

BUSINESS TOOLKIT

**Manage your
business financially**



West & North
Yorkshire Chamber
of Commerce
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4 TOP TIPS

Manage your business financially

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1 Manage your business financially

You can't be all things to all people and don't assume that just because you are a specialist in your respective field that financial matters will take care of themselves. Surround yourself with knowledgeable people and call on your trusted advisors (accountants/solicitors/Chamber) for support when needed. Encourage people to challenge your financial decisions and to give opinion without fear of retribution.

2 What to look out for

Take time to review your financial performance. Understand trends and identify the key margins through which to measure profitability. When entering new market/territories do your due diligence and again call on the expertise (Chamber) of the specialists around you. For businesses in their infancy don't simply chase sales as the threat of over trading can be as problematic as slower trade from a cash perspective.

3 Planning tips for the future

Retain surplus capital/profits where possible, this will ensure the business is suitably robust to trade through the more challenging times. If you are planning for growth, have a solid business plan so you can understand what the likely impact of this has on your working capital requirements.

4 Cash flow advice

Remember you are not your clients bank, whilst trade terms are an accepted part of most business agreements, the undue stretching of these can be an early warning sign to the potential financial difficulty of your client. Timely debtor collection is key to a sound cash flow and the build up of reserves or headroom within a bank facility gives you negotiating power with your suppliers.

For smaller companies, remember profit doesn't always equate to cash generation so whilst the bottom line may look healthy, if you are not converting this to cash you could quickly find yourself in difficulty.



About Handelsbanken

Handelsbanken provides universal banking services including traditional corporate transactions, investment banking and trading as well as consumer banking including life insurance.

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