

# Cash Flow Charts

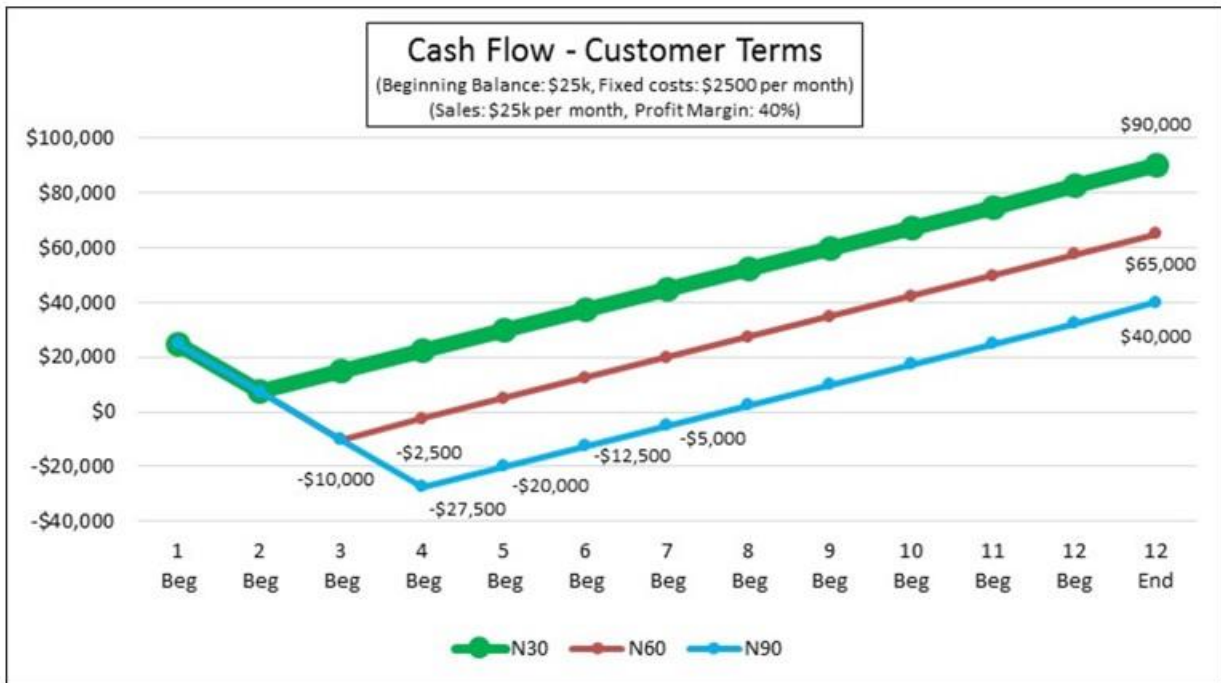
Understanding how decisions and events impact Cash Flow is critical to success. The following charts provide a quick look at how different events impact Cash Flow.

The charts are based on an Entrepreneur's first year in business.

## Chart 1: Cash Flow – Customer Terms

The impact of different customer terms

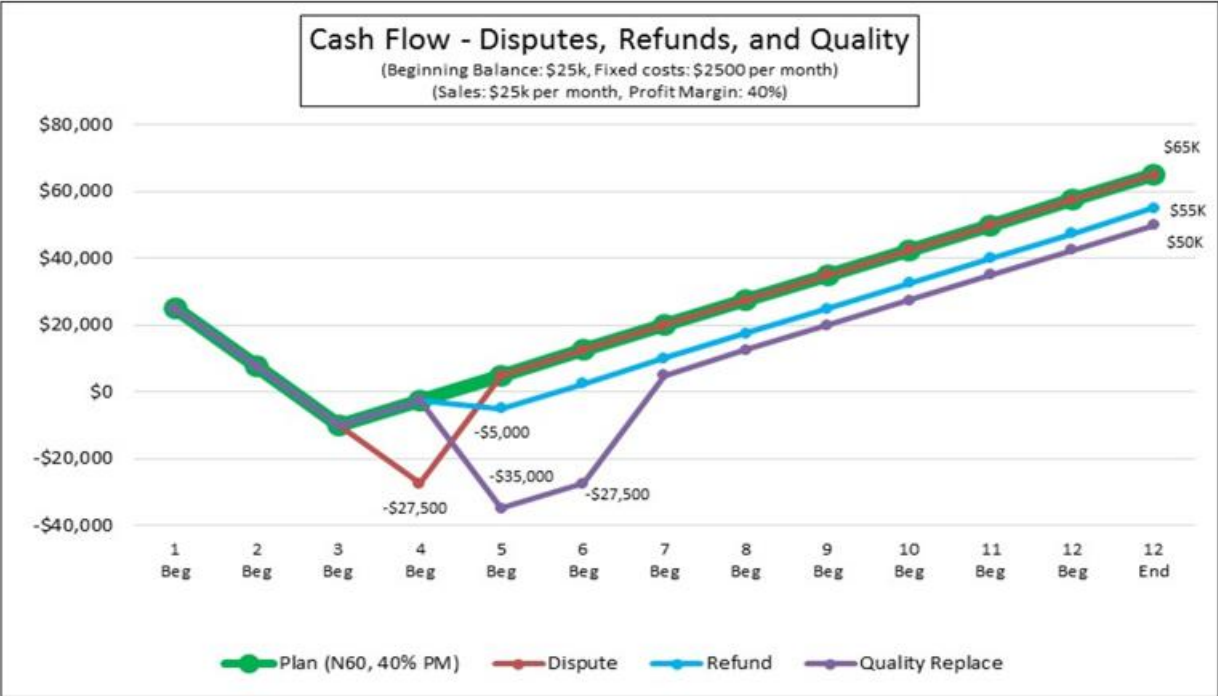
- N30, N60, N90



### Chart 2: Cash Flow – Disputes, Refunds, and Quality

The impact of disputes, refunds and Quality issues

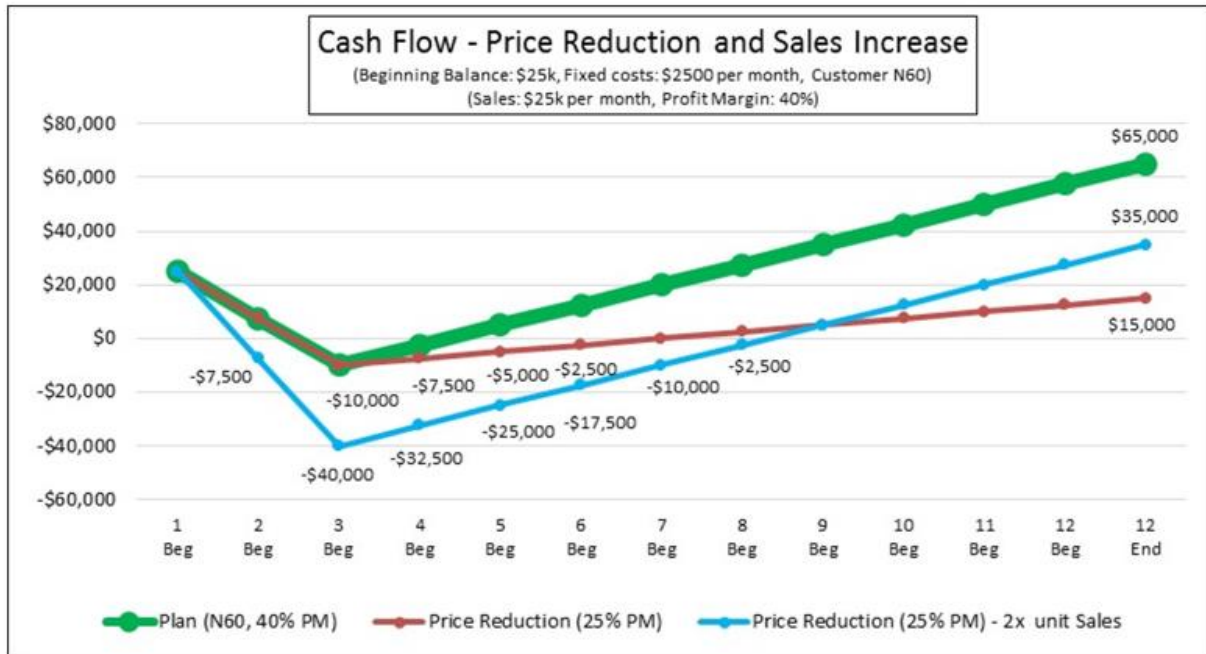
- Disputed invoice causing a delay in payment for additional 30 days
- Refund processed that results in a lost sale
- Quality issue where product needs to be scrapped and replaced



### Chart 3: Cash Flow – Price Reduction and Sales Increase

#### Impact of lowering Sales price

- Price reduction to 25% PM and no increase in sales
- Price reduction to 25% PM and doubling sales volume



### Chart 4: Cash Flow – Price Reduction and Uneven Sales

Impact of Uneven sales and lowering price

- Uneven sales where the total sales per year goal is attained but the monthly sales are not even (Cyclical sales)
- Lower price to 25% PM, total sales are per original plan and monthly sales are even
- Lower price to 25% PM, total sales are per original plan and monthly sales are uneven

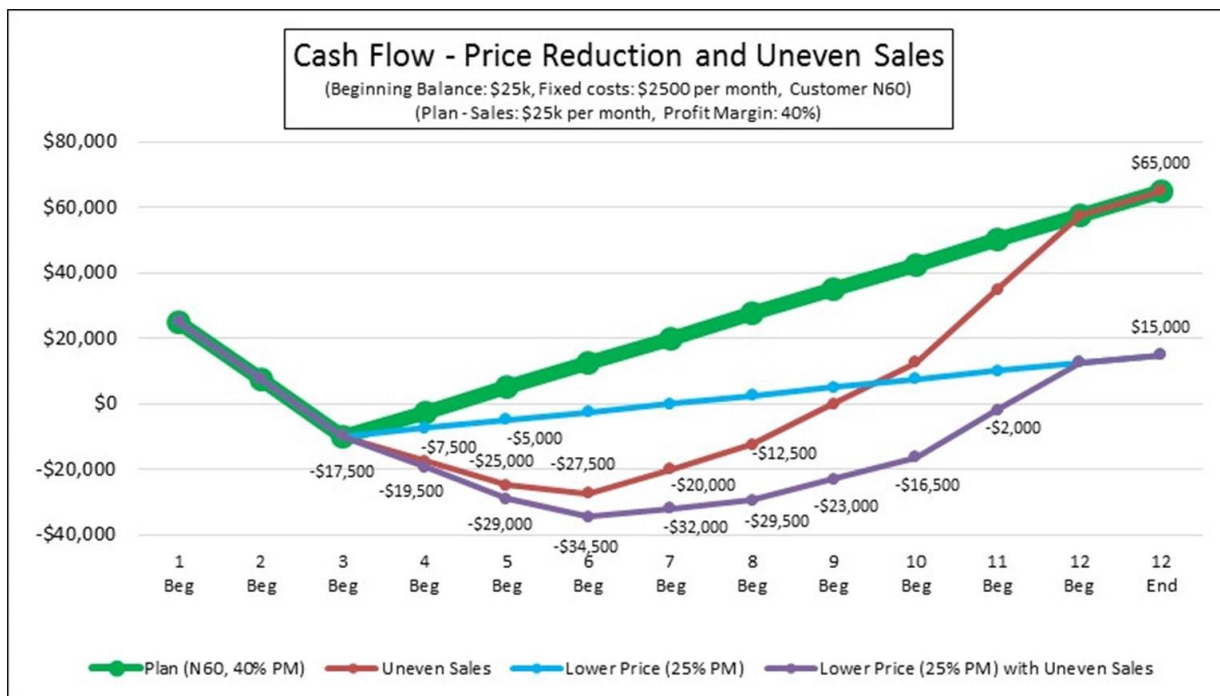


Chart 5: Cash Flow – Large Order  
 Impact of a large order early on in your business

- Large order that is 4 times the value of 1 month’s sales

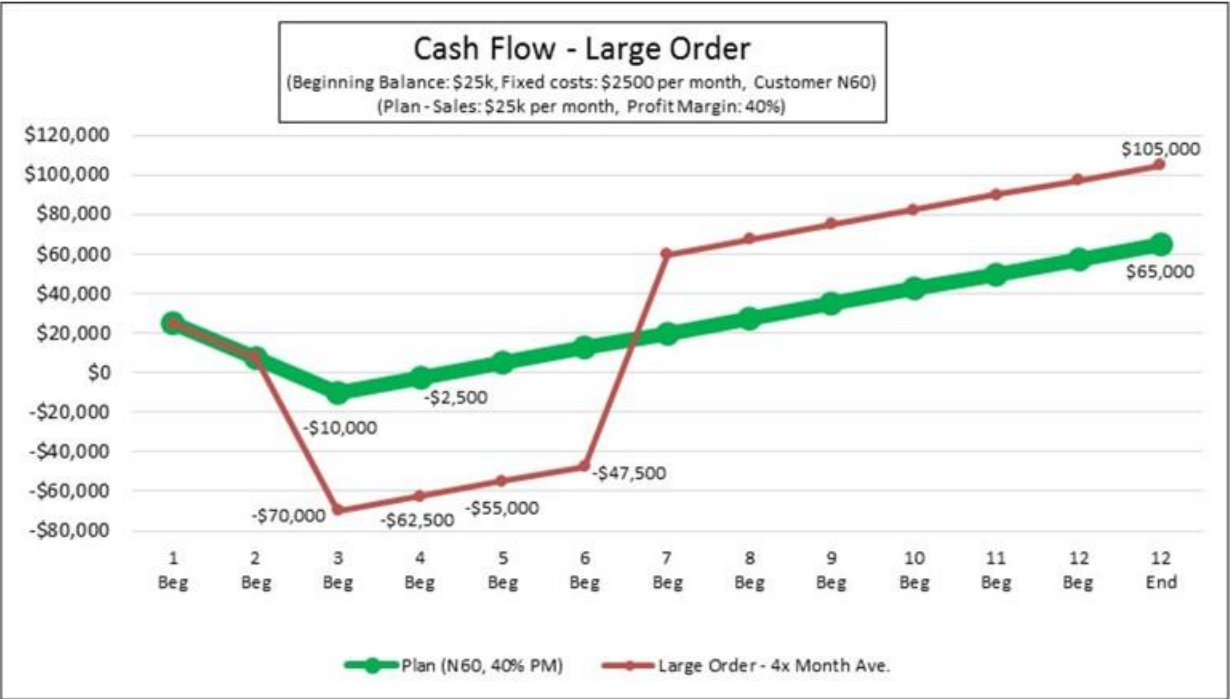


Chart 6: Cash Flow – Large Order (Scrap product and Lose order)

Impact of a large order that results in a quality issue where you must scrap the product and lose the order. Example: Design issues, Quality issues, Source from international supplier and can't return, etc....

- Large order that is 4 times the value of 1 month's sales
- Product must be scrapped and you can't get a refund from the supplier
- You lose the sale with the customer

