



Other Cash Flow Killers

There are plenty of poor business practices that can put your cash flow at risk. So be on the lookout for:

Poor credit controls. Failure to perform due diligence with clients (a credit check at the very minimum) is a high-risk strategy, especially if your debt collection is inefficient.

Failure to fulfil your end of the bargain. If you don't deliver on time and to specification you won't get paid! Smart law firms implement systems to measure production, efficiency, and the quantity and quality of work its attorneys produce.

Ineffective marketing. You ignore at your peril the adage about the marketing you perform now being the business you'll be doing six months down the road. Certainly, if your sales are stagnating or falling, revisit your marketing plan. Are you targeting your clients properly — or is just one practice rainmaker bringing in all the business?

Poor management accounting. Keep an eye on key accounting ratios that will alert you to an impending cash flow crisis or prevent you from taking on work you can't handle.

Inadequate supplier management. Your suppliers may be overcharging or taking too long to deliver. Put in place a supplier management system.

