

6 Options to Start Increasing Your Cash Flow Today

An Actionable Guide to Help You Get the Cash You Need

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Understanding Your Options

Every business owner knows that cash is essential to the survival and success of their operation. What they don't know is exactly how to go about getting more cash for their business.

Here are six options that you, the business owner, can consider to start increasing your business' cash flow today.



1. Reduce Your Expenses



Difficulty to Execute



HIGH



Estimated Time Investment

5–10 Business Days

In theory, this is the first place to start and should be relatively easy. But while some expenses can be removed without dramatically affecting your business, in many cases, those aren't always enough to make a significant difference.

PROS

✓ **Less expenses = more cash**

CONS

- ✗ **If salaries reduce: job dissatisfaction & lower employee performance**
- ✗ **If cutting software/tools: less efficiency & more potential for errors**
- ✗ **If office lease is terminated early: high penalties**
- ✗ **If producing less product: less money to profit**
- ✗ **If reducing internet speed: less productivity**

Ask yourself: What can easily be cut or reduced? If it's less-used subscriptions, programs, tools, office supplies, travel and meals, or other expenses you might be able to do without, this option may be viable for your business. However, it might not be enough.

Then ask yourself: Can I cut or reduce things like salaries? Office rent? Utilities? Internet bandwidth? Your product? If the answer is "no" (and it probably should be for these), then you may need to look into another option to get the results you're looking for.

Read on to see what other alternatives you may want to explore.

2. Raise Your Prices



Difficulty to
Execute



LOW



Estimated Time
Investment

1-3 Business Days

This alternative is attractive for a few reasons: 1) It can be relatively quick to do, 2) It has the potential for more profits without much extra legwork, and 3) It's one of the easier options to execute.

But while this quick-and-easy option may be tempting, you may encounter some negative consequences as a result. Here are some pros and cons to consider:

PROS

- ✓ Relatively quick
- ✓ Relatively easy
- ✓ Potential for more money without much extra legwork

CONS

- ✗ Less likelihood of repeat sales
- ✗ Increased likelihood of contract terminations
- ✗ Extra time and resources needed to address negative incoming calls, emails, reviews or social media comments
- ✗ Reduced trust in your brand from loyal customers
- ✗ Higher potential of losing current customers to your competitors

Continue reading for other options you can consider to increase cash flow.

3. Increase Sales



Difficulty to Execute



HIGH



Estimated Time Investment

Weeks–Several Months

Increasing sales is the driving force of maximizing your business’s growth. Many businesses seek new ways to drive more revenue every day but often fail because delivering incremental revenue is much easier said than done.

To achieve this, you need to examine everything from your business model and your channel strategies, to your cost and supply base, and existing contract terms (to name a few). Then, you have to put a game plan together and execute it to start moving the needle for your business. Here are some pros and cons to help you understand what’s at stake with this option:

PROS

- ✓ More sales = more revenue
- ✓ Unlocking the strategies needed to increase sales = less potential discovery time later

CONS

- ✗ Often hard to actually accomplish
- ✗ Significant upfront time needed to assess all areas of your business
- ✗ New strategies may take time to see results, or may not work at all
- ✗ Might not be enough to cover your expenses right now
- ✗ Might only be a short-term solution

If this option fails you, keep reading to see what other options you have to consider.

4. Change Your Payment Terms



Difficulty to Execute



HIGH



Estimated Time Investment

1-3 Business Days

Depending on the provider, another option you may have is requesting to stretch the terms of your payments to your service providers. However, it's not uncommon for providers to decline your request. Here's a scenario:

You call a provider and tell them you've just finished a deep dive into your financials and you've discovered that your cash flow would be helped dramatically if they could change the terms they offer you by 20-30 days. The response you're most likely to receive is something like "I'm sorry, we won't be able to do that. Our terms are the same for everyone. If we change them for you, we'd be obligated to change terms with all our accounts."

To better understand the benefits and risks of this option, here are some pros and cons:

PROS

- ✓ More manageable payments that are spread over more time
- ✓ More wiggle room with other expenses

CONS

- ✗ This may only provide a temporary solution
- ✗ It might not be enough to supplement your cash flow needs today
- ✗ If you end up needing to pay later than the new extended payment date, you may incur added fees
- ✗ You may now have to pay interest, depending on the new terms

Looking for more options? Read on to see what else you may be able to do to improve your cash flow.

5. Get a Line of Credit From a Bank



Difficulty to Execute



MEDIUM TO HIGH



Estimated Time Investment

1 Business Day–Several Months

Getting a line of credit from a bank is certainly a viable option to help you get the cash you need right now. With a decent interest rate and terms that are manageable for you long-term, it could help your business get started on the right foot.

However, the reality is: it can be very difficult for small businesses to secure bank financing, often due to concerns about short operating histories, a blemish in their credit history (either on the part of the business or business owner), uneven operating results, or just plain too much debt already on the balance sheet. As a result, business lending has become more selective and, consequently, more difficult.

Here is an overview of this option's main pros and cons:

PROS

- ✓ Once approved, could significantly help cash flow
- ✓ Could help improve credit, if managed properly

CONS

- ✗ Not guaranteed — business lenders are more selective of credit history, operating history, uncertainties caused by the pandemic, etc.
- ✗ Costly over time — interest on your loan results in you paying more than you should
- ✗ Not a good solution to supply your short-term cash flow needs
- ✗ Could lower credit score if payment terms aren't regularly met
- ✗ Can be extremely time-consuming

Still want a better option? Continue reading for another alternative to consider.

6. Work With a Factor



Difficulty to Execute



LOW



Estimated Time Investment

24 Hours (From Pre-Approval)

If the previous alternatives seem difficult or highly unlikely to achieve, you may be right, especially given today's contexts of services, competition, the pandemic and the current state of banking for small businesses.

With that in mind, there is a much less risky, highly more attainable solution to consider: Invoice Factoring. With factoring, you receive a cash advance upfront, typically 80–90% of the face value of your invoices. Then, about 30 days later, when your Customer pays that invoice, you receive the balance less a nominal fee. It's that simple. Your cash flow problems are taken care of in one place, without having to jeopardize customer and supplier relationships, or jump through hoops hoping to favorably impress your local banker. By working with a trusted financial partner, you've found someone who can consistently handle your cash flow needs, allowing you to stay focused on your Company's daily operations and growing your business.

PROS

- ✓ Easy application process with quick turnaround – often 24 hours from pre-approval
- ✓ Cash advance given of 80–90% of the face value of your invoices
- ✓ Collections on the account handled by the factor
- ✓ Great for any size company (small, large, startup, etc.)
- ✓ Clear and transparent contracts with no cancellation
- ✓ No compromising customer or supplier relationships
- ✓ No jumping through hoops to impress your local banker
- ✓ Smart reports provided for your bookkeeper
- ✓ 24/7 online system access to your invoices, purchase orders, proof of delivery, etc.
- ✓ Personalized customer service and financial guidance from trusted professionals

CONS

- ✗ Nominal fee once customer pays invoice (generally, a few pennies for each dollar factored)

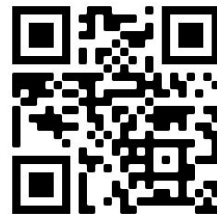


When it comes to getting a jumpstart on your cash flow, there are several options you may be considering. However, for the quickest short-term turnaround and the most reliable long-term results, nothing compares to what Invoice Factoring can bring to the table.

If you're ready to turn your invoices into cash, put your business in good hands with Invoice Factoring from ei Funding today.

Apply Now to Get Started with Invoice Factoring

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