



**COUTTS  
REDINGTON**  
CHARTERED ACCOUNTANTS

# 8 SIMPLE STEPS TO GET PAID QUICKER

**IMPROVE CASHFLOW IN YOUR  
FARMING BUSINESS**



## **It's no secret that around 80 percent of businesses fail due to cash flow problems.**

The big challenge for farmers and primary produce business owners is when debt problems creep up unnoticed.

That's why it's important to understand the main risks in your business and take the steps to manage cash flow before it becomes a larger issue.

Following are eight tips you can start immediately applying in your farming business – but first make sure that you 're able to identify the 'red flags' that can lead to a crisis situation if you ignore them.



## CASH FLOW RED FLAGS

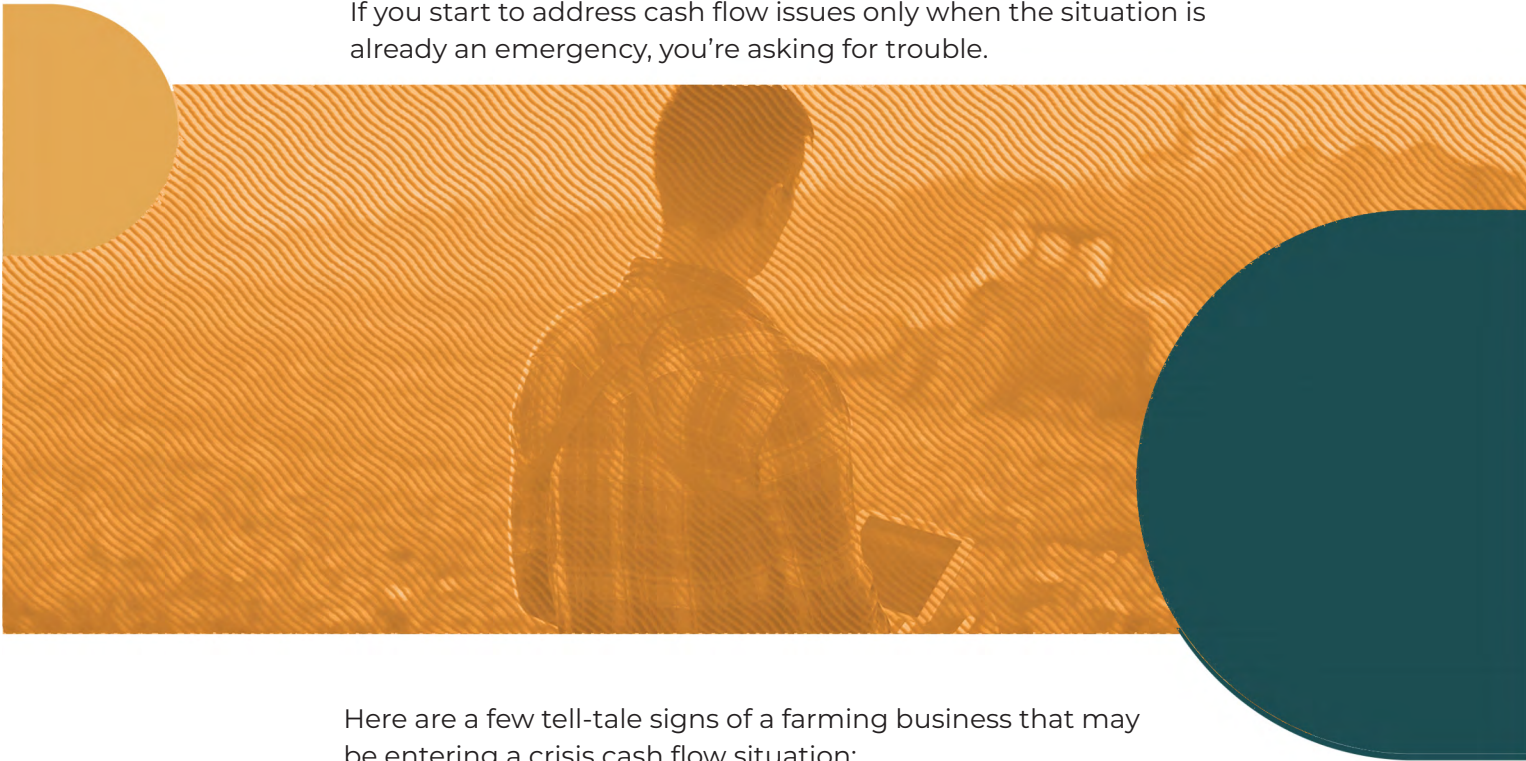
---

Cash flow has nothing to do with profit.

It is the amount of cash available to your business: the difference between the cash paid out and the cash received.

Farming businesses may face periods when cash becomes tight because of high outlays, seasonal fluctuations, drought and natural disasters.

If you start to address cash flow issues only when the situation is already an emergency, you're asking for trouble.



Here are a few tell-tale signs of a farming business that may be entering a crisis cash flow situation:

- You're operating with less than twice your monthly expenditure available as cash in your account
- You have multiple unsettled bills from suppliers and relationships have become strained
- You feel stressed and it's difficult to focus on bringing cash in to the business

# 8 QUICK TIPS TO BRING CASH IN TO YOUR BUSINESS AND STABILISE CASH FLOW

**01**

## **CHECK CURRENT FEEDING STRATEGIES**

Look into new/alternative feed options to make sure you're getting the best price for sale stock.

**03**

## **GO THROUGH YOUR CURRENT MACHINE INVENTORY**

Consider selling non-essential machinery or equipment you have on hand.

Perhaps look at upgrading old machinery or equipment which may be costing you money to maintain.

**05**

## **REVIEW EXISTING CONTRACTS AND SUPPLIER TERMS**

Shop around or talk to others in the industry and find out what terms they work by.

Check with your current contractors and/or suppliers to see if you can get a better deal or change payment terms to assist with cashflow.

**02**

## **LOOK INTO THE POTENTIAL SALE OF SURPLUS BREEDING STOCK**

Do you have surplus breeding stock that you could potentially look at selling to get cash in quickly?

**04**

## **CHECK WHETHER YOU QUALIFY FOR GOVERNMENT PAYMENTS AND/OR GRANTS**

Many government grants are available to primary producers. If you are unsure where to start looking or whether you may qualify for a grant, ask one of our advisors for assistance.

**06**

## **CHECK CASH IN POLICIES AND/OR SAVINGS**

Get advice and talk to your financial planner, risk insurance advisor or broker to see what options may be available.

## 07

### **INCREASE OFF-FARM INCOME**

If you are a husband and wife team, could one of you earn income off the farm?

Do you have a service or specialty you could offer others to provide a supplemental income?

## 08

### **EXAMINE SALE OF ASSETS IN EXTREME CIRCUMSTANCES**

If you are struggling and under financial hardship, talk to your local banker/broker or accountant about your options.

We are here to help!

## **Helping resources for farming businesses**

- **Grants and Government Assistance**  
<http://www.qrida.qld.gov.au/homepage>.
- **Budgeting Tools**  
<https://www.business.qld.gov.au/industries/farms-fishing-forestry/agriculture/agribusiness/agbiz>



**Contact our team of farming business advisors as a first step to solving your cash flow challenges**

 [mail@couttsredington.com.au](mailto:mail@couttsredington.com.au)

 07 4796 0888

 [couttsredington.com.au](http://couttsredington.com.au)