

99 Ways to Increase Cash

Are you a director, investor, lender, service provider, officer or a manager at a company where cash is tight? Have management review Mike's list of 99 ways to increase cash.

ACCOUNTS RECEIVABLE

1. Make collection calls every day.
2. Send invoices for all sales.
3. Send invoices early, before shipping the product.
4. Send invoices via electronic mail.
5. Get deposits from customers.
6. Use a lock box.
7. Better yet, have customers wire transfer payment directly to your bank.
8. Change your terms from net 30 to due upon receipt.
9. Make distributors prepay their initial order(s).
10. Understand how your customers process bills and write checks.
11. Sell COD.
12. Increase your prices.
13. Sell products that work.
14. Charge interest on past due receivables.
15. License your technology to larger companies.
16. Have a no nonsense program for going after slow paying customers.
17. Finance receivables with a bank line of credit.
18. Finance receivables with a factor.
19. Finance specific invoices with a factor.
20. Monitor incoming wire transfers.
21. If you have always requested a letter of credit from a customer, and the customer suddenly is unable to provide the letter of credit, refuse to ship until the letter of credit is in place.
22. Make the sales VP explain why the invoice is older than your stated credit terms.

INVENTORY

23. Use outside subcontractors to manufacture and assemble products.
24. Take inventory on consignment.
25. Arrange floor plan financing.
26. Understand the variances in your inventory accounts.
27. Eliminate the candy stores.
28. Sell your obsolete inventories at any price. Then, use the extra space productively.
29. Stop using the "full bin" method to order raw materials.
30. Order only the parts you need, and have them delivered JIT.

EQUIPMENT

31. Buy used equipment.
32. Lease equipment from an independent leasing company.
33. Set up an officer owned leasing company.

OPERATIONS

34. Pay bonuses earned this year in September next year, and only to employees still with you in September.
35. Compensate managers on cash flow.
36. Pay sales commissions on collections, not sales.
37. Use part time help.
38. Have technical employees offer training courses, or consulting.
39. Outsource a department (or two).
40. Audit every item on every expense report.
41. Use regular mail, not Federal Express.
42. Travel less.
43. Sublet vacant space.
44. Develop products people want to buy. Figure out what the market wants to buy before beginning development.
45. Develop quotas that are reasonable.
46. Don't pay recruiting fees -- rather, establish a street network.
47. Have the Directors pre-approve all consultants.
48. Have the audit done in the off-season.
49. Pay payrolls twice a month, not biweekly.
50. Invoke "executive privilege" (hold their paychecks).
51. Sell and lease back equipment or facilities.
52. Have a large company fund part of your development.
53. Stop reimbursing illegal acts (parking fines).
54. Don't pay expense reports that are submitted late.
55. Use a discounted long distance telephone service.
56. Reduce severance paid ex employees. Or, pay the same amount over a longer period of time.
57. Have the company keep frequent flier miles.
58. Cancel offsite sales meetings.
59. Attend trade shows, but do not exhibit.
60. Have someone else sell your product.
61. Reduce salaries.
62. Reduce head count.
63. When an underperforming salesman resigns or is discharged, don't forgive his "recoverable" draws.
64. Put in a phone system with SMDR (station message detail recording) and give each employee a log of their outgoing calls. Have them reimburse you for personal calls.
65. Have an independent expert review your tax situation in November, not February.
66. If it is less expensive, have air travelers stay over Saturday nights.
67. Cap nightly hotel room charges at \$125 and set per diems at \$50.

68. Don't change your logo.
69. Don't upgrade your space just to impress prospective customers.
70. Don't reimburse the president for elegant office furniture, or for pinstriping on his auto.
71. Hold the holiday party at an employee's house, not at a hotel.
72. Reduce the number of ad insertions planned for this year by 50%.
73. If you do go to a trade show, use a smaller booth.
74. Don't use a service to water your plants.
75. Increase the employee's health insurance contribution.
76. Cancel the magazine and newspaper subscriptions.
77. Appoint a typist as your internal printing department, and do it all in house.

OTHER ASSETS

78. Sell patent rights.
79. File to protect all patents, trade marks, service marks, etc.

EQUITY

80. Obtain cash from overseas investors.
81. Obtain a state economic development grant.
82. Postpone paying dividends.
83. Raise equity from family, friends, current investors.
84. Raise venture capital.
85. Have an IPO.

FINANCIAL REPORTING

86. Learn the mechanics of cash forecasting.
87. Prepare cash forecasts daily, using the checkbook format.
88. Close the subledgers daily.
89. Tell the controller you want a "soft" close for 2 months of each quarter, and then get rid of an accountant.

VENDORS

90. Open all certified letters.
91. Don't use payable systems that automatically select invoices for payment and cut the checks.
92. Offer warrants or options in lieu of cash.
93. Convert debt to equity (save interest).
94. Offer to settle amounts owed for a lesser amount, up front.
95. Ask vendors to finance your purchases.
96. Manage payables informally -- stretch.
97. Manage payables formally -- renegotiate payment terms.
98. Pay payroll taxes on time.
99. Respond to all vendor inquiries.