

WINTER CASH FLOW MANAGEMENT

Fall brings with it some unique financial stressors for snow contractors. Here are some tips for cash flow in snow, and things to avoid.

- Consider a retainer or readiness fee for customers
- Create a cash flow spreadsheet to eliminate guesswork and surprises
- Get a temporary increase in the amount you can borrow on your line of credit
- Ask suppliers for longer payment terms proactively
- Arrange for 6-month (rather than 12) equipment lease payments
- Bundle small equipment purchases into a lease rather than paying cash individually
- Provide a personal loan to the company – but set a payback date and stick to it
- Service your winter equipment in the spring when cash flow is better
- Invoice on the first of the month for that month, rather than at the end of the month

DON'T...

- Use customer deposits for spring work to cover winter expenses
- Take unearned revenue from 12-month maintenance contracts
- Use personal lines of credit that the company cannot repay
- Receive high-interest loans from private lenders
- Use suppliers as a line of credit (not paying for 90+ days)