

# RECEIVABLE DAYS

## Where's **MY CASH** Gone?® PRINTABLE WORKBOOK



We'll start this workbook with a quick test, to see how much you can recall from the book. Try to get the answer from memory first before consulting the book - it's fun, but it will also make your brain get out of autopilot and into learning mode!

**What are *Accounts Receivable*?**

**What are *Receivable Days*?**

**What is the formula for working out receivable days:**

**Circle the correct answer:**

It is better to have a *high / low* number of receivable days.

My goal as the business owner is to *reduce / increase* receivable days.



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### Calculate your current receivable days:

#### Step 1:

Print out two different balance sheets, one to establish a starting point and one to establish an end point.

#### Step 2:

Calculate average receivables

$$\text{average receivables} = (\text{beginning receivables} + \text{ending receivables}) \div 2$$

#### Step 3:

use your average receivables and your total sales to calculate your receivable days

$$\text{receivable days} = \text{average receivables} \times \text{days in time period} \div \text{sales}$$

My current receivable days are:

Now let's work on improving them...



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Let's take a closer look at some simple, easy-to-implement accounts receivable strategies. Just reading through them is bound to give you a heap of ideas about how you can implement them in your business. You may even get a pretty good idea at this early stage about what they could do for you in terms of cashflow. You might even know straight away which you could use and which wouldn't apply to your own particular situation.

### **Set expectations**

Educate your customers about how you expect them to do business with you. Tell them what they will find, not only from using your product or service, but also from interacting with your business. Tell them how and when you expect them to pay.

What are you currently doing to educate your customers?

What can you do to improve or solidify this for your customers?



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### Enforce Agreement

Before you can enforce an agreement, you have to have one to enforce.

Do you have any agreements in place right now?                      yes / no

Are your agreements sufficient?    yes / no

Are they enforceable in a court of law?                                      yes / no

If you've answered no to any of the above, you need to get these sorted out ASAP, especially in a service based business. Do yourself a favour and get in contact with someone who can help you to create these types of agreements.

### Payment Terms

Do you have payment terms?    yes / no

Do you clients/customers know them?    yes / no

Are they displayed prominently?    yes / no

Are they obvious on all stationery?    yes / no

Have you reduced your payment terms?    yes / no

Do you have overdue accounts?    yes / no

If so, are you in frequent contact with them?    yes / no

Are you afraid to ask for overdue money?    yes / no

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If you've answered no to any of these questions, take action **right now**. Most of them are really easy to fix, and are just a matter of **doing it**. If you have any trouble with implementing any of these strategies, please get in contact with my team.

Bruza

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**To do list from this workbook:**



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