

Ready for the next level but run out of cash?

No matter what size your business is, a sale is only a sale when the invoice is paid. Cash management decisions take place not only on the management level but also throughout the organisation.

Talk to us about how to maintain a healthy level of cash balance and how we can improve your cash flow management.

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Case Study – Cash Flow and Working Capital Management

Business is good for Michael, a garage business owner. There is a steady stream of income from repeat customers. There are significant cash reserves and there is no need for overdraft.

One day, an opportunity arises for Michael to expand his business. Michael estimates that the business will increase three-fold, so he employs three more mechanics and buys two more recovery trucks. Michael does not run a cash flow forecast and he has no idea how much extra business is needed to cover the wages of the mechanics and leases of the trucks. In addition, because of the terms in the new contract, Michael needs to pay for the operating expenses in advance.

After accepting the contract, he focuses on fulfilling his obligations to the new customer and stops taking work from his regular customers. One of his mechanics got injured, and as a result receives paid medical leave. In order to cope with the labour shortage, he hires part-time mechanics, paying weekly wages. Cash is getting tight by the end of three weeks and Michael has not seen cash coming into his business because of the credit terms. As the time goes by, Michael's cash flow is getting tighter and he finds it difficult to maintain the business.

Are you prepared to lose your business for new business opportunities? Or are you ready to grow to the next level?



YTK's capabilities in Financial Management

How YTK Management Consultants can help you

We can help you to understand your current working capital requirement in your business. More importantly, we can assist your business to set a firm foundation in your cash flow management, minimizing the chances of shortage in cash due to weak cash management. Our services include:

Training and Awareness

Cash management is not only the responsibility of the accountant or management. Everyone in the organization has to have a clear focus on the goal and understand how they personally contribute to the achievement of that objective.

We can help to create an awareness programme, which includes advice and training for your employees to create a culture of high awareness in cash management. More importantly, does your company have the courage to make the change happen?

Readiness Assessment

Beyond creating awareness, your business needs to identify and understand the gap between the current and expected level of cash management and working capital requirement.

We assist businesses in conducting readiness assessments to identify their current level of cash management. We will extensively review and analyse your existing policies and processes from all angles, and compile our observations into a concise management report. In the report, we will make recommendations and guide your business to close any gaps that are identified.

Cash Flow Management Framework and Cash Flow Projection Template Development

Cash flow management policies and procedures need to be written down so that your employees can understand and adhere to it. In addition, cash flow projection is essential to ensure that the business has enough cash to grow.

We are able to help your business to establish cash flow management policies, procedures and various cash flow projection templates. These policies and procedures will be written down into either in a manual or checklist so that employees are aware and able to act upon it. In addition, we can assist the company to design cash flow projection templates so that they are able to project the cash requirement for the next twelve months. This ensures that the business is aware of the cash requirement and has sufficient time to cover the shortage accordingly.

