

BUSINESS EXTRA

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Forecasting Cash Flow: An Art and a Science

A healthy business relies on good cash management, and that begins with developing an accurate cash-flow projection. Unlike a profit-and-loss statement, a cash-flow projection balances a number of financial variables during a specific period of time. These factors might include equipment and inventory purchases, increases in employee salaries, money owed to you by customers, investment income and a fluctuating credit rating. An accurate cash-flow projection does not guarantee future liquidity. Rather, it uses both art and science to offer an educated prediction of your business's cash inflows and outlays.

CREATING A CASH-FLOW STATEMENT

Many business owners use either weekly or monthly cash-flow projections to help manage short-term cash needs along with annual projections to develop longer-term capital strategies.

To calculate a cash-flow projection, you need three critical pieces of information:

1 Beginning cash balance. This totals all the cash on hand at the beginning of your designated time period.

2 Projected cash sources. This combines the sum of accounts

receivable and other cash income related to the business. Beyond customer payments, it may contain interest income, royalties, service fees, investment equity and collection of bad debts. Usually, this is the trickiest amount to calculate because customers may pay more slowly than in the past or sales volumes may change unexpectedly.

3 Projected cash uses. This equals the sum of business operation costs. A few examples include sales commissions, taxes, utilities, manufacturing costs, loan payments, advertising, office supplies and cash dividends.

By subtracting the total of projected cash uses from the total of projected cash sources, you'll determine the **projected net change**. Finally, add the projected net change to the beginning cash balance to calculate your ending cash balance, which also acts as the beginning cash balance for the next statement period.

SOLUTIONS FOR CASH SHORTFALLS

The key to managing a cash crunch successfully is to detect it and deal with it as early as possible. A negative projected net change in your balance sheet may signal a shortfall. The solution may be as simple as postponing an equipment purchase or

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finding other areas to cut costs. If that doesn't solve the problem, consider your borrowing options. It's far easier to arrange for a loan or a line of credit when you don't need it. Banks are wary of businesses that need a cash infusion immediately because, if nothing else, it indicates a failure to plan.

WE CAN HELP

First Bank understands the nuances of cash management, and we offer a range of cash management services designed to keep your business's finances in good health. To learn more about how we can help meet your company's cash flow needs, call **1-888-220-4446** and talk to one of our business bankers.



At First Bank, Convenience Comes with Safety

By now you may realize how much time and money you can save using our convenience features such as online banking and bill pay, direct deposit and debit cards. But did you know that these services can also help protect you from identity theft and other financial fraud? Here's how:

Online banking. Periodically logging on to your account electronically through online banking lets you keep an eye on your balances and account activity, and ensures that you catch unauthorized transactions quickly, when damage may be easier to repair. And you can rest assured that all of your information is safe, thanks to our advanced security features and encryption.

Online bill pay. When you pay bills online, you avoid placing checks and

other personal information in your mailbox where criminals can steal it. You may even be able to have your bills and your bank account statement delivered to you electronically as well, virtually eliminating sensitive paper mail.

Direct deposit. Having your paycheck, benefits or investment income payments deposited electronically into your account can save you a trip to the bank and give you quicker access to your money. What's more, you won't have to worry about the paper check being lost or stolen.

Debit cards. They work the same way as a check – the funds are deducted directly from your checking account – but debit cards are simpler to use, easy to carry and allow for faster transactions. They also don't contain any personal

information, such as an address or phone number, like a check does. Plus, a debit card offers you better dispute resolution assistance and protection against fraudulent transactions.

Remote Deposit Capture. Using Remote Deposit Capture enhances the security of both your company and its customers. By making check deposits from your office computer over a secured connection, you minimize the risks of identity theft and fraud from transporting or mailing the deposits. You also have the added benefit of control over your cash flows.

To learn more about how we keep you and your hard-earned money safe, contact us at **1-888-220-4446** or visit **www.FirstBankAK.com**.



With our convenient online banking service, you can access your secure account information from any computer with Internet access. (Keep in mind that it is not a good idea to perform financial transactions on public wireless networks.) First Bank considers the security of your personal information of utmost concern. We authenticate every user and are vigilant in protecting your identity.

Enrolling Is Easy

We've made it simple and convenient to take advantage of online banking and e-statements. Simply call **1-888-220-4446** or visit **www.FirstBankAK.com** to learn more or to enroll.

Plug into Online Banking and e-Statements

Following years of insisting she had a finely honed filing system, Sue finally decided to switch from paper to e-statements after:

- A. The home office in Sue's basement flooded, turning his statements into a waterlogged mess.
- B. Sue and her husband planned a long vacation, and Sue wanted to be able to check her statement while she was away.
- C. Sue wanted to set a good example after her children started talking about Earth Day activities at their school.
- D. All of the above.**

Switching to e-statements is a smart environmental move, and also makes sense from a security standpoint. Paper statements can be lost or stolen in the mail. By receiving your statements electronically, you can help reduce your risk of falling victim to identity fraud.

Online Banking for People on the Move

Once Sue signed up for e-statements, it wasn't long before she registered for online banking. She loves:

- A. The flexibility to make loan payments late at night or on weekends, if necessary.
- B. The ability to check her account balance while traveling.
- C. The opportunity to transfer funds without having to visit a branch.
- D. All of the above.**