



DIFFERENT WORKS

**RLI PROFESSIONAL SERVICES GROUP
LEARNING EVENT
PSGLE 129**

**How is Your Cash Flowing?
Understanding How Cash Flow,
Invoicing and Getting Paid
Impact Your Business**



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Course Description

For a company to be both sustainable and successful, it needs to have efficient accounting and bookkeeping systems in place. During this webcast we'll discuss how cash flow impacts daily business operations, including invoicing and collection processes that help you get paid regularly and on time. We'll also provide some basic bookkeeping tips that will help your business operate efficiently and successfully.

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Discussion Agenda

Brief
discussion of
cash flow

Focus on
invoicing
and
collections

Wrap up
with basic
bookkeeping
tips

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CASH FLOW



Cash Flow

Cash flow is defined as...

*Incomings and outgoings of cash, representing the **operating activities** of an **organization**.*

www.businessdictionary.com

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Cash Flow

A business's cash flow is increased by:

- ❖ Selling more services
- ❖ Reducing costs/expenses
- ❖ Charging more for services
- ❖ **Collecting faster**
- ❖ Taking out a loan





INVOICING AND COLLECTION PROCESSES



Invoicing and Collection Processes

What does your contract say?



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Invoicing and Collection Processes

Payment Cycles

Payment when services are provided
“Net 0”

Payment upon
receipt of invoice

Net 15, 30,
60 or 90

Which method is right
for your business?

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Invoicing and Collection Processes

Is it easy to pay you?

- ✓ Do you take credit card payments?
- ✓ Are you able to receive payments on-line, i.e. through your website?
- ✓ Are your invoices clear?
- ✓ Are your invoices sent on time?



Invoicing and Collection Processes

- ✓ Your company name, address and telephone number
- ✓ Customer's company name and address
- ✓ Include contact who authorized purchase
- ✓ Use an invoice number for tracking
- ✓ Include purchase order number or project number, if applicable
- ✓ Add date invoice is issued
- ✓ Display terms of payment prominently
- ✓ Provide clear description of services provided, include specific project and hours billed
- ✓ Itemize charges, if applicable
- ✓ Clearly show the net payment due



Invoicing and Collection Processes

Interest Provisions

- Include a provision that provides the right to charge interest on overdue outstanding balances
- Deterrent to let outstanding invoices linger and encourage timely payment
- Effective trigger to induce payment of overdue invoices



Invoicing and Collection Processes

Consider Collection Fees & Expenses

Contract provision if you have to expend money to enforce collection of fees rightfully owed to you. Costs such as:

- ❖ Court costs
- ❖ Attorneys' fees
- ❖ Internal professional & administrative time



Invoicing and Collection Processes

Golden Rule

Submit invoices on time to receive
payment on time

Until your clients pay, that money doesn't count!

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KEEPING THE BOOKS UP TO DATE



Bookkeeping Tips

Daily

Check to see how much cash you have on hand

Track incoming and outgoing payments

Weekly

Prepare and send invoices

Update payroll

Quarterly

Evaluate sales, expenses and gross profit against annual projections

Pay quarterly taxes

Annually

Fill out IRS forms

Review tax returns prior to submitting

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Bookkeeping Tips

Outsource all bookkeeping?

OR

Just invoicing? – *sometimes the first thing to outsource*



Resources

SCORE www.score.org

SCORE is a nonprofit association dedicated to helping small businesses get off the ground, grow and achieve their goals through education and mentorship.

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Thank you for your time!

QUESTIONS??

This concludes the Professional Services Group
Learning Event

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