



## Cash Flow Improvement for QuickBooks Users

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Cash flow is the life blood of all small businesses. With tough economic times, cash flow needs to be watched even more carefully. Luckily, QuickBooks has several solutions to boost cash flow. We recommend that small businesses implement the following five easy steps to improve cash flow for QuickBooks users.

## I: Intuit Billing Solutions

Intuit Merchant Services allows QuickBooks users to take credit cards: MasterCard, Visa and American Express. But it is much more than that.

For instance, Merchant Services can turn an invoice sent via email into an HTML email with a pay now button. The client clicks the button and enters their credit card number, resulting in quick cash for the merchant.

The account is automatically settled through Merchant Services in a day – except for American Express, which takes three days. The merchant gets a follow-up email about the account activity. When they open the email attachment, QuickBooks automatically posts the payment to the customer's account receivable.

If a customer does not pay, QuickBooks can automatically send them an email reminder – we suggest Mondays. You will know if the email never gets open because QuickBooks notifies you with an email message, and you can call the client for collection. One cash flow best practice is to get your customers' credit card numbers on file – and offer a payment discount for doing so. That results in fast cash

### Benefits

The benefits of Intuit Billing Solutions are many. The automated collection process eliminates the tendency for small businesses to delegate the accounts receivable

(A/R) task to a receptionist or other employee who is not skilled in collections. It saves labor cost by posting the payments automatically to the customer A/R account.

On average, Daily Sales Outstanding improves from 32 days to 15 days on project work – at a lower cost. It turns out that most customers just needed to be reminded of the balance due. It is that easy!

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## 2: Intuit Online Bill Payment

The second cash flow solution is to set-up online bill payment in QuickBooks. Businesses can select the vendors that they want to pay online. Then when the Pay Bills screen is clicked, instead of printing a check, QuickBooks sends an instruction automatically to the bill payment service when bank transactions are downloaded. The payment service, such as PayPal, automatically sends the vendor an email on how to access their payment.

### Benefits

The savings are obvious. Less checks means less labor cost. Gone is the need for printing, signing and mailing checks. In fact, the Wall Street Journal studied the savings and found on the average it costs \$12 for small business owner to process one check issued through the mail. Typically, QuickBooks charges just \$0.25 plus the cost of a US Postage stamp for the service.

Unlike traditional check payment in QuickBooks, the payment comes out of the businesses bank account when the check clears, not when the check is released. Therefore, cash flow accounting is more accurate.

If a business has been doing checks manually, online bill payment reduces the back office costs. If a business has been doing checks electronically, online bill payments eliminate the loss of float.

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## 3: Download from Bank and Credit Cards

QuickBooks can be set-up to download bank and credit card statements online. The balances in the system can be reconciled online at anytime, providing a real time status of cash flow.

#### Benefits

Having real time balances in QuickBooks, lets a business know its accounts payable status and gives it a better cash flow forecasting capability. If cash is tight, an Excel file is recommended to track actual cash status.

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## 4: Cash Flow Forecaster

The best way to keep track of your cash is to create a cash flow forecast. While a budget is an annual projection of revenues versus expenditures, a cash flow forecast takes a shorter view of the future which is more appropriate for tentative times.

A best practice is to develop a six-week cash flow forecast report in which data can be downloaded from QuickBooks directly to Excel. The report should follow these simple steps to summarize a company's cash flow for the next six weeks:

- a. Account Receivables – Download the account receivable summary from QuickBooks. Then forecast your weekly cash collections for weeks one through six.
- b. Account Payables – Predict weekly expenses for the next six weeks. Make sure the bookkeeper does not have a “clean the desk rule,” paying bills as they come in. Implement a pay-slowly rule, taking full advantage of vendors' terms.
- c. Recurring, Non-Payable Expenses – Forecast recurring cash outlays such as rent, loan repayments and payroll

#### Benefits

Tracking actual results versus forecast helps to better forecast the future and indicate early warning signs of cash flow troubles.

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## 5: Dun & Bradstreet Exchange Program

Dun & Bradstreet, the standard in credit reports, has typically been reserved for big business at a high ticket price. But now small businesses have the opportunity to utilize the service by confidentially and securely reporting their A/R data to Dun & Bradstreet via a QuickBooks plug-in.

In turn, the Dun & Bradstreet Trade Exchange Program offers participants a free credit report. Small businesses and their CPAs then have access highly-predictive payment behavior with a click of the mouse. Participants receive free invoice stickers that announce: “We report to D&B to better serve the credit community.” To find out more and to register, visit: [www.tradexchange.dnb.com](http://www.tradexchange.dnb.com)

### Benefits

The invoice stickers encourage quick payment and reduces aging A/R accounts. Participants report a reduction in Days Sales Outstanding, improving cash flow. Dun & Bradstreet also offers participants several other free tools: a Payment Performance Report, a referral tool to invites vendors to participate, and a Days Sales Outstanding calculator to track improvements in receivables.



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