STRETCHLEARN · WORKBOOK

Cash Flow Management for Small Business — Workbook

This workbook turns the course into action. Each section maps to one course module and mixes exercises, fill-in worksheets, and checklists so you finish with a working 13-week forecast, a measured cash conversion cycle, and a written crunch plan. Work through it with your real numbers from QuickBooks, Xero, Wave, or your bank statements, not hypothetical figures.

Cash Flow Fundamentals: Why Profit Is Not Cash

Separate profit from cash in your own business and learn to read where your money actually comes from.

Exercise: Find Your Profit-vs-Cash Gap

Pull your most recent month from your accounting software. Compare what your P&L says you earned against what your bank balance actually did over the same period, then explain the difference.

• What was your net profit on the P&L for the month, and how much did your bank balance actually change?

• List the largest reasons for any gap: unpaid invoices, a loan payment, owner draws, inventory bought, or a big up-front expense.

• If you had to make payroll tomorrow from cash on hand, could you, regardless of this month profit?

Worksheet: Cash Flow Statement Walkthrough

Run the Statement of Cash Flows for the last three months in your accounting software and record the totals for each section below. Then write which section is keeping the business alive.

Net cash from operating activities (last 3 months)

Net cash from investing activities (last 3 months)

Net cash from financing activities (last 3 months)

Overall net change in cash

Which section is funding the business right now

Is operating cash flow positive on its own? (yes/no)

Checklist: Liquidity Vocabulary Setup

[ ] Calculate current cash runway in months: cash on hand divided by net monthly burn
[ ] Calculate net monthly burn rate: average monthly cash out minus cash in
[ ] Calculate working capital: current assets minus current liabilities
[ ] Calculate current ratio: current assets divided by current liabilities
[ ] Write down your target minimum buffer of eight weeks of operating expenses

Building a Cash Flow Forecast

Stand up a rolling 13-week forecast and the weekly habit that keeps it honest.

Worksheet: Week-One Forecast Builder

Using the attached 13-week template, fill in the very first week with real figures so the model is anchored to reality. Forecast on the dates cash actually moves, not invoice dates.

Opening bank balance (today)

Expected customer collections this week

Other inflows (loans, deposits, refunds)

Payroll due this week

Rent and fixed overhead due this week

Supplier and variable payments due this week

Loan, tax, and owner-draw payments this week

Calculated closing balance (opening plus inflows minus outflows)

Exercise: Choose Your Forecasting Method

Decide how you will run your forecast and which tool you will use, then commit to it in writing.

• Will you use the direct method (cash lines, weekly) or the indirect method (profit-based, annual), and why?

• Which tool will you use: a spreadsheet, Float, Pulse, Fathom, or Dryrun, and what does it connect to?

• What fixed 30-minute weekly slot will you reserve to update the forecast?

Checklist: Weekly Cash Ritual

[ ] Roll the window: drop the finished week and add a new week 13
[ ] Enter last week actuals over the forecast figures
[ ] Calculate variance (forecast minus actual) on each major line
[ ] Classify each gap as timing, one-off, or recurring estimation error
[ ] Update future-week assumptions so the error does not repeat
[ ] Flag any week where closing balance falls below the eight-week buffer

The Working Capital Cycle and Cash Conversion

Measure how many days your cash is trapped and pull the three levers to shorten it.

Worksheet: Cash Conversion Cycle Calculator

Use your latest financials to compute each component, then combine them. Service businesses with no inventory enter zero for DIO.

Accounts receivable balance

Revenue for the period and number of days in the period

DSO = (AR / revenue) x days

Inventory balance and cost of goods sold

DIO = (inventory / COGS) x days

Accounts payable balance

DPO = (AP / COGS) x days

Cash Conversion Cycle = DSO + DIO - DPO (in days)

Cash tied up = CCC x average daily operating cost

Exercise: Pull Each Lever Once

For each of the three levers, choose one realistic change and estimate the days and dollars it would free.

• DSO: which single tactic (deposits, shorter terms, early-pay discount, faster invoicing) will you apply, and how many days could it save?

• DIO: which slow SKU or excess-stock decision can you make, and how many days could it save?

• DPO: which supplier will you ask for longer terms, and how many days could it add?

• Recalculate your projected CCC and the cash released after these three moves.

Checklist: Working Capital Trap Audit

[ ] Model the cash cost of your next big order before accepting it (overtrading check)
[ ] Calculate inventory turnover: COGS divided by average inventory
[ ] Identify any SKU turning slower than your average and flag it
[ ] Set reorder points from real sales velocity, not gut feel
[ ] List dead stock to clear through clearance, bundling, or return-to-vendor

AR, AP Timing, and Avoiding Cash Crunches

Speed up money in, slow money out within terms, and install reserves and crunch triggers.

Worksheet: Reserve and Trigger Plan

Define your cash buffer target and the exact numeric triggers that will launch your contingency plan, so you act on numbers, not nerves.

Monthly operating cost

Reserve target in months (minimum 2, goal 3 to 6)

Reserve target in dollars

Percentage of each deposit to sweep into reserve (e.g. 5 to 10 percent)

Trigger 1: forecast closing balance below eight-week buffer

Trigger 2: DSO rises more than 20 percent above baseline

Trigger 3: relying on the line of credit for routine payroll

Line of credit amount to arrange while healthy

Exercise: Design Your Collections Cadence

Write the exact follow-up sequence you will automate for unpaid invoices, including who acts and through which tool (QuickBooks reminders, Chaser, Bill.com).

• What will the day-minus-3 and due-date messages say, and will they include a one-click payment link?

• What are your day plus 7, plus 14, and plus 30 steps, and at which point do you call or hold further work?

• Which deposit or milestone-billing rule will you require on larger jobs from now on?

Checklist: AP Timing Discipline

[ ] Map every supplier as critical, important, or flexible
[ ] Set all payments to go out on the due date, not before
[ ] Identify two suppliers to ask for net-45 or net-60 terms
[ ] Check each early-payment discount against your cost of capital before taking it
[ ] Protect payroll, critical inputs, and tax obligations first if cash is tight

Checklist: 90-Day Contingency Plan

[ ] Write the first three actions you take the moment a trigger trips
[ ] Decide the threshold at which owner draws pause
[ ] List non-essential spend you would defer immediately
[ ] Note which supplier conversations you would open first
[ ] Confirm how and when you would deliberately draw the line of credit

Your Action Plan

1. Run last month P&L next to your bank balance change and write down your profit-vs-cash gap
2. Calculate your current cash runway, burn rate, working capital, and current ratio today
3. Build week one of the 13-week forecast with real bank figures using the template
4. Block a fixed 30-minute weekly slot to roll the forecast and enter actuals
5. Calculate your DSO, DIO, DPO, and current Cash Conversion Cycle from your latest financials
6. Choose one improvement per lever and project the cash it would release
7. Audit inventory turnover and flag any dead stock to convert back into cash
8. Open a separate reserve account and set an automatic sweep of 5 to 10 percent of deposits
9. Automate a five-step collections cadence and require deposits on larger jobs
10. Write your numeric crunch triggers and your 90-day contingency plan before you need them