



Emerald Executive Consulting

STRATEGIZE | REALIZE | CAPITALIZE | REVOLUTIONIZE

Profit Doesn't Pay Bills

A cash flow playbook for small businesses –
so growth doesn't turn into cash stress.

FREE E-BOOK

**FREE
E-BOOK**

PAST DUE

Learn why profitable companies run out of cash,
how the cash conversion cycle works, and
the weekly metrics that prevent surprises.



Emerald Executive Consulting

Who this is for & What you'll get:



Who this is for:

- ✓ Owners and leaders in product-based businesses (manufacturing, wholesale, inventorybased ecommerce) who want clarity without becoming accountants.



What you'll get:

- ✓ A plain-English **translation** of the 3 statements, the key signals to watch, and the questions that turn numbers into action.



! **Note:** This guide is educational and not individualized tax or legal advice. Use it to improve decision-making and bring questions to your CPA, advisor, or Michele (Emerald Executive Consulting).



Quick Contents

1. Profit doesn't pay bills - why cash feels different than profit
2. Cash flow in one picture - the timing map
3. The Cash Conversion Cycle (CCC): the 3 levers that control cash
4. The 5 cash traps in product businesses
5. A 30-day cash stability plan (no spreadsheets required)
6. The cash dashboard (the only metrics you need weekly)
7. Next step: the 1-hour workshop

Profit doesn't pay bills
- why cash feels different than profit

Profit is a calculation. **Cash** is a timing reality.

Product businesses can be profitable on paper and still feel broke – because cash is stuck in AR and inventory, or leaving through debt, taxes, and capital spending.

! The common trap

You grow sales, celebrate profit, and then cash gets tighter. That usually means the business is funding growth through working capital: more inventory purchased, more receivables, more labor and overhead paid before customers pay you.

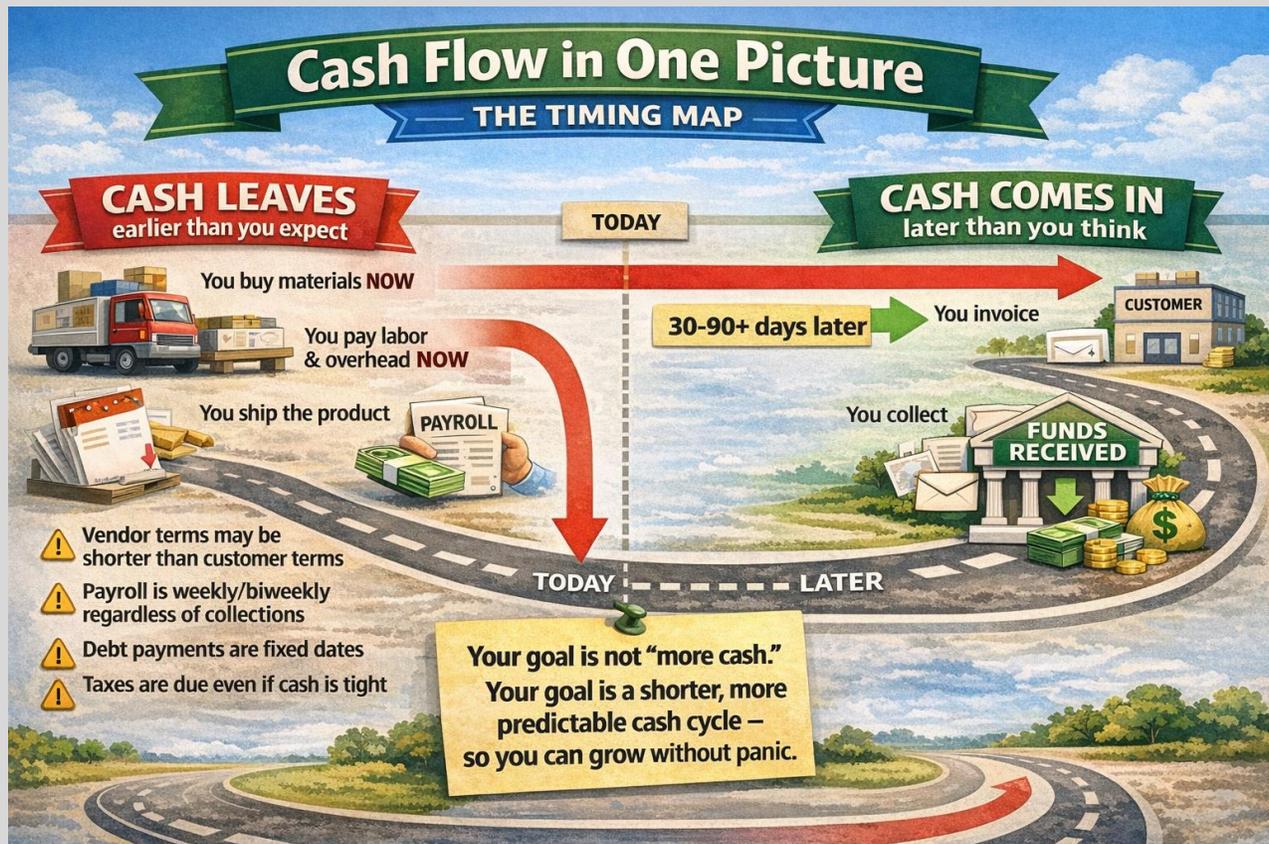
The fix

✓ **Build a cash rhythm:** monitor a few metrics weekly, tighten the cash conversion cycle, and make one improvement each month.

SALES GROW → CASH LEAVES

SUPPLIES





Cash comes in later than you think

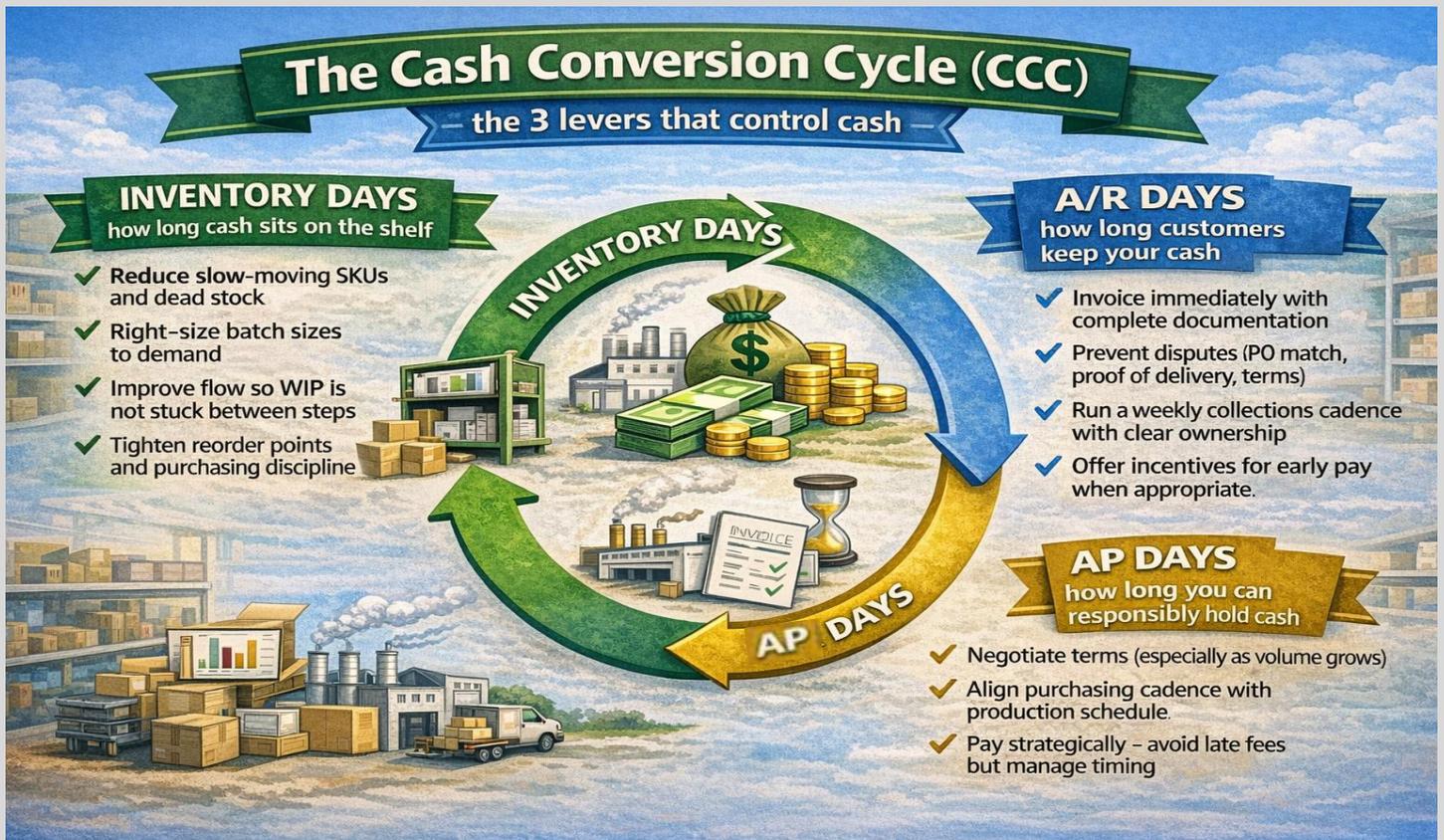
- You buy materials now
- You pay labor and overhead now
- You ship the product
- You invoice
- You collect - often 30-90+ days later

Cash leaves earlier than you expect

- Vendor terms may be shorter than customer terms
- Payroll is weekly/biweekly regardless of collections
- Debt payments are fixed dates
- Taxes are due even if cash is tight

Your goal is not 'more cash.' Your goal is a shorter, more predictable cash cycle - so you can grow without panic.





Inventory Days: how long cash sits on the shelf (or in WIP)

- Reduce slow-moving SKUs and dead stock
- Right-size batch sizes to demand
- Improve flow so WIP is not stuck between steps
- Tighten reorder points and purchasing discipline

AR Days: how long customers keep your cash

- Invoice immediately with complete documentation
- Prevent disputes (PO match, proof of delivery, terms)
- Run a weekly collections cadence with clear ownership
- Offer incentives for early pay when appropriate



AP Days: how long you can responsibly hold cash

- Negotiate terms (especially as volume grows)
- Align purchasing cadence with production schedule
- Pay strategically - avoid late fees but manage timing

The 5 Cash Traps in Product Businesses

Buying Too Much Inventory "Just in Case"
Money Tied Up in Unsold Goods
Too Much Stock!

Growing Sales Without a Funding Plan
Cash Crunch Hits!

High Costs & Wasted Money
Scrap, Rework, Overtime

Slow Invoices & Payment Disputes
Waiting on Unpaid Bills
OVERDUE

Debt, Equipment & Taxes
Cash Drained Away
DEBT, TAX

**Before You Chase Growth...
Get Control of Your Cash!
Growth Makes Problems Bigger.**

The 5 cash traps in product businesses

- Overbuying inventory 'just in case' (cash becomes stock)
- Growing sales without funding plan (working capital crunch)
- Margin erosion from scrap, rework, expediting, and overtime
- Slow invoicing or weak documentation causing AR disputes
- Debt, equipment purchases, and taxes draining cash regardless of profit

If you want one universal rule: before you chase growth, stabilize cash visibility.

Growth magnifies whatever is broken.



A 30-Day Cash Stability Plan (No Spreadsheets Required)



Week 1: Visibility

- **Know cash runway** (weeks of cash at current burn)
- Pull an AR aging report and circle the oldest 10 invoices
- List your top 20 inventory items and identify slow movers
- Write down fixed monthly cash outflows (payroll, rent, debt, taxes)



Week 2: Tighten AR

- Invoice within 24 hours of shipment/service completion
- Add a simple checklist for invoice completeness (PO, receiving, proof)
- Create a weekly collections call block (same day/time every week)



Week 3: Stabilize Inventory

- Freeze buying on slow movers for 30 days
- Set a max on any single purchase order without review
- Reduce WIP by finishing work already started before starting new



Week 4: Terms and Decisions

- Renegotiate one major vendor term
- Build a 90-day cash forecast at a high level (best/likely/worst)
- Choose one operational project that improves margin or throughput next month

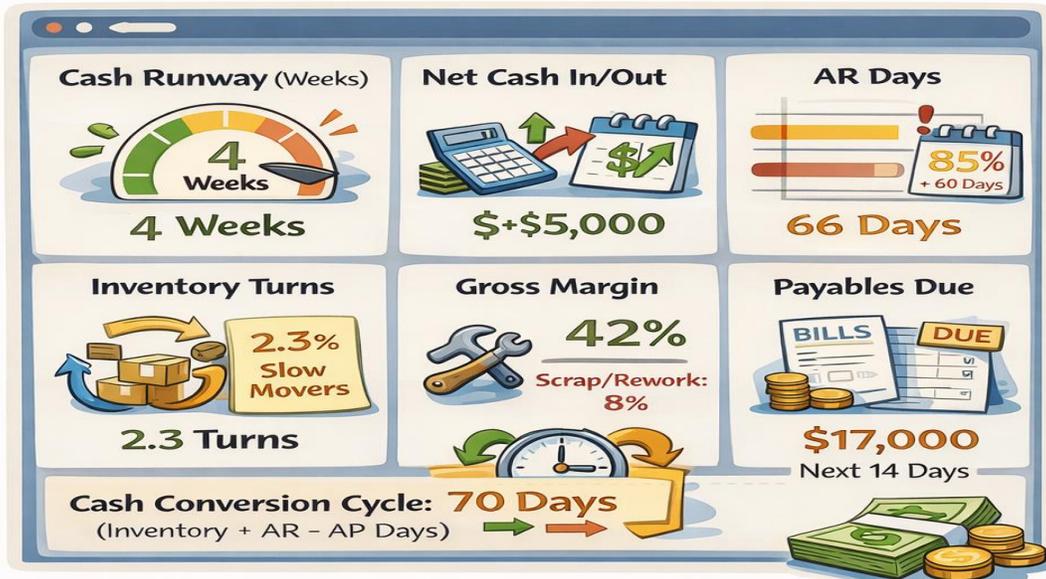


Small Steps, Big Impact!

**Take Action for 30 Days
to Regain Cash Stability**



The Cash Dashboard (The Only Metrics You Need Weekly)



When you watch these weekly, you stop being surprised. Cash becomes managed, not feared.

The cash dashboard (the only metrics you need weekly)

- If sales stopped today, how many weeks could I pay bills before money runs out?
- Did more cash come in... or go out?
- How fast do I get paid... and how much is overdue?
- What products sell fast... and what's collecting dust?
- After making the product, how much money do we actually keep?
- What cash is about to leave the building?
- How many days between paying for stuff... and getting paid back?

When you watch these weekly, you stop being surprised. Cash becomes managed, not feared.



Next step: the 1-hour workshop

Cash Flow That Works: *Run Your Business Without Cash Surprises (1 hour)*

This e-book is designed to be useful on its own. The workshop turns it into an interactive, practical session with examples for small/medium-sized businesses and a simple decision rhythm you can repeat every month.

Workshop outcomes:

- You will know which lines in your statements to watch weekly vs monthly
- You'll learn the operational questions behind each number (what to check, where to look)
- You'll leave with a clear 30-day plan to improve margin or cash flow

About Emerald Executive Consulting

Emerald Executive Consulting helps leaders turn strategy into execution using process improvement, performance metrics, and financial clarity. The approach blends Lean Six Sigma discipline with real-world executive operations and accounting insight - so decisions are practical, measurable, and sustainable.

Core focus: Reduce waste, improve throughput, strengthen cash flow, and build a KPI rhythm your team can run. If you'd like to explore a diagnostic or onsite workshop for your organization, please contact me at (313) 737-3485 [call/text] or visit my website and send a message through *Contact Us* page.

