

Cash Flow is Reality



If you sell and make a margin on what you sell what is the effect of having a bad debt?

The bad debt calculator below shows you how much extra sales you will have to make in order to recoup the profit you lose on a single bad debt. EG if your profit margin is 10% and a £5,000 invoice is not paid, then you will have to make another £50,000 worth of good sales to make up the profit lost on the one bad sale. A revelation.

Profit Margin %	Bad Debt Amount					
	£100	£1k	£5k	£10k	£50k	£100k
1%	£10k	£100k	£500k	£1m	£5m	£10m
3%	£3.3k	£33.3k	£166k	£333k	£1.7m	£3.3m
5%	£2k	£20k	£100k	£200k	£1m	£2m
10%	£1k	£10k	£50k	£100k	£500k	£1m
15%	£666	£6.6k	£33k	£66.6k	£333k	£666k
20%	£500	£5k	£25k	£50k	£250k	£500k
30%	£333	£3.3k	£16.6k	£33.3k	£166k	£333k
40%	£250	£2.5k	£12.5k	£25k	£125k	£250k
50%	£200	£2k	£10k	£20k	£100k	£200k

The above illustrates how important it is for you to monitor your cash so that you avoid having a bad debt!