From the Handbook of Business, the Bible

25: Give careful attention to your herds

Let's talk about cash, starting with a story: On 15 March 2001, HIH Insurance Group went belly up; it was the largest corporate collapse in Australian history, with losses in 2001 dollars of $5.3 billion!

The liquidators found all sorts of problems including mis-management and false accounting; HIH were in fact, reporting +ve profits but -ve cashflows.

The key for today is 'listen' to what the CEO said in a radio interview:

"HIH is in turmoil. It's not a question of profitability; it's a question of survival. It's not an asset problem that scares me, it's cashflow that keeps me awake at night. We are slowly dying a death of a thousand cuts" **(Rodney Adler, director)**

This is precisely what's happening in many businesses today, large & small. And with interest rates rising, banks will reduce lending & call-in defaulting loans...so the situation will likely get worse.

Is there a Bible principle we can apply here?

Yes, ***Prov 27:23***, *'be sure you know the condition of your flocks, give careful attention to your herds'* **NIV**

...Consider those ancient 'flocks' as representing your **profit** and the 'herds' as your **cashflow**
...The wisest business man ever counsels us to give careful attention to both.

In terms of business survival, profit is vital but CASH even more so...the critical number is, **operating cashflow**, that acts as the lifeblood, keeping your business alive.

To put it in Aussie lingo, *'You have to put more into the money tin than you take out'*

...So, unless there is a surplus of operating cash receipts over payments, you could end up like HIH, literally running out of money, potentially dying a death of a thousand cuts!

What can business owners do to better manage cashflow?

It's not rocket science but you need to work at it; here are **3 tactics** to implement immediately:

1. **Estimate** survival cash inflows & outflows for next 13 weeks (3 months, not 12) ...
   * Select a start date & work out your bank balance - why not today, 15/8/22?
   * Update weekly based on sales projections, collections, running costs, etc
   * Use a 13-week template from the accountant, bookkeeper, online or build your own.
2. **Understand** the bank balance is not all yours, some belongs to others, e.g., GST & PAYG...
   * Calculate weekly what cash in the bank balance is yours (free-cash) and what's not.
3. **Transition** into a cashflow manager...
   * With +ve cashflow & cash reserves you will be able to withstand the tough times
   * If the 13-week projection shows a cash crisis you may have time to avert a disaster
   * If there is a terminal cash crisis (no way out, no reserves) you may need to exit, fast!

As steward managers of Jesus, or Master's business, you have to be on top of this issue by giving careful attention to your herds, that is cashflows and cash reserves.