CASH FLOW SCORECARD

This scorecard is designed to help you identify and evaluate issues with cash flow and provide some tips for improvement. Please rate your business on a scale from 1 to 5 where 1 is poor/minimal implementation of the potential solution and 5 is excellent/full implementation of the solution.

Reason for poor cash flow	Solution	Excellent (5)	Poor (1)	My rating
Excessive sales growth Costs associated with the increased delivery of products or services are more than what the company can currently afford as funds from increased sales are tied up in accounts receivable.	An eight to twelve week rolling cash flow forecast.	Sales and finance teams work closely together and there is a mutual understanding of allowable rates of sales growth based on a rolling cash flow forecast. Sales teams have clear sales and gross profit targets. Cash from customer prepayments is not used for costs other than those related to product or service provision.	Sales team are simply provided with instructions to sell as much as possible. The actual profitability and financing of sales is not considered. Cash on hand from sales is frequently used to cover other business costs.	
Poor accounts receivable procedures and collection Proportion of non-current and hard to collect accounts receivable is increasing	Comprehensive invoicing procedures	Invoicing is either automatic or procedures are in place to send invoices immediately. Invoices are complete and sent to the right person and confirmation or receipt is obtained. Questions and disputes re invoices are rare or non-existent. Specific targets are in place for average Days Outstanding of Accounts receivable. Line managers regularly review accounts for specific collection and general improvements.	Invoicing is frequently late causing confusion and potential disputes with customers. Accounts receivable status is rarely reviewed and late-paying customers are frequently excused.	

GRAVITY CONSULTING

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Poor inventory management Inventory volume is increasing and inventory turnover is dropping	Ongoing Inventory control and review	Inventory is regularly reviewed. Profitability of slow moving items is evaluated and carrying costs are taken into account when ordering new inventory.	Inventory is rarely reviewed and is ordered only as needed and/or when there is a 'good deal'.	
Declining profitability There have been changes in the product or customer mix, rising costs or eroding margins.	Annual financial budgets with monthly review of actuals against budget	Budget is broken down by product or service line and gross profits are projected for each. Managers have profit and loss responsibilities and operating plans are adjusted based on monthly, detailed reviews of profitability.	There is no budget or a very rudimentary one. Actuals are rarely reviewed in detail and not against a budget	
Insufficient use of technology The solutions provided by current technologies have not been sufficiently taken advantage of. .	Technology solutions that automate internal processes, and enhance accounts receivable collections	There is ongoing review of processes and potential options such as automatic invoicing, receipts by credit cards, ACH debit, e-mail transfer, remote cheque capture, electronic bill payments, using credit cards to defer payment.	Most or all receipts and payments are by cheque or manual transfer.	
			Total Score	