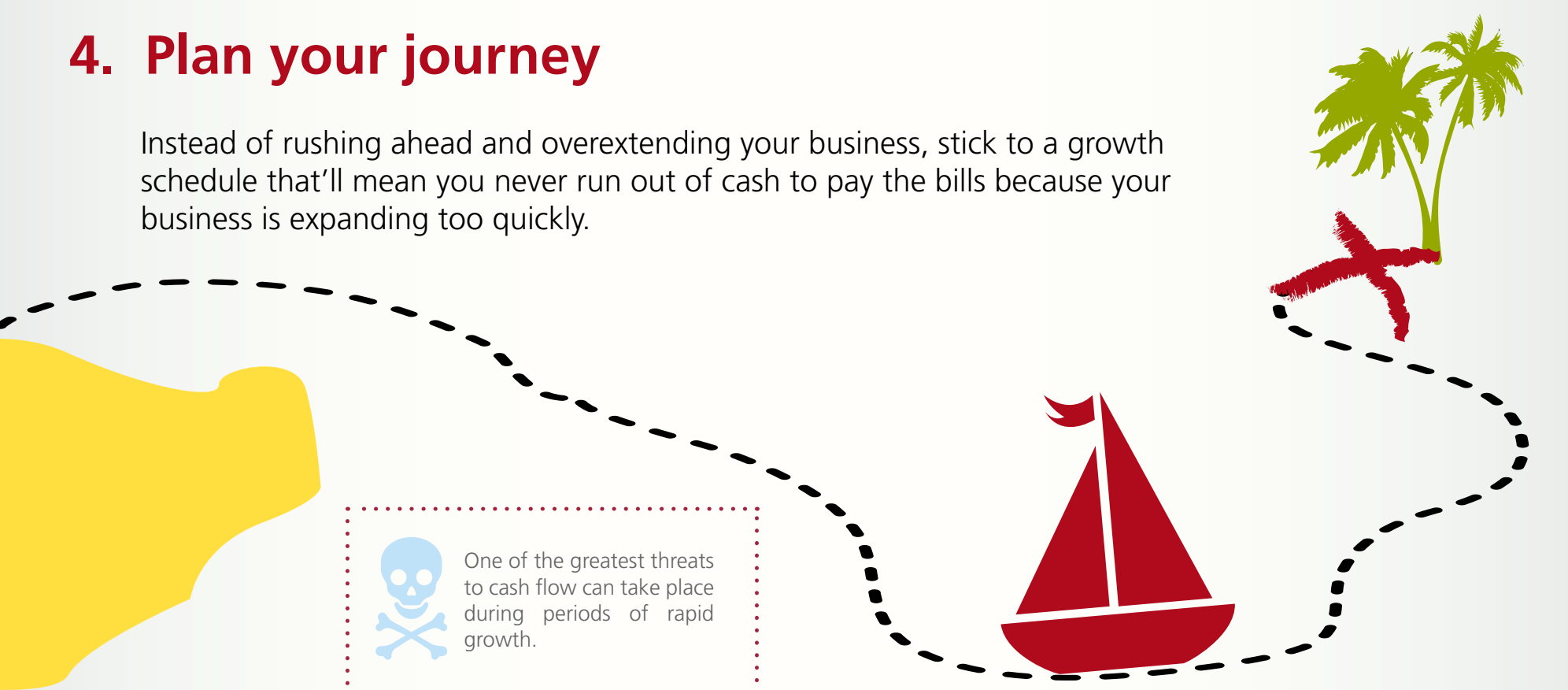
3. Make sure you won't be left all at sea

Credit checks are essential, even if your customers feel like part of the crew. They help anchor your business in choppy waters and minimize the risk of you being left all at sea by unreliable debtors.

2/3– Surveyed SME owners who said they had written off invoices in the previous year.³

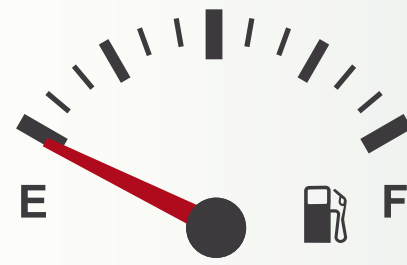
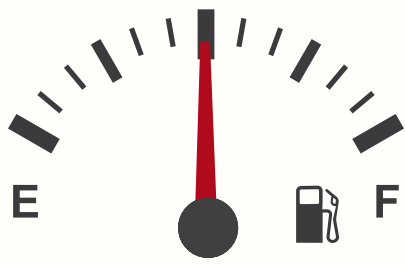
4. Plan your journey

Instead of rushing ahead and overextending your business, stick to a growth schedule that'll mean you never run out of cash to pay the bills because your business is expanding too quickly.



5. Keep fuel in reserve

Sailors fuel their boats to this rule: 1/3 to get them to their destination, 1/3 to get them back, and 1/3 in reserve. Follow their example. Budget to build a cash reserve when times are good, so you're not left out in the cold when times are tough.



42% Chief financial officers who said they wish their companies had more cash on hand.⁴

Next steps:

- Thinking of growing your business and worried you won't have appropriate cash flow to realise your dreams? Talk to a CIBC business advisor about the CIBC Small Business Growth Package and make sure you have the financial solutions you need to succeed.
- Check out the CIBC Guide to Business Planning to ensure you are keeping track of cash flow as well as other aspects of your business as you start or grow your business.

**Talk to your CIBC advisor today
about other ways.**

¹Dun & Bradstreet's Business Failures and Start-ups Analysis (2012).

²Lloyds TSB (South West UK 2012).

³Federation of Small Businesses, UK (2011).

⁴CFO Magazine Deep Dive Survey (Q4 2011).

Trademarks and disclaimers

This article is designed to provide general information; please consult your advisor for advice specific to your own circumstances.

CIBC Logo is a trade-mark of CIBC

