

Improve Your Cash Flow

Do you need help with your cash flow? Is this you:

Is your business using an overdraft?

Has your business made profits but you don't have any money in the bank?

Do you pay your bills in installments?

Do you have trouble meeting your BAS payments?

A PJT CASE STUDY

Our client is a family run cabinet making and design business, employing six staff. With the downturn of the economy the business was struggling and needed advice on increasing profitability and managing cash flow. They were trading under a partnership structure with minimal asset protection.

PJT worked with the company on three major issues:

- Lack of management of profitability
- Management of cash flow
- Downturn in sales

To better monitor and manage profitability, we provided them with tools to accurately measure gross profitability of jobs.

This enabled them to ensure that each job achieved the gross profit they required. We also recommended they produce regular financial statements, so that they could

see how the business was performing and could understand the effect of changes they implemented in the business.

A budgeted cash flow projection was prepared with the clients input to calculate the break even sales level needed to cover overheads and costs of goods sold. This allowed the client to set sales and gross profitability targets and see their effect on monthly and annual cash flow.

A new structure was recommended to help minimise taxation and better protect assets, and a fresh and innovative trading name was also established to distinguish their business from competitors – a marketing plan could then be developed around this.

RESULTS

The client has:

Implemented regular financial reporting, and they now know the financial effects of changes

Reduced taxation liabilities and increased asset protection.

Better management of cash flow

They know their targets for the next 12 months

They understand the relationship between cash flow and profits

Better loan conditions with bank due to better management and structure of debts



The client now better understands how the business operates and can better manage the profitability and cash flow of the business going forward.

Before PJT began working with this client, their gross profit was 22.7%. After working with PJT, their gross profit grew to 38.6%.