Linkun Foundation

EDUCATE · EQUIP · ELEVATE

FREE TOOLKIT · SMALL BUSINESS OWNERS

Cash Flow Toolkit

See where your cash goes, forecast the next 13 weeks, build a cash cushion, and get paid faster, with notes for your type of business and AI prompts that build a forecast around your numbers.

- Profit is what your books say you earned. Cash flow is when the money actually arrives and leaves. Most small businesses that close were profitable on paper.
- A 13-week forecast shows the tight weeks before they arrive, while you still have time to act.
- Aim for a reserve of at least 2 months of operating expenses, built a small percentage at a time.
- The fastest cash improvement for most owners is invoicing the day work is done and following up on a fixed schedule.

Fill it in on screen (any PDF reader) or print it. Prefer a version that tailors itself to your business? Use the interactive toolkit at linkunfoundation.org/resources/toolkits/cash-flow.

linkunfoundation.org · 444 Huntington Drive, Arcadia, CA 91006 · hello@linkunfoundation.org

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How to use the business-type notes: sections marked “For wholesalers”, “For storefronts” and so on apply only to that kind of business. Read the general guidance, then the notes that fit you.

SECTION 01

Cash flow is not the same as profit

Your profit and loss statement records a sale when you earn it. Your bank account records it when the customer pays. The gap between those two moments is where small businesses get squeezed: rent, payroll, and suppliers want cash on their schedule, not your customers' schedule.

A business can be growing, profitable, and still unable to make payroll on Friday. Growth often makes it worse, because you pay for materials and labor before the bigger orders pay you.

> **THE ONE-SENTENCE VERSION**
> Profit tells you whether the business works. Cash flow tells you whether it survives the next 90 days.

The three kinds of cash movement

Type	What it includes	Healthy sign
Operating	Customer payments in; rent, payroll, supplies, taxes out	Money in from operations covers money out most months
Investing	Equipment, vehicles, a build-out, software you buy outright	Planned in advance and matched to cash on hand or a loan
Financing	Loans, lines of credit, owner deposits and draws, loan payments	Credit covers growth and timing gaps, not everyday shortfalls

SECTION 02

Map your cash cycle

Your cash cycle is the number of days between paying out for a job or product and getting paid for it. The longer it is, the more cash you need on hand just to operate.

Trace one typical sale

Count the days for a normal order or job. Rough numbers are fine.

Days from paying for materials, inventory, or labor to finishing the work or sale Days

Days from finishing to sending the invoice Days

Days from invoice to money in your account Days

Days your suppliers give you to pay them Days

= Your cash cycle

Every day you remove from the cycle frees up cash. Invoicing on the day of delivery and asking for deposits are usually the easiest days to remove.

FOR MAKERS AND PRODUCERS

Your cash is tied up longest in raw materials and work in progress. Buy materials closer to when you need them, ask for deposits on custom or large orders, and watch for slow-moving finished goods.

FOR WHOLESALERS AND DISTRIBUTORS

You usually pay suppliers before your retail customers pay you, often on net 30 to net 60 terms. Track inventory turns by product line, negotiate supplier terms that match your customers' terms, and check credit before extending terms to a new account.

FOR RETAILERS

Cash is tied up in inventory on the shelf. Your busiest season needs inventory bought months earlier, so plan seasonal buys in your forecast and clear slow sellers before they become dead stock.

FOR SERVICE BUSINESSES

Your biggest cost is labor, often your own time, and it is spent before you invoice. Bill at milestones on longer projects, take deposits, and invoice the day the work is done.

FOR MARKETPLACE SELLERS

Marketplaces hold your payouts on a schedule and can hold funds longer for new sellers, returns, or disputes. Put each platform's payout schedule into your forecast as its own inflow line.

FOR BUSINESSES THAT SELL TO GOVERNMENT OR INSTITUTIONS

Payment can take 30 to 90 days, and paperwork errors restart the clock. Register correctly as a vendor, match every invoice exactly to the purchase order, and keep a larger reserve.

SECTION 03

Know how fast you get paid

Days sales outstanding (DSO) is the average number of days it takes customers to pay you. Check it monthly. A rising DSO is one of the earliest warning signs of cash trouble.

Calculate your DSO

Unpaid customer invoices today $

Sales billed in the last 30 days $

= Your DSO

If your DSO is more than about 10 days longer than the terms you give customers, collections need attention. The accounts receivable calculator shows what that delay costs you.

SECTION 04

Build a 13-week cash forecast

Thirteen weeks is one quarter: short enough to estimate well, long enough to see problems coming. Fill in what you expect each week. Use the dates customers really pay, not the due dates on your invoices.

1. Enter the cash in your business accounts today.
2. List money you expect to come in each week. Count new sales that are not yet confirmed at about 70% of what you hope for.
3. List everything going out each week, including the irregular bills: quarterly taxes, insurance, annual renewals.
4. Look for any week where ending cash drops below one month of expenses. That is your early warning.
5. Update it every week. Fifteen minutes on the same day each week is enough.

Your 13-week cash forecast

Cash in the bank today

Category	Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 6	Wk 7	Wk 8	Wk 9	Wk 10	Wk 11	Wk 12	Wk 13
Starting cash													
MONEY COMING IN													
Customer payments on invoices													
Cash and card sales													
Deposits and prepayments													
Marketplace or platform payouts													
Other money in (loans, owner dep													
Total in													
MONEY GOING OUT													
Rent or mortgage													
Payroll and payroll taxes													
Contractors													
Inventory, materials, supplies													
Loan and credit card payments													
Insurance													
Utilities, phone, software													
Marketing													
Taxes (quarterly, sales tax)													
Owner pay													
Other													
Total out													
Net cash for the week													
Ending cash													

Starting cash for week 1 is your bank balance today. Each week after, starting cash = last week's ending cash. Net = total in − total out. Ending = starting + net.

READING THE RESULT

A dip below one month of expenses means act now: chase invoices, delay a purchase, or arrange a line of credit while you still look strong to a lender. A negative week means you need a plan this week.

SECTION 05

Build a cash reserve

A reserve turns surprises into inconveniences. Start by knowing your monthly operating cost, then set a target.

Your reserve target

Rent or mortgage $ per month

Payroll and payroll taxes $ per month

Inventory and supplies $ per month

Loan and card payments $ per month

Insurance $ per month

Utilities, phone, software $ per month

Owner pay $ per month

Everything else $ per month

Cash you have set aside today $

= Monthly operating cost

= Minimum reserve (2 months)

= Healthy reserve (3 months)

= Months you're covered today

Reserve habits that work

- [ ] Open a separate savings account just for the reserve, ideally at a different bank from your checking.
- [ ] Move a fixed percentage of every deposit (start with 3 to 5%) automatically.
- [ ] Write down what counts as an emergency before you need the money.
- [ ] When you use the reserve, set a date to refill it.

FOR SEASONAL BUSINESSES

If most of your sales happen in a few months, size the reserve to cover the slow months in full, and build it during the busy season.

SECTION 06

Get paid faster

- [ ] Invoice the same day the work is done or the order ships.
- [ ] Ask for a deposit on new clients and large or custom jobs (25 to 50% is common).
- [ ] Bill in milestones on projects longer than a few weeks.
- [ ] Accept the ways customers want to pay: card, bank transfer (ACH), and payment apps.
- [ ] Put the due date in the email subject line and on the top of the invoice.
- [ ] Follow up on a schedule: a friendly reminder 3 days before, then 1, 7, and 14 days after the due date.
- [ ] Offer automatic payments for recurring services.
- [ ] Check your late payments cost once a quarter.

FOR BUSINESSES THAT SELL TO RETAILERS

Large retailers often pay on net 60 or longer and may take deductions (chargebacks) for late shipments, labeling, or damaged goods. Read the vendor guide closely, track every deduction, and dispute the wrong ones in writing. Some sellers use invoice financing (factoring) to bridge the gap; compare its true cost before signing.

FOR BUSINESSES THAT SELL TO OTHER BUSINESSES

Run a quick credit check on new business clients, get a signed agreement with payment terms, and keep each client's accounts payable contact on file. Small early-payment discounts can work, but check the math with the early-payment discount calculator.

SECTION 07

Manage what goes out

- [ ] Pay bills on their due date, not the day they arrive.
- [ ] Line up big bills with the weeks your biggest customers pay.
- [ ] Ask suppliers for longer terms once you have a good payment history.
- [ ] Review subscriptions and recurring charges every quarter and cancel unused ones.
- [ ] Pay yourself a set amount on a set schedule instead of taking cash whenever it's there.
- [ ] Set aside tax money in its own account every time you get paid.
- [ ] Treat payroll as the bill that is never late.

SECTION 08

Warning signs and what to do

Early signs (fix these this month)

- [ ] You check the bank balance before paying every bill.
- [ ] You often move money between accounts to cover payments.
- [ ] You're putting regular operating costs on a credit card and not paying it off monthly.
- [ ] Your DSO is creeping up.
- [ ] You skipped your own pay to cover expenses.

Serious signs (get help now)

- [ ] A payment bounced or a payroll was late.
- [ ] You missed a tax payment or received a tax notice.
- [ ] Suppliers have moved you to cash on delivery.
- [ ] You're using one loan or card to pay another.

If you checked any serious signs, talk to someone this week: your banker, an accountant, a free SBDC or SCORE advisor, or a Linkun coach. Asking early gives you more options.

SECTION 09

Build your own cash flow assistant with AI

Any AI assistant (ChatGPT, Claude, Gemini, Copilot) can turn this toolkit into a forecast built around your business. Fill in your business profile at the top of this page and the prompts below update with your details.

Use AI safely: never paste bank logins, full account numbers, or customer personal information. Round your numbers. Check the math, because AI can make arithmetic mistakes. Confirm big decisions with a person.

AI PROMPT Build my 13-week cash forecast

You are a cash flow advisor for small businesses. Help me build a 13-week cash flow forecast.
About my business: {industry} in {location}. Business model: {model}. I sell through: {channel}. My customers are: {buyer}. Team size: {size}. In business: {stage}.
Ask me one or two questions at a time about: cash in the bank today; how and when customers pay me; expected money in each week (recurring, deposits, new sales); every bill going out and its due date; and any large or once-a-year items in the next 3 months.
Then build a week-by-week table for 13 weeks with rows for each inflow and outflow, total in, total out, net cash, and ending balance. Count unconfirmed new sales at 70%. Flag any week where the ending balance falls below one month of expenses or goes negative. Explain my tightest weeks in plain language and give me three specific actions to close the gaps. Format the table so I can paste it into a spreadsheet.

Replace the [brackets] with your details, then paste into ChatGPT, Claude, Gemini, Copilot or any AI assistant.

AI PROMPT Cash flow health check

You are a cash flow advisor for small businesses. Give me a direct, plain-language cash flow health check.
My business: {industry} in {location}. Model: {model}. Channels: {channel}. Customers: {buyer}. Team: {size}. In business: {stage}. My goals: {goals}.
Ask me for my monthly sales, monthly expenses, cash on hand, how long customers take to pay, how long I take to pay suppliers, and whether I use credit to cover regular costs.
Then calculate my months of cash runway, reserve in months, days sales outstanding, and cash conversion cycle. Tell me which numbers are healthy and which are warning signs for a business like mine, name my single biggest cash risk, and give me a 30-day action plan with the 3 to 5 most important steps first.

Replace the [brackets] with your details, then paste into ChatGPT, Claude, Gemini, Copilot or any AI assistant.

AI PROMPT Write my payment reminder emails

Write a set of four short, friendly, professional payment reminder emails for my {industry} business in {location}. My customers are {buyer}.
1) 3 days before the due date, 2) 1 day after, 3) 7 days after, 4) 14 days after (firm, with next steps).
Each email should include the invoice number, amount, due date, and how to pay as placeholders. Keep each under 100 words and keep the relationship warm.

Replace the [brackets] with your details, then paste into ChatGPT, Claude, Gemini, Copilot or any AI assistant.

AI PROMPT Plan for my slow season

FOR SEASONAL BUSINESSES

My {industry} business in {location} has a busy season and a slow season. Help me plan cash for a full year.
Ask me which months are busy and slow, my average monthly sales in each, and my fixed monthly costs.
Then show a month-by-month cash plan, how much to set aside each busy month to cover the slow months, and five ideas to bring in revenue during the slow season that fit a {model} business selling through {channel}.

Replace the [brackets] with your details, then paste into ChatGPT, Claude, Gemini, Copilot or any AI assistant.

SECTION 10

Your 30-day action plan

Week 1: Know where you stand

- [ ] Add up the cash in all business accounts.
- [ ] List every unpaid invoice with its amount and age.
- [ ] List every bill due in the next 30 days.
- [ ] Calculate your DSO and your monthly operating cost (worksheets above).

Week 2: Build the forecast

- [ ] Fill in your 13-week forecast.
- [ ] Mark the tightest weeks.
- [ ] Decide one action for each tight week.

Week 3: Speed up cash

- [ ] Follow up on every invoice over 30 days old, by phone if possible.
- [ ] Set up a deposit policy for new clients.
- [ ] Open a separate reserve account and set up an automatic transfer.
- [ ] Cancel one subscription you don't use.

Week 4: Make it a habit

- [ ] Pick a weekly 15-minute cash review time and put it on your calendar.
- [ ] Update the forecast with real numbers.
- [ ] Share it with your accountant, banker, or coach and ask what they see.

Frequently asked questions

What is the difference between cash flow and profit?

Profit is income minus expenses for a period, recorded when sales are earned. Cash flow is the actual money moving in and out of your bank account, recorded when it moves. A profitable business can run out of cash if customers pay slowly or if it spends ahead of sales.

How much cash reserve should a small business keep?

A common target is at least two months of operating expenses, with three to six months for seasonal businesses, businesses with a few large customers, or businesses that sell to government or big retailers. Build it gradually by saving a fixed percentage of every deposit.

Why use a 13-week cash flow forecast?

Thirteen weeks is one quarter. It is short enough to estimate accurately week by week and long enough to see a shortfall coming with time to act, such as collecting invoices, delaying purchases, or arranging credit.

What is a good days sales outstanding (DSO)?

It depends on the payment terms you offer. A useful rule: your DSO should be within about 10 days of your terms. If you offer net 30 and your DSO is 45 or more, customers are paying late and collections need attention.

Can I use ChatGPT or another AI tool to make a cash flow forecast?

Yes. Use the prompts in this toolkit to have an AI assistant ask you questions and build a forecast table. Do not share bank logins, account numbers, or customer personal data, and double-check the math.

FREE 1:1 COACHING

Talk it through with a mentor

Bring this toolkit, your numbers, and your questions. Book a free session:
https://calendar.app.google/Y9th1oVrDYsY7tbk8

This toolkit is educational and is not legal, tax, accounting, or investment advice. Rules change and vary by state; confirm decisions with a qualified professional or a free advisor at your local Small Business Development Center. © Linkun Foundation, a 501(c)(3) nonprofit.