

4 tips to maintain or reduce your business debt

1 Communicate with your bank

- Communicate regularly and proactively with your bank and provide them with evidence you are attuned to identifying and managing key business risks, reporting and governance processes.



2 Ask hard questions of new customers

- Ask the hard questions of new customers regarding payment history.
- Consider tightening payment terms until they've established a positive track record.
- Use credit rating agencies.



3 Don't act like a bank

- Unless you are a bank, don't act like one.
- Some businesses have payment terms that state 'the payment period is X days - if the account is not paid in X days the customer will be charged interest at a daily rate of Y per cent'.
- Interest being charged doesn't necessarily help your cash flow!



4 Review your inventory regularly

- Record your inventory.
- Review it at least once a month to appreciate whether it's over or under-valued versus your business needs.



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