



E-Update: April 2011

This month Robert Bradley interviews Paul Brindley of Midlands Business Recovery, a member of the Bradley & Associates Professional Panel.

Dear All,

You are receiving this newsletter as a client or business contact of Bradley & Associates. Should you no longer wish to receive it at this Email address please follow the link below or email me your preferred address so that I can continue to keep you updated. *This month includes an abstract of my recent interview with Paul Brindley, a member of the Bradley & Associates Professional Panel.*

Robert: Thank you for taking time out to talk to me..what are the strategies needed to achieve good cash flow? **Paul:** That's OK..Well...I think businesses need to take a real and deep interest in cash flows, both on a strategic level and on a daily basis. While cash flow is an area that you may be able to delegate, do not confuse effective delegation with abdication of responsibility. Don't just delegate cash flow management to your accounts department and forget it.; challenge them all the time; make sure you fully understand the starting position; know what to expect going forward and what is happening and what your options are every day of the week. Approach this on the basis that you, and no one else are ultimately responsible for managing the cash flows of the business—the initial planning, the ongoing control and the driving of the implementation stages!.

Robert: Yes I agree but what else can they do? **Paul:** They should identify where the potential weaknesses in your cash flows lie. Typically for growing businesses these are in late debtor receipts, bad debts, excessive reliance on too few customers, or overstretching their production capabilities. Try to reduce your risk of your business 'overtrading' in the areas you identify. Will your customers for example supply you with free issue material? What will you do if the finance market further contracts and you cannot find the cash to buy that much needed piece of equipment? Can you buy in production capacity as and when needed without compromising quality or profits? Ask yourself what else you should be doing to bring more certainty to your cash flows. Then do it.

Robert: And what about planning? **Paul:** In my experience too many businesses trust to luck and fail to plan ahead in the short, medium and long term. Stress test the cash flow statements - understand what happens to your cash flows at different turnover levels, you'd be surprised at how much these can differ. And have plans B, C and D, which can be put in place quickly, should (or should I say 'when') things do not turn out quite as you would expect. Accept that just because you know that your actual cash flows will not work out as you set out in the early cash flows does not make your planning a worthless exercise – you will learn a lot about the mechanics of your own business from producing and understanding the cash flow statement. And as you go along, continually update the cash flow statement. Don't just put it in a drawer and forget it, it must retain a key tool for managing your business.

Robert: Paul, thanks for that, some useful advice for all of us. **Paul:** You're welcome

For more about the Bradley & Associates professional panel click [here](#). Follow me on twitter @rjbradley and Paul Brindley @MidsInsolvency.

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