

APRIL 2014

# CASH FLOW MANAGEMENT

BDC VIEWPOINTS STUDY  
Research and Market Intelligence at BDC



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## INTRODUCTION

Cash is a vital component of any business. However, many businesses have not implemented effective cash flow management practices. The results can be dire. Even profitable businesses can go bankrupt because they failed to manage their cash effectively, particularly if they operate in rapid-growth or seasonal industries. To better understand the situation, the BDC Research and Market Intelligence team surveyed 881 business leaders about financial management and the challenge it poses.

This report presents findings from that survey, as well as some of the insights in the literature about the importance and benefits of cash flow management, and the potential consequences of inadequate cash flow management.

Financial management is an important challenge for many business leaders, second only to marketing and sales, according to our survey. Cash flow management is an ongoing process that requires several important ingredients: people, key performance indicators (KPIs), tools and techniques, and a support network.

# SURVEY HIGHLIGHTS

Effective cash flow management can help companies avoid a cash flow crunch and provide invaluable insights into the business itself. The following report seeks to make a case for a wider adoption of good cash flow management practices by Canadian entrepreneurs. To achieve this objective, the BDC Research and Market Intelligence team decided to do the following:

- > review some of the pertinent literature on cash flow management
- > take a closer look at the behaviour and mindset of Canadian business leaders
- > figure out who is involved in and responsible for various components of cash flow management and
- > identify some of the tools and techniques used, including key performance indicators and benchmarking

BDC surveyed 881 business leaders who are members of the BDC ViewPoints online panel. This report presents the survey's major findings, as well as key insights from the literature on cash flow management. The report highlights the following points.

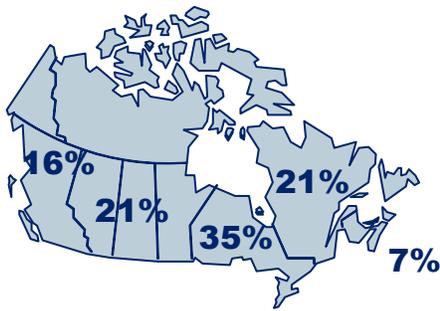
- > Profits differ from cash. A business needs both to survive and thrive.
- > Even profitable businesses can fail due to poor cash flow management.
- > Effective cash flow management can yield tremendous benefits, including cost savings and new growth opportunities.
- > Financial management is an important challenge for business leaders across the globe. In BDC's survey, it was identified as the second most important challenge for Canadian entrepreneurs, after marketing and sales.
- > Although three out of five respondents said they prepare cash flow projections, these results vary significantly between small firms and larger ones. More importantly, just over half of businesses prepare cash flow projections and compare them to actual figures. This means that nearly half of businesses are not using effective cash flow management practices.
- > The business owner plays a central role in managing cash flow and financing. Only when companies reach a certain level do other contributors, such as a controller or a senior leader, play a more predominant role.
- > Many business leaders use Excel spreadsheets and basic accounting software to track, measure, and report their financial and operational performance.
- > Very few entrepreneurs benchmark their performance ratios and other indicators against those of their peers. This means that most businesses aren't taking advantage of the knowledge that stems from benchmarking.

## METHODOLOGY

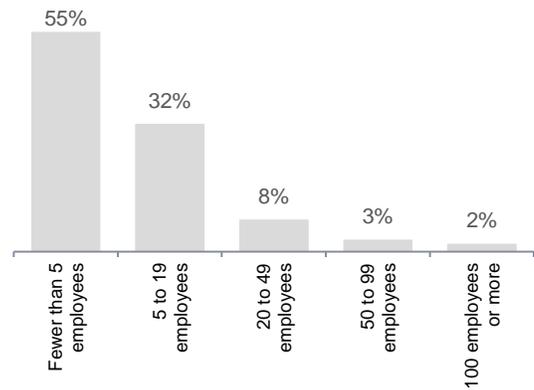
The BDC Research and Market Intelligence team decided to take a closer look at cash flow management because of its importance to the overall health of businesses. The team reviewed publicly available information on the topic and complemented its findings with an online survey of BDC ViewPoints panel members, who are either entrepreneurs or business leaders from across Canada and in various industry sectors.

The online survey was available between January 28 and February 10, 2014. A total of 881 respondents completed it.

## RESPONDENTS' PROFILE



% OF RESPONDENTS BY REGION



COMPANY SIZE



## CONTEXT

The focus of this report is on cash flow and cash flow management (liquidity). Although cash flow does relate to profitability, the topic of profitability—which includes pricing, cost of goods sold, operational expenses and so forth—is not addressed in this report.

## DEFINITIONS

**Cash flow** is the movement of cash into or out of an account, a business, or an investment over a given period. The cycle of cash inflows and outflows plays a crucial role in a business's financial health. It's a sign of good financial health when cash inflows exceed cash outflows.<sup>1</sup>

**Cash flow management** describes the process of anticipating and planning for cash receipts and disbursements. Cash management is the process of managing the short-term liquid resources of the business to optimize its results.<sup>2</sup>

It's important to understand that profit does not equal cash. Profit stems from revenue and is calculated by deducting the expenses incurred to generate that revenue in a given accrual period, regardless of whether the underlying cash flow has actually occurred or not (e.g., when a firm makes a sale, it can account for it, even though the company may have to wait 60 days for the customer to actually send a cheque). Profit is an accounting concept derived from the income statement. Conversely, cash flow reflects the cash transactions—movement in (i.e., accounts receivable being paid) and out (i.e. accounts payable being paid) of a business in a given period.<sup>3</sup> Since accounts receivable don't always line up perfectly with accounts payable, a business may confront a cash flow crunch (lack of short-term liquidity) even if the business is profitable on paper.

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<sup>1</sup> "Cash Flow," retrieved March 6, 2014, <http://www.investopedia.com/terms/c/cashflow.asp>.

<sup>2</sup> J.D. Sherman, *Cash Management Tool Kit for Small and Medium Businesses* (Toronto: The Canadian Institute of Chartered Accountants, 2010), 2.

<sup>3</sup> K. Berman, J. Knight and J. Case, *Financial Intelligence for Entrepreneurs: What You Really Need to Know About the Numbers* (Boston: Harvard Business Press, 2008), 103.

## SOME FACTS

- > Poor cash flow management is one of the leading causes of business failure.<sup>4 5</sup>
- > Many businesses fail not because they are not profitable, but because they run out of cash. In fact, businesses can run for an extended period of time without being profitable but fail the day their cash reserves dry up.<sup>6 7</sup>
- > Research has shown that cash flow challenges are a common concern among business leaders around the world.<sup>8 9 10 11 12</sup>

### Why is cash flow so important?

- > First and foremost, if a business runs out of cash and is unable to secure additional financing or credit, chances are the end is near.
- > Proper cash flow management can warn business leaders of danger ahead and reveal some unsuspected opportunities for improvement.<sup>13</sup>
- > Effective cash flow management can help entrepreneurs make better decisions about the timing of activities (e.g., when to pay a supplier, when to invest in an opportunity or when to seek additional funding), cost reductions and value drivers.<sup>14 15</sup>
- > Cash flow management can provide business leaders with some insight into ways to improve the company's working capital model.<sup>16</sup>
- > Properly implemented, cash flow management can free up capital that an entrepreneur can reinvest in the company without resorting to debt or equity financing.<sup>17</sup>
- > Many businesses are valued in terms of future cash flow, not on earnings before interest, taxes, depreciation and amortization (EBITDA). In fact, thanks in part to Warren Buffet, Wall Street now prefers the concept of free cash flow as a key measure of business performance.<sup>18</sup>
- > Finally, healthy companies that have successfully implemented and continue to develop their cash flow models have more strategic options because they have a holistic view of the business and of the impact of various elements in the short, medium and long terms.

<sup>4</sup> "The Main Causes of Business Failure," retrieved March 6, 2014, <http://www.cbfb.co.uk/help-and-faqs/the-main-causes-of-business-failure>.

<sup>5</sup> "What Are the Major Reasons for Small Business Failure?" retrieved March 6, 2014, <http://www.sba.gov/content/what-are-major-reasons-small-business-failure>.

<sup>6</sup> "In Brief: Control Your Cash Flow; Control Your Destiny," retrieved March 6, 2014, [http://www.pwc.com/en\\_CA/ca/finance/publications/finance-cash-management-2011-07-en.pdf](http://www.pwc.com/en_CA/ca/finance/publications/finance-cash-management-2011-07-en.pdf).

<sup>7</sup> J. Mullins and R. Komisar, *Getting to Plan B: Breaking Through to a Better Business Model* (Boston: Harvard Business Press, 2009), 134.

<sup>8</sup> B. Carter, "Study Finds SMEs Struggle With Cash Flow," *Franchise*, October 14, 2013, <http://www.franchise.net.au/news/report-finds-sme-s-struggle-with-cash-flow>.

<sup>9</sup> "Survey: Most SME Cash Flow Issues Stem From Customer Tardiness," *My Business*, November 5, 2012, <http://www.mybusiness.com.au/news/survey-most-sme-cash-flow-issues-stem-from-customer-tardiness>.

<sup>10</sup> Xinhua News Agency, "Most Asia-Pacific Businesses Face Cash Flow Problem in 2013: Survey," *Global Post*, November 30, 2013, <http://www.globalpost.com/dispatch/news/xinhua-news-agency/131130/most-asia-pacific-businesses-face-cash-flow-problem-2013-su>.

<sup>11</sup> C. Hutchison, "Cash Flow a 'Huge Challenge' for UK Small Businesses: Survey," Reuters, April 29, 2013, <http://www.reuters.com/article/2013/04/29/us-britain-smallbusiness-cashflow-idUSBRE93S12G20130429>.

<sup>12</sup> M. Maimona, "Canadian Entrepreneurs Are Overlooking a Key Management Strategy: Cash Flow," *Financial Post*, October 7, 2013, <http://business.financialpost.com/2013/10/07/canadian-entrepreneurs-are-overlooking-a-key-management-strategy-cash-flow/>.

<sup>13</sup> Berman, Knight and Case, *Financial Intelligence for Entrepreneurs*, 101.

<sup>14</sup> D. Rigby and D. Sweig, *Winning in Turbulence* (Boston: Harvard Business Press, 2009), 87–90.

<sup>15</sup> Mullins and Komisar, *Getting to Plan B*, 21.

<sup>16</sup> Mullins and Komisar, *Getting to Plan B*.

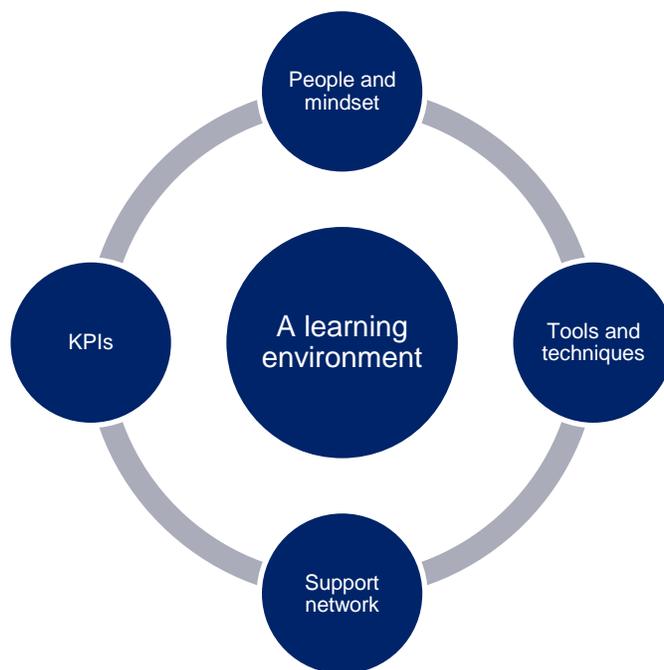
<sup>17</sup> Mullins and Komisar, *Getting to Plan B*, 17.

<sup>18</sup> Berman, Knight and Case, *Financial Intelligence for Entrepreneurs*, 2.

# THE IMPORTANCE OF CASH FLOW MANAGEMENT

The literature points to several important elements entrepreneurs need to consider to successfully implement cash flow management. These include people and mindset (business owners, senior leaders and employees), support network (influencers and business professionals), key performance indicators (KPIs), and tools and techniques. To implement cash flow management successfully, a company must ensure that these elements evolve in an environment that fosters ongoing learning and improvement.<sup>19</sup>

FIGURE 1: KEY INGREDIENTS FOR CASH FLOW MANAGEMENT



Cash flow management is not simply an operational or tactical activity; it is also a strategic one.<sup>20</sup> Failure to perceive cash flow management as an ongoing discipline that requires a collaborative effort can ultimately lead to business failure. It is, therefore, important to realize that proper cash flow management requires time, practice and adjustments, as well as engagement and a willingness to learn among all parties involved. Ultimately, effective cash flow management can help a business measure and monitor metrics, manage priorities, decrease costs, ensure financial stability, anticipate problems and maximize results.<sup>21</sup>

<sup>19</sup> I. Ekanem, "Liquidity Management in Small Firms: A Learning Perspective," *Journal of Small Business and Enterprise Development* 17, no. 1 (2010): 123–38.

<sup>20</sup> Rigby and Sweig, "Winning in Turbulence," 2.

<sup>21</sup> Sherman, *Cash Management Tool Kit*, 5.

# TO WHAT EXTENT IS CASH FLOW MANAGEMENT A CHALLENGE?

BDC's recent research on cash flow management has shown that concerns relating to a company's cash position are so prevalent that 70% of business leaders know their exact cash position or balance, while another 28% have an approximate understanding of it. Furthermore, it is such a great concern that 71% of business leaders look at their cash balance at least once a week; that figure includes the 24% who look at it daily. When asked how much cash their company should keep on hand, a few respondents suggested an estimated amount, such as enough to cover two to six months' worth of operating expenses, but the vast majority were unable to do so. Respondents who provided an answer know what the optimal level should be, but they said they rarely have such a cushion.

The issues relating to cash flow that respondents identified include the following:

- > collecting receivables (late or irregular payments)
- > having enough cash to cover expenses
- > paying suppliers before receiving payments from clients (timing between accounts payable and accounts receivable)
- > preparing cash flow projections
- > dealing with fluctuating demand, sales and exchange rates, and
- > accessing additional credit or financing

As stated previously, the literature shows that cash flow management is a challenge for business leaders in many countries and regions, including Australia, Asia, the U.K. and Canada. For example, over one-third of small business owners in Australia expected cash flow challenges to hinder the growth of their business in 2013. Furthermore, Brad Prout, CEO of First Class Capital, said that poor cash flow management rather than lack of sales is often to blame for small business failure.<sup>22</sup> In the Asia–Pacific region, over 30% of the respondents to an Atradius survey said that maintaining sufficient cash flow levels was the biggest challenge they faced in 2013.<sup>23</sup> In the U.K., nearly half of Britain's small and medium-sized businesses were concerned about managing their cash flow that year.<sup>24</sup> Closer to home in Canada, experts from Ernst & Young warn that many Canadian entrepreneurs are overlooking a key management strategy: cash flow management.<sup>25</sup>

It appears that large companies and smaller ones approach cash flow management quite differently. Fundamentally, smaller businesses are at a disadvantage on two important dimensions. First, smaller businesses do not necessarily have the managerial expertise that a CFO with strong financial and management skills can provide.<sup>26</sup> Second, by the very nature of the ownership type, smaller businesses have more limited access to capital markets than larger entities do.<sup>27</sup>

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<sup>22</sup> Carter, "Study Finds."

<sup>23</sup> Xinhua News Agency, "Most Asia-Pacific Businesses."

<sup>24</sup> Hutchison, "Cash Flow a 'Huge Challenge' for UK Small Businesses."

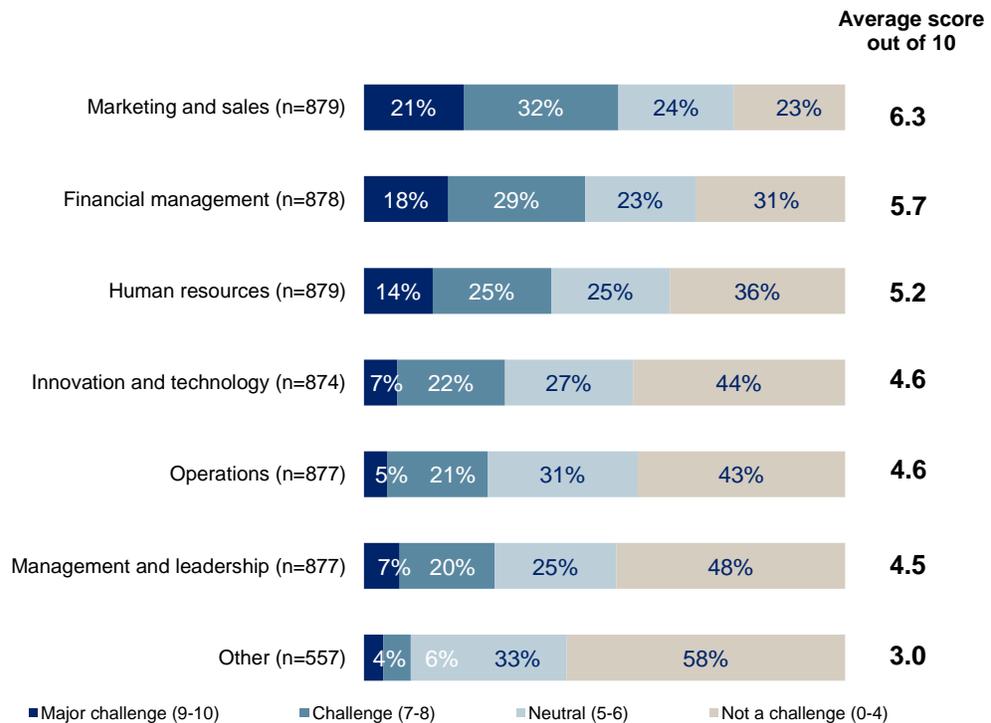
<sup>25</sup> Maimona, "Canadian Entrepreneurs."

<sup>26</sup> Berman, Knight and Case, *Financial Intelligence for Entrepreneurs*.

<sup>27</sup> Ekanem, "Liquidity Management in Small Firms."

BDC's study shows that nearly half of the business leaders surveyed across Canada perceive financial management as a challenge (47% gave it a score of seven or more out of 10). That ranking is second only to marketing and sales (53%) and is higher than that for human resources (39%).

**FIGURE 2: BUSINESS CHALLENGES**  
**On a scale of 0 to 10, to what extent do each of the following elements represent a challenge for your business?**



Financial management tends to be a greater challenge for companies with fewer than 20 employees (47%) than for firms with 20 or more employees (37%). All identified challenges posed a greater challenge for respondents in Quebec, where average scores were higher than those in any other region (Atlantic, Ontario, Prairies, and B.C. and North).

It is also worthwhile mentioning that 15% of business leaders gave a score of seven or more for all three major challenges (marketing and sales, financial management, and human resources). Another 22% identified both financial management and either marketing or human resources as important challenges for their company.

From these results, it's clear that cash flow management affects a significant number of businesses, particularly small firms, which constitute by far the largest percentage of businesses in Canada.<sup>28</sup>

<sup>28</sup> "Key Small Business Statistics," accessed March 6, 2014, <http://www.ic.gc.ca/eic/site/061.nsf/eng/02804.html>.

## CURRENT BEHAVIOURS AND UNDERSTANDING

When BDC ViewPoints panel members were asked whether they think there is a difference between accrual accounting and cash flow management, a resounding 73% of business leaders said they do. For the most part, respondents view cash flow management as the actual movement of cash in and out of the business, day in and day out. On the other hand, business leaders described accrual accounting as a process of matching revenues and expenses, typically on an income statement first and then on a balance sheet. This widely adopted method captures the company's performance and position over a period of time, regardless of whether there is cash movement or not. Respondents' understanding of the two concepts is fairly good and echoes the definitions used in various reference materials.<sup>29</sup>

Some experts believe that to further understand the problems that arise from poor cash flow management, it's important to look at the behaviour of business leaders.<sup>30</sup> With this in mind, let's turn our attention to one element of cash flow management—preparing cash flow projections—and to those involved in this task. The research team found that three out of five businesses (61%) prepare cash flow projections. However, the proportion varies significantly among business of various sizes. (See Figure 3.)

FIGURE 3: CASH FLOW PROJECTIONS, BY BUSINESS SIZE

Business size (number of employees)	Percentage that prepare cash flow projections
Fewer than 5 employees	57%
Between 5 and 19 employees	60%
Between 20 and 49 employees	75%
Between 50 and 99 employees	80%
100 or more employees	88%

Once again, small firms behave quite differently than large firms do. Given the vulnerability of smaller firms, they are probably the ones that have the most to gain from adopting proper cash flow management.

Not surprisingly, the study showed that the smaller the business, the more heavily involved the business owners are in tasks related to cash flow management.<sup>31</sup> In fact, in many cases, the business owner single-handedly performs all tasks. In most cases among small businesses that prepare cash flow projections, the business owner is the only one responsible for managing cash flow and financing.

<sup>29</sup> "Accrual Accounting," accessed March 6, 2014, <http://www.investopedia.com/terms/a/accrualaccounting.asp>.

<sup>30</sup> Ekanem, "Liquidity Management in Small Firms."

<sup>31</sup> These tasks are as follows: compiling and tracking data needed for cash flow management; analyzing data needed for cash flow management; developing cash flow projections; and managing cash flow and financing

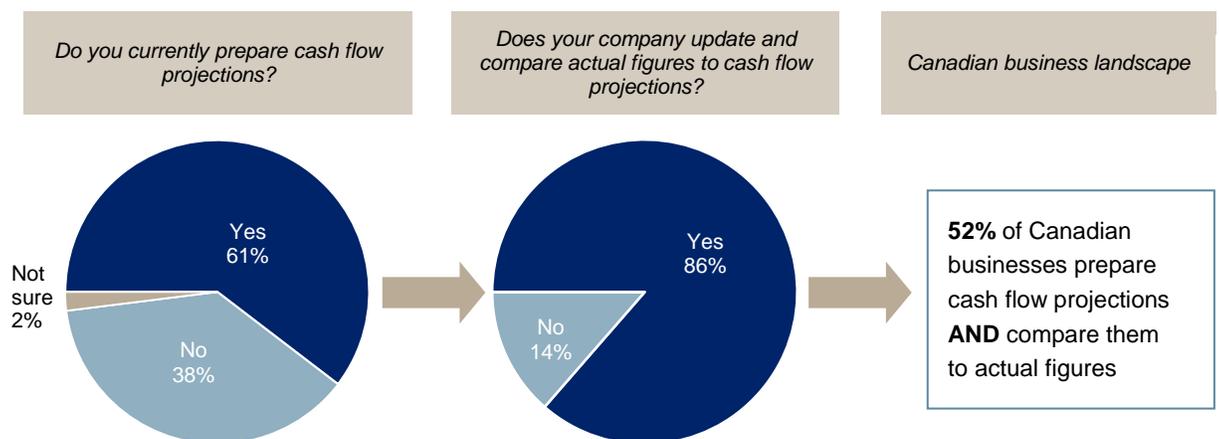
Conversely, the more employees the company has, the more likely it is that other individuals — such as a controller or senior leader — are involved in various facets of cash flow management. Since many entrepreneurs have operational expertise but not necessarily specialized management or financial skills, many of them would benefit from external advice at least on an ad hoc basis.<sup>32</sup>

As a follow-up question, business leaders in companies that prepare cash flow projections were asked what period or interval their projections cover. The most popular answer was one year (33%), but quarterly (29%) and monthly cash flow projections (28%) are also common. There is no right or wrong answer regarding the interval for cash flow projections, but specialists recommend breaking down yearly projections into quarters (i.e., four blocks of 13 weeks). This gives businesses a yearly overview, as well as a monthly and weekly view.<sup>33</sup>

Most authors believe business leaders should compare their projections to actual results and update them throughout the year. This exercise provides an opportunity to learn from variations between projections and actual results. The key is to understand the reasons for these differences.<sup>34</sup>

Overall, the proportion of entrepreneurs who prepare cash flow projections stands at 61%. Of those, 86% compare their cash flow projections to actual figures. When these results are extrapolated to the entire Canadian business landscape, the picture shows that just over half of all businesses prepare cash flow projections and compare them to actual figures. This result is relatively low, given the importance of cash flow management. For the most part, entrepreneurs tend to do their comparisons monthly. Firms with 100 or more employees are more likely than others to do weekly comparisons.

**FIGURE 4: CASH FLOW PROJECTIONS AND COMPARISON RESULTS**



<sup>32</sup> R. Litchfield, "What You Really Need to Grow," *Profit*, June 1, 2011, <http://www.profitguide.com/manage-grow/financing/accounting-that-kills-30171>.

<sup>33</sup> Rigby and Sweig, *Winning in Turbulence*, 4.

<sup>34</sup> Sherman, *Cash Management Tool Kit*, 12.

## TOOLS AND TECHNIQUES

To manage cash flow well, companies need to use the right tools. It appears those tools are affordable for entrepreneurs. For instance, over half of the business leaders surveyed (55%) said they use Excel spreadsheets as a primary tool for cash flow management. Even larger businesses continue to use Excel to manage cash flow. Those who manage cash flow also commonly use basic accounting software, such as Sage 50 Accounting (formerly Simply Accounting) or QuickBooks (46%).

As businesses grow, they may decide to develop in-house software to better respond to their needs. However, the adoption of custom software stands at only 9% among businesses with fewer than 20 employees. It climbs to 18% among firms with 20 or more employees.

Successful companies identify and monitor key performance indicators (KPIs). These KPIs tend to be shown on a dashboard that is separate from the company's cash flow management tool. KPIs can be developed for each business activity, unit or department. It is critical for entrepreneurs to properly identify activities that are creating value in their business and to develop metrics to measure performance in each of these activities.<sup>35 36</sup> For example, in a manufacturing plant, production managers will want to look at such KPIs as average days total inventory, while the head of marketing may want to look at cost per lead.<sup>37 38</sup>

BDC's study found that a relatively small percentage of business leaders (26%) have developed a dashboard to track important KPIs in their company. What's more, the proportion of businesses that use a dashboard differs significantly between small and large companies, as illustrated in Figure 5.

FIGURE 5: USE OF DASHBOARDS, BY BUSINESS SIZE

Business size (number of employees)	Percentage that have developed a dashboard
Fewer than 5 employees	21%
Between 5 and 19 employees	29%
Between 20 and 49 employees	32%
Between 50 and 99 employees	47%
100 or more employees	67%

<sup>35</sup> A. Hursman, "Measure What Matters," *Information Management* (2010), [http://www.information-management.com/issues/20\\_4/measure-what-matters\\_kpi-10018221-1.html?zkPrintable=1&nopagination=1](http://www.information-management.com/issues/20_4/measure-what-matters_kpi-10018221-1.html?zkPrintable=1&nopagination=1).

<sup>36</sup> B. Nelson, "Benchmark Breakdown: Key Metrics on 25 Industries," *Forbes*, June 29, 2010, [http://www.forbes.com/2010/06/29/best-in-class-financial-metrics-entrepreneurs-finance-sageworks\\_slide\\_2.html](http://www.forbes.com/2010/06/29/best-in-class-financial-metrics-entrepreneurs-finance-sageworks_slide_2.html).

<sup>37</sup> C. Edgecomb, "The 10 Marketing KPIs You Should Be Tracking," *Impact Branding and Design*, <http://www.impactbnd.com/blog/the-10-marketing-kpis-you-should-be-tracking>.

<sup>38</sup> M. Leroux, "Choosing KPI's Relevant to Your Business Objectives," ABB, [http://www05.abb.com/global/scot/scot267.nsf/veritydisplay/97f60ca4189de93c852577ff005a4903/\\$file/choosing%20kpis.pdf](http://www05.abb.com/global/scot/scot267.nsf/veritydisplay/97f60ca4189de93c852577ff005a4903/$file/choosing%20kpis.pdf).

Along with supporting effective cash flow management, a dashboard can provide some valuable insight into a company's performance. It is also a great way to monitor the overall health of a business. To enhance the dashboard and its effectiveness, it is worthwhile to share the information with key internal and external collaborators.

The idea is to clearly identify the variables that drive value in the business, then track them over time and use them to improve performance. Entrepreneurs can also benchmark these variables and KPIs against the performance of their competitors.

Benchmarking provides a unique learning opportunity, from both a financial perspective and an operational one. Although few companies (18%) benchmark their performance ratios and other indicators against those of their peers, those that do gain valuable insights into their overall competitiveness. Business leaders who compare their companies against others said that they obtain benchmarking data from various sources—including industry associations, publications, partners and business professionals—as well as directly from competitors. Some respondents even mentioned conducting in-depth Internet searches to find benchmarking indicators.

## MEANS OF IMPROVING CASH FLOW

One way to improve a company's cash flow is to regularly revisit the fees paid to various service providers. In the BDC survey, 50% of business leaders said they do this regularly (at least once a year). Some fees are harder to renegotiate than others. In those cases, it is most important to ensure that services match actual needs. For example, an entrepreneur should make sure he or she is not paying for a premium service when all the business needs is a basic version.

This is especially important during hard times. In those periods, many suppliers are willing to renegotiate prices, terms and conditions with clients. The key is to run different scenarios to properly evaluate the impact of fees on cash flow and then have an honest discussion with suppliers. If business leaders have good relationships with suppliers, these negotiations can run relatively smoothly. Moreover, they can actually strengthen the relationship.

Not only does revisiting fees, prices, terms and conditions regularly make good business sense; it can also have a positive impact on the bottom line!

Another important way of improving cash flow is to improve a firm's working capital model. One book defines working capital as "the cash a company needs to have on hand in the short term to keep the business running—pay its employees, suppliers and so on."<sup>39</sup>

**Working capital = current assets – current liabilities**

A superior working capital model focuses on the timing with which cash flows in and out of the business. It is important to understand the working capital models within an industry. Generally speaking in manufacturing, for example, working capital as defined above should be positive in order to cover the period during which expenses are incurred between the start of production and the client's final payment. Moreover, entrepreneurs should also measure their working capital ratio (current assets divided by current liabilities), then compare it to industry averages and their own performance in previous years.

A zero or negative working capital model (more current liabilities than non-cash current assets) might suggest that a business has freed up cash. In sum, if the number of days between the non-cash portion of current assets and current liabilities is negative, it could mean that a business has available liquidities that it can put to better use.

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<sup>39</sup> Mullins and Komisar, *Getting to Plan B*, 3.

## CONCLUSION

The expression “cash is king” is popular for a reason. Cash flow management is as critical as a profitable business model to the success of a business. In this report, the BDC team wanted to emphasize the importance of cash flow management for small and medium-sized businesses.

Our survey found that a significant percentage of Canadian businesses are not practising effective cash flow management. Given its importance and the fact the required tools are relatively inexpensive, more entrepreneurs should adopt this practice.

Implementing effective cash flow management starts at the top and requires senior leaders to understand and participate in its various components. These components include preparing cash flow projections; comparing them to actual results; determining and tracking KPIs; and benchmarking against competitors. Entrepreneurs can enhance this experience by tapping into a support network that may include accountants and other professionals, suppliers, customers and even competitors. However, business leaders should first develop their financial literacy and not hesitate to ask for the help of external advisers to increase their understanding and gain an outside perspective.

We also recommend that further research be conducted on how to enhance cash flow management in small and medium-sized businesses. The focus of this research should be on case studies and best practices that would help small businesses accelerate their learning. It would be interesting to measure the adoption rate of cash flow management at a later time to see whether it correlates to the health of Canadian businesses.



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