

## Increase Your Cash Flow in 4 Steps

Don't be afraid to ask the brutal questions.

By Brian Tracy

The starting point of *strategic* planning and smart *business is to develop* absolute clarity about your current situation. It demands closely looking at your overall business and asking “What’s working?” and “What’s not working?”

What is your current level of sales? Break them down by product, product line, service, market, and distribution channel. What exactly are you selling, to which customers, at what prices and with what level of profitability?

In order to make smart business decisions, compare your current sales with your assumptions, your expectations and your projections—and determine if you are on track. Compare your level of sales with last year’s and distinguish the trend(s). Are they up or down? Are they temporary or permanent? What do the trends suggest for the future of your business? What could you do to respond more effectively to them?

Remember, in order to increase your current cash flow treat the customer as king by providing excellent customer service.

### 1. Ask Brutal Questions about Cash Flow

Look at your cash flow and levels of profitability from each product, service and area of activity. Are your profits going up or down? Are they on budget or going sideways? Look at the percentages. Analyze your return-on-equity, return-on-investment, and return-on-sales. Are they increasing or decreasing?

Jim Collins, in his best-selling book, *Good to Great*, says that you must be willing to ask the “brutal questions” about your business if you are going to solve your problems and achieve your goals. If your goal is to build a great company, determine why your company isn’t already great.

Which of your products or services is selling well today? Which of your products and services are the most profitable? Which ones are doing poorly? Which ones do you lose money on?

Is your current business situation (positive or negative) temporary or part of a long-term trend? How can you know for sure? How can you find out? What should you then do?

## 2. Clear Away the Fog

Perhaps the most important word in strategic planning is “clarity.” You must be absolutely clear about the answers to each of these questions in order to increase cash flow. Fogginess in any area can lead to problems, difficulties and even disasters.

Why has your business been successful in the past? What have you done well in the past that has been responsible for your success to date? What are the most important skills and competencies that your company possesses today? What are the very best products and services that you offer right now?

Look at the people around you. Who are your most valuable people? What segment is no longer as valuable as before, and which represents a net loss or detriment to your business? Be prepared to ask and answer these brutal questions in order to increase your business’s cash flow.

## 3. Treat the Customer as King

In order to provide good customer service, you must know the answer to the following questions. Who are your best customers today? What and where are your best markets? What do your customers like the most about what you do for them? What service or product do they compliment the most? When are your customers most satisfied?

What do your customers like the least about what you do? What do they complain about the most? What is it that you sell that your customers and potential customers prefer to buy somewhere else, rather than from you? In order to increase your business’s cash flow, you must remember that your customer is king.

## 4. Remain Honest at Every Step

Look at yourself honestly. What are your own personal best skills, qualities and abilities? What are the most important things that you do at work, and for your company? What are the most valuable contributions you make personally to your business?

Imagine yourself as a doctor conducting a complete medical examination on your own body. Treat your business as though it were a body as well. Get accurate information on every detail of your company and use this as a baseline to determine your future actions. Be honest and objective at every step.

Harold Geneen, who built ITT into a major conglomerate, always said, “Get the facts. Get the real facts. Not the apparent facts, the hoped for facts or the obvious facts. Get the real facts, based on analysis. Facts don’t lie.”

Strategic planning requires that you begin with a realistic and honest assessment of exactly where you are and what you are today. This is your starting point for strategic planning and thinking. It becomes the foundation upon which all future decisions are made.