

CASH FLOW GUIDE FOR TRADIES



Want To Love Your Business Again?

Hi, we're Andy and Angela Smith, co-founders of Lifestyle Tradie and Dr. DRiP Plumbing. We teach tradies in business, just like you, how to break the cycle of chaos — long hours, hiring and cash flow dramas, debt collection, and constant bickering.

When you started your trade business, it was a proud moment. You'd finally be in control. Best of all, it was your ticket to a **better lifestyle for you and your family**. More freedom. But now, the self-doubt has crept in. You had no idea how busy and lonely you'd be feeling at the same time.

How do we know this? We've been there, too.

When we started our own trade business, Dr. DRiP Plumbing in 2000, it went gangbusters. It quickly grew into a **multimillion-dollar business**. At the peak, we had a team of 17 tradies, with eight vehicles on the road. We were on top of the world, right?

Wrong. Our lives were in complete chaos.

Like flicking a switch, we went from making **\$50,000 a month to losing \$50,000 a month**. At our worst, we had \$188,000 outstanding. The dire situation was soul-destroying for both of us and it took a heavy toll on our marriage. Everything we'd worked hard for was hanging in the balance.

We had no systems. Andy kept everything in his head. BIG mistake. Before our eyes, the business was **spiralling out of control** — and we were financially, emotionally and physically spent. We had no idea how to fix it and nowhere to go to get help, which completely weighed us down.

After hitting rock bottom in business ourselves, we climbed out the hard way, learning our biggest lessons through expensive trial and error. Based on this experience, we've developed **Lifestyle Tradie's** award-winning trade business education hub and community.

Here's the thing. It's the best business people who are successful, not the best tradies. TAFE only taught you the rules and regulations. Your first boss only taught you how to swing a hammer.

You've never been taught how to become a business owner, until now.

You don't have to reinvent the wheel.

Lifestyle Tradie Membership is for you — plumbers, electricians, builders, landscapers, painters, glaziers, air conditioning technicians, and more — if you want to **reclaim that proud moment**, where anything is possible.

To your success,

Andy & Angela Smith

Andy & Ange Smith



How resilient is your trade business?

Do you have enough cash to run your trade business through this economic tight spot? Is there more cash going out than coming in? Following on from our [Break-Even Analysis Guide for Tradies](#), the next step to ensure you don't have a cash flow shortage in your business is predicting, in advance, your cash flow through **cash flow forecasting**.

Cash flow forecasting allows a business owner to differentiate between valuable financial metrics – **break-even and cash flow**. If your trade business is currently struggling for profitability—with low cash reserves or unstable cash flows—you'll be **particularly vulnerable** in this uncertain and challenging time.

What is cash flow?

Cash flow is the lifeblood of your trade business.

It's the money that comes in and goes out of your business. You're experiencing **positive cash flow** if you've got more money coming in than leaving during a specified period of time. **Negative cash flow** means you have less money coming in than is expected to go out in a specified time period.

Incoming cash includes revenue from customers who are buying your products or services. **Outgoing cash** includes operating expenses, like wages. A lack of cash is one of the biggest reasons many businesses fail.



Why is cash flow important?

Poor cash flow keeps business owners up at night. Having cash puts you in a more stable position. Cash flow is **key indicator of financial health** and gives your business greater flexibility in responding to emerging dilemmas or making critical decisions

A **cash flow forecast** is a plan that shows how much money your business expects to receive in, and pay out, within a specific period of time. It helps predict surpluses or shortages of cash. With this information, you can make **informed decisions** around tax, purchasing new equipment, hiring, and even surviving!

Cash flow forecasts can:

- Show you whether your business is **meeting expectations**. By comparing your actual income and expenses with your forecast, you'll see which areas of your business are over or under performing. You can take action.
- By including best and worse case scenario's, you are armed with knowledge of your potential cash position. With this information, you can **develop contingency plans** in advance for ease of mind.
- Be adapted to see the **impacts of planned business changes**. If you're planning on hiring, for example, you can add the salary and related costs to see how it'll affect your business's financial position.

Importantly, cash flow forecasts can flag an early warning for future issues.

How to complete the cash flow forecast?

We've designed a **super simple, trade-specific cash flow forecast template** for you to complete to keep an eye on things.

We've outlined everything you need to do, below, **to complete the template**.

HINT: If you're unsure what figures to use to complete the forecast, look at historical data as a starting point. Monitor this for the first couple of months and see how accurate it is, then moving forward complete on what you have found.

- Enter your business name at the top. (Cell I15)
- Select a starting month from the dropdown list (cell C19)
- Enter your sales and other cash income figures for each month you're forecasting (Rows 22-25)
- Enter your direct costs for the month you're forecasting (Rows 30-33)
- Enter the overheads for each month you're forecasting (Rows 35-57)
- Enter your opening bank balance (Cell D62)
- Use the calculations to analyse your cash flow.



Cash flow forecast template (select a month to start in drop down list in cell C19)

Select a month to start	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
Income (cash in)													Total
Sales	0	0	0	0	0	0	0	0	0	0	0	0	0
Credit Card Surcharges	0	0	0	0	0	0	0	0	0	0	0	0	0
Discount Allowed	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Total income	0	0	0	0	0	0	0	0	0	0	0	0	0
Less payments (cash out)													
Direct costs													
Materials	0	0	0	0	0	0	0	0	0	0	0	0	0
Stock	0	0	0	0	0	0	0	0	0	0	0	0	0
Equipment Hire	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Overheads													
Wages	0	0	0	0	0	0	0	0	0	0	0	0	0
Subcontractors	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounting	0	0	0	0	0	0	0	0	0	0	0	0	0
Bank fees	0	0	0	0	0	0	0	0	0	0	0	0	0
Cleaning	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing and advertising	0	0	0	0	0	0	0	0	0	0	0	0	0
Motor Vehicle - Insurance & Registration	0	0	0	0	0	0	0	0	0	0	0	0	0
Motor Vehicle - Parking & Tolls	0	0	0	0	0	0	0	0	0	0	0	0	0
Motor Vehicle - Repairs & Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0
Office/Warehouse Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Office/Warehouse - Rent	0	0	0	0	0	0	0	0	0	0	0	0	0
Power	0	0	0	0	0	0	0	0	0	0	0	0	0
Repairs and maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0
Stationery	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Telephone and internet	0	0	0	0	0	0	0	0	0	0	0	0	0
Training	0	0	0	0	0	0	0	0	0	0	0	0	0
Tools	0	0	0	0	0	0	0	0	0	0	0	0	0
Uniforms	0	0	0	0	0	0	0	0	0	0	0	0	0
Website hosting and maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Total cash payments	0	0	0	0	0	0	0	0	0	0	0	0	0
Net cash flow	0	0	0	0	0	0	0	0	0	0	0	0	0
Opening bank balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing bank balance	0	0	0	0	0	0	0	0	0	0	0	0	0

Closing bank balance



Note: This template should be used as a guide only. It can help predict your cash flow, but you should still discuss any financial decisions with your accountant.

How to improve your cash flow?

There are a few steps you can implement to improve your cash flow moving forward:

1. **Invoice quickly.** Ideally, you want to invoice on the spot so you can get the money in the bank faster. However, sometimes this is just not reality. The sooner you do it the better.
2. **Collect payment on site.** Where possible, collect payment on-site from customers, not only will you get that money in the bank faster, you'll also save yourself time in the long run chasing debt.
3. **Deposits and part payments.** Make sure you are taking deposits before starting your jobs, and if they're large jobs, progress payments along the way. That way, you'll not be out-of-pocket so much at the end.
4. **Chase your debt.** The more you chase your debt, the sooner it gets paid, usually. Ever heard of the saying, 'Squeaky wheel gets the oil'?

When should I review my cash flow forecast?

You should be keeping an eye on your cash flow forecast, **at least monthly**. However, in the current climate, you should be reviewing and updating weekly to make sure you're on track and it's as accurate as possible.

What do I do when the cash flow forecast is complete?

To maintain the value of your forecasts, it's important to update them with accurate information against your actual business performance on a **weekly or monthly basis**. Keeping them current will help you to manage your cash flow more effectively.

Remember, it's always a good idea to **run your figures past your accountant**.



What's next?

You're the one wearing the heavy load of responsibility - and suffering major stress.
Find out how we can help further...



LISTEN TO...



This podcast is about having conversations on topics that matter to tradies, tradie wives, and partners who want to be better at business. You'll hear expert tips, step-by-step trade business strategies, insights and the occasional rant!

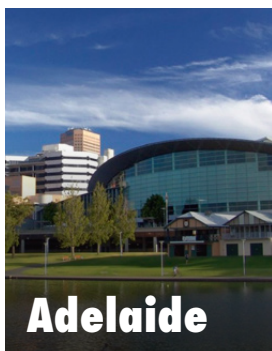
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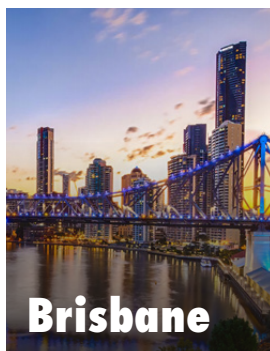
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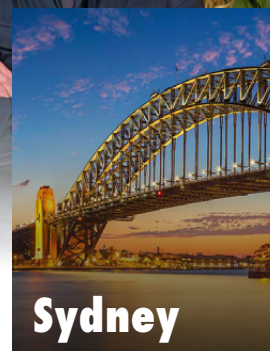
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