The Cash Flow Crisis That Nearly Closed a Growing Business

How a profitable company ran short of cash, and the forecasting and collections steps that restored stability.

60%
revenue growth in one year

60-90 days
for large customers to pay

32%
faster collections after the fix

Cash Flow · Financial Planning · Budgeting · Accounts Receivable

The situation

A specialty contractor with 40 employees grew revenue 60% in one year. On paper the company was profitable, but large projects meant paying crews and suppliers months before customers paid.

What happened

Growth outran the cash in the bank:

- **No forecast** — the owner managed by the bank balance and had no view of the weeks ahead.
- **Slow billing** — invoices went out weeks after work was done, and follow-up was inconsistent.
- **Timing gaps** — payroll and supplier bills came due before customer payments arrived.
- **Rising costs** — late fees, interest on a maxed-out credit line, and suppliers demanding payment up front.

The breaking point

One week, payroll could not be met on time. Paying wages late violates state wage-payment laws and damaged trust with the crew. The owner considered closing the business.

Cash flow habits that make the difference

Habit	What it prevents
13-week cash forecast, updated weekly	Surprise shortfalls
Invoicing within two days of milestones	Cash sitting in unbilled work
Progress billing and deposits on large jobs	Funding projects out of pocket
Weekly review of receivables over 30 days	Slow payers becoming non-payers
Early, honest talks with lenders and suppliers	Lost credit and upfront-payment demands

What they did

- Built a 13-week cash flow forecast and reviewed it every Monday.
- Moved to progress billing with deposits on large projects.
- Sent invoices within two days of each milestone and followed up at 15 and 30 days.
- Negotiated payment terms with key suppliers using the forecast.
- Set a minimum cash target and a plan for any week projected below it.

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The outcome

Within six months, the company collected 32% faster, paid off past-due supplier balances and stopped using the credit line for payroll. Payroll has been on time every week since, and the owner now sees cash problems weeks before they arrive.

Self-check: could this happen to you?

- ☐ Do you have a cash forecast for the next 13 weeks?
- ☐ How many days after finishing work do you send the invoice?
- ☐ Are customers paying within your agreed terms?
- ☐ Do you have a plan if cash runs short?
- ☐ How often do you review cash with your team?

Want to talk through what this means for you?

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