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A drop in orders, a shortage of work, rising costs, slowing demand, weak margins.

All these things can damage a small business. But ultimately, the only reason to board up the door and bring in the receivers is a lack of cash.

You started a business because you're good at what you do. Many small businesses are, yet so many still fail. Tragically, many of them had plenty of customers and a strong order book, but ran out of cash, either because invoices were paid too late or the bank wouldn't extend credit.

To avoid that happening to you, follow these five tips for keeping on top of king cash.

1. Plan your cash flow

The worst thing for a business to do is believe it has no control over cash flow. Don't leave it all to your customers. You can influence what jobs you take, how much you pay for materials and services and when you are paid. But you need to forecast and plan, and you need to learn to pull the right levers.

Do you know how much cash the business will have in a week, a month, three months or a year? If not, then you don't know what sort of jobs are best to take. A big job might be more profitable—great if you have plenty of cash in the bank. But if you need cash in the next eight weeks and the job is four months long, you might be storing up trouble.

In truth, working with reliable, quick-paying clients can be better than working on big jobs, at least initially. If it means slightly slimmer profits, well, it's better than not being able to pay yourself (or worse).

2. Keep bookkeeping up to date every day

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and about. Modern technologies mean there's no reason to get behind with the books.

3. Invoice on time, get paid on time

Keeping your books up to date is the first step in making sure you get paid on time. The next is making sure you invoice as soon as you can. Software tools are now available to help small businesses automate much of the invoicing process, picking up data from purchase orders and drawing up customer details from your records.

If you've invoiced quickly, you can let your customers know when you expect to be paid. Some customers will run longer-than-standard payment terms, say 60 days. But there's no reason not to remind them as soon as the invoice is overdue—or even just before it falls due. And try to persuade customers to pay by bank transfer rather than check, as it will speed up the process.

4. Keep the bank happy

Your bank accounts can be integrated with online bookkeeping software, making it easier to make quick cash flow decisions. Accidentally going over your overdraft limit can be a painful mistake. Being proactive will help you keep your bank onside and gain access to finances when you most need it.

5. Explore alternative financing options

If you know you're going to need cash in the short term and renegotiating with the bank is out of the question, there are other forms of finance which are preferable to damaging your credit rating. Ask your customers if they're interested in early payment discounts, as they might be looking to save money. Some clients will also offer invoice finance through a third party, while online markets will buy invoices from you and offer rapid access to cash, at a price.

Cash is the most important thing for any small business owner to master. Get it

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Jayne Leigh Hallock is Content & Social Media Manager for [Sage](#). Born and raised in upstate New York, Jayne's always been a 'word nerd', having spent a large part of her childhood high up in a tree, reading book after book. Her college years brought her to her favorite city, Toronto, Ontario and her 'adult' life has been spent writing, editing and launching magazines. She found her passion for content strategy at Home Depot, where she spent years running the Garden Club and the How To Community. Now she's thrilled to interact with and help entrepreneurs build their businesses at Sage One.

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