



## Gear up for Q4: Essential Tips for Financial Planning

As we enter the final stretch of the year, it's time to give your finances a once-over and fine-tune your projections for Q4. Think of this as your game plan for a strong finish!

Here's how to set your business up for success in the coming months:

### 1. Review Your Performance So Far

Look at how your business has performed up to this point. What's been working, and where have you missed the mark? Use these insights to make better projections for Q4.

### 2. Adjust Your Sales Forecasts

Factor in new trends, seasonal changes, or customer behaviors that might impact your sales. The more accurate your sales forecast, the better you can plan your cash flow and expenses.

### 3. Keep an Eye on Expenses

It's easy for costs to sneak up in Q4, whether it's year-end bonuses, extra marketing pushes, or unexpected expenses. Keep a close watch on your spending, and adjust as needed to stay within your budget.

### 4. Manage Your Cash Flow

Cash flow can make or break your Q4. Ensure you have enough liquidity to cover expenses and take advantage of growth opportunities. Consider using invoice financing to bridge any gaps and keep things running smoothly.

### 5. Plan for Year-End Financials

Don't forget about the financial tasks that come with closing out the year—like taxes and loan repayments. Being prepared will help you avoid last-minute scrambles and set the stage for a great start to the new year.

### 6. Stay Flexible

The end of the year can be unpredictable, so be ready to adapt. Whether sales exceed expectations or a surprise expense pops up, having a flexible plan will help you navigate whatever comes your way.

### 7. Review and Update Inventory Levels

Ensure your inventory levels align with your Q4 sales forecasts and customer demand. Consider any seasonal fluctuations or changes in purchasing behavior that might affect your inventory needs. Optimizing your inventory management can prevent both overstocking and stockouts, helping to maintain cash flow and reduce unnecessary costs.



### 8. Evaluate Credit Policies and Accounts Receivable

Assess your current credit policies and review your accounts receivable to ensure timely collections. Tightening credit terms or offering early payment discounts can help improve cash flow, especially if you anticipate a cash shortfall. This proactive approach ensures you have the required liquidity to cover expenses and seize growth opportunities in Q4.

By refining your Q4 financial projections, you're not just surviving the final quarter—you're setting yourself up to thrive. And if you need help optimizing your cash flow or planning for year-end, our team is here to support you with tailored financial solutions.

Let's make this quarter your best yet!

## How to Get Customers Who Pay on Time

*“Money is only a tool. It will take you wherever you wish, but it will not replace you as the driver.”-- Ayn Rand*

Before banks extend credit, they conduct a thorough due diligence process to ensure the applicant can repay the debt. Similarly, when you sell on credit and offer 30, 60, or 90-day payment terms, you are effectively providing a loan as part of the trade finance industry. Assessing creditworthiness is just as crucial in this sector, yet it is not always a common practice. Consequently, many companies often face bad debts and losses on their invoice receivables.

In this month's edition of InfoPays, we offer several strategies to help minimize losses when selling on credit:

### 1. Check trade references.

When extending credit to customers, it is important to check the customer's trade references. This helps assess the customer's ability and willingness to pay and can help you make an informed decision. Checking references is a simple process that takes only a few minutes, but it can save you time and money in the long run.

Reach out to both current and past trade references to gain a comprehensive understanding of the customer's payment history. Inquire about the duration of their business relationship and their payment habits.

Additionally, ask if there have been any overdue payments. This information can provide valuable insights into the customer's reliability and promptness in meeting payment obligations.

### 2. Research the company.

Before offering credit, take the time to research each customer's credit history thoroughly. This step will help determine if the customer is a reliable borrower and capable of repaying the loan. Conducting this research allows businesses to decide the appropriate amount of credit to extend and to set suitable repayment terms.

### 3. Access credit agencies' data.

Consider obtaining a credit report from agencies such as Dun & Bradstreet, Equifax, or TransUnion. These reports offer a detailed overview of a customer's credit history, including their payment history and any relevant public records. Accessing this information provides a more robust assessment of the customer's financial standing, helping you make better-informed credit decisions.

*Our current clients can access the IPS Payment Index (PI) free of charge. Through dealing with thousands of companies across North America, the IPS PI provides the average Days Sales Outstanding (DSO), or the average number of days a company takes to pay its receivables. We encourage anyone seeking to extend credit to a new customer to check with us for information from our growing database as this can offer some information about a company's credit standing. A PI of 120 days will at the very least give you an alert, whereas a PI of 36 days will provide you with the much-needed reassurance to go ahead with the opportunity.*

Created by the IPS Business Owner Success School (BOSS) 



## Guarantee your liquidity within 8 business hours