

BUSINESS ADVISORY SERVICES UPDATE DEBTORS' MANAGEMENT IS A VITAL COMPONENT OF CASHFLOW MANAGEMENT

Accountants, one of the most important Key Performance Indicators to have an awareness of is "debtors' days outstanding".

In my experience, a lot of accountants don't seem to know the level of debtors' days outstanding for individual clients. Perhaps this is because this KPI does not have to be disclosed in the income tax return.

But probably a bigger problem is that many SME operators also do not know what their debtors' days outstanding is and some of them have admitted to me that they don't know how to calculate it or know what it means.

This can be very dangerous, as debtors is normally one of the largest components of the cashflow management of a business.

There are other components relating to debtors management including:

- * Prompt preparation and dispatch of tax invoices.
- * Prompt preparation and dispatch of debtors' statements.
- * A written system to guide the person who is responsible for debtors.

If these circumstances sound familiar and you would like to supply systems for your clients, why not look at the ESS BIZTOOLS' Debtors' Management System at <http://www.essbiztools.com.au> - https://www.essbiztools.com.au/index.php?option=com_content&view=article&id=2009&Itemid=733

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