

# CASH FLOW FORECASTING

**“Fail to prepare – prepare to fail”**

**Failing to develop a proper cash flow forecast chart is the number one reason businesses fail.**

A successful business will have a detailed and realistic forecast of the money coming in and out of their company for the next 12-15 months. This should be updated regularly by comparing it to actual performance which will help you stay on track and know exactly what your financial position is at all times.

The three things you need to create a decent cash flow forecasting plan are:

- Likely sales
- Outgoings and timings
- Estimates of likely costs

Creating a cash flow strategy can help to manage finances if you're running out of money and can help to avoid that situation. A good finance professional can show you how to manage cash flow if there's a short forecast due, giving you time to plan and take the right course of action such as getting to the bank or somewhere else for a loan to get you through that period.

For example: you might know there will be a 20k deficit in November and you have overheads of 60k such as wages, rent etc... by forecasting you can prepare to cover those costs. If you plan ahead you can solve it by going the bank for a loan rather than waiting to run out of money or by finding new sources of cash which you might not have thought of before.

## Contact us

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