



The Importance Of Working Capital

If your company is to operate successfully, it must be able to support itself with its working capital. Occasionally, your company will not be paid in a timely manner, and the cycle spanning from the time you provide the service to the time that you actually receive compensation can be nerve-wracking, especially without adequate working capital. When short-term expenses start to pile up, your company may see a working capital deficit – but this happens, and there are ways to recover with effective management tactics.

The term “working capital” bears a great weight in the world of finance. Rather than simply meaning the cash a company currently has on hand, working capital is a method of measuring a company’s current financial condition. On a basic level, working capital is the difference between current assets and current liabilities, and it delivers a succinct snapshot of both efficiency and financial health at the time.

How To Manage And Boost Your Working Capital

While each business is likely to run into its own unique set of issues when it comes to maintaining working capital, there are a number of general methods that an organization can utilize to help keep their working capital in the positive numeric range.

Consider the following techniques:

- **Streamline the payment process** – This method is simple: if your customers are left with as few loopholes as possible when it comes to paying up, you’ll get your cash faster. Late payments are always a problem, and ensuring that your customers are reliable, and addressing those who are not, is a good way to make certain that you’re not left waiting for payments for months on end.
- **Manage working capital across your company** – This involves forming comprehensive plans to monitor working capital on every level of the organization, which will boost efficiency while making it easy to spot problem areas and devise ways to fix them.
- **Weigh your funding options** – It’s important – and sometimes difficult – to remember that large banks aren’t the only place where businesses can acquire funding. Some alternatives, such as AGR Financial, not only offer working capital financing, but can deliver indispensable financial advice in the process.
- **Keep capital use as transparent as possible** – In this case, the primary benefit of transparency is that it’s easier to see exactly where your company’s capital is going. Boosting transparency makes it much easier to observe working capital use across the board, potentially exposing areas where it’s being used ineffectively.

Call On AGR Financial For Professional Financial Advice

Whether your company is in need of financial guidance or simply requires working capital financing, the seasoned experts at AGR Financial can provide you with the solutions your business needs. Contact **Evan Prodromo, Vice President**, at our Edison, NJ Corporate Headquarters at 732-572-0568, eprodromo@agrfinancial.com or www.agrfinancial.com to learn more.