Why Your P&L Is Lying To You

WHY YOU FEEL BROKE EVEN WHEN YOU'RE PROFITABLE

The 4 cash drains hiding in your P&L - and the 4-step, 13-week forecast that reveals them.

- PREDICTABLE PROFITS
- FINANCIAL CLARITY
- FREEDOM TO FOCUS

INTRODUCTION

BUILT FOR OWNERS OF FAST-GROWING CONSTRUCTION COMPANIES

You are not imagining it. Your Profit & Loss statement says you are doing well, but your bank account tells a different story. What gives?

It comes down to cash timing - when money is actually collected, when obligations must be paid, and whether you can see the gap before it becomes a crisis.

IN THIS GUIDE, YOU WILL LEARN

- Why a profitable P&L can still hide a cash shortage.
- The four cash drains that create timing gaps - and what each one can cost.
- How to build and maintain a practical 13-week cash flow forecast.
- How to pressure-test the forecast using a completed example.

PROFIT EXPLAINS PERFORMANCE. CASH DETERMINES WHAT YOU CAN DO NEXT.

SECTION 1

PROFIT DOESN'T EQUAL CASH

Your P&L and your cash forecast answer different questions. You need both.

Your Profit & Loss statement shows revenue minus expenses over a period of time. It is useful, but it does not show your real-time cash position or the timing of money entering and leaving the bank.

YOUR P&L TELLS YOU

- Revenue when earned - even if the invoice is unpaid.
- Expenses recognized over the period.
- Interest expense, but not loan principal.
- Depreciation, but not the full equipment purchase.

A CASH FORECAST TELLS YOU

- When customer payments will actually hit the bank.
- Every payment that leaves cash, including principal.
- When materials, taxes, and owner draws are due.
- Whether cash falls below your minimum operating buffer.

ILLUSTRATIVE SNAPSHOT

A $50,000 invoice can create $20,000 of P&L profit this month while adding $0 to the bank until the customer pays. If $35,000 of payroll and vendor payments are due first, the business has a timing gap even though the P&L looks healthy.

A business can be profitable in its P&L and still run out of cash.

SECTION 2

FOUR HIDDEN CASH FLOW DRAINS

These drains can hide in plain sight in the P&L. The timing is what creates the pressure.

1 Accounts Receivable Delays

A $60,000 invoice is recorded as revenue, but the customer pays in 60 days. If $42,000 of payroll is due first, the bank feels the gap today.

CASH IMPACT: $42,000 timing gap before collection

2 Loan and Equipment Payments

An $8,000 monthly payment may show only $1,200 of interest in the P&L. The other $6,800 of principal still leaves the bank.

CASH IMPACT: $6,800 not visible as P&L expense

3 Inventory, Materials, and Subcontractors

A company pays $35,000 upfront for a job, then waits 45 days for the customer payment. Cash leaves well before the profit arrives.

CASH IMPACT: $35,000 working-capital gap

4 Owner Draws and Tax Payments

A $12,000 unplanned draw plus an $18,000 tax payment can erase a large share of your operating cushion without changing operating profit.

CASH IMPACT: $30,000 outside operating expenses

THE COST OF NOT SEEING THE TIMING

Across these separate examples, more than $113,000 of cash can be delayed or leave the bank without being obvious from net profit. A forecast shows each gap early enough to change the outcome.

SECTION 3

HOW TO BUILD A RELIABLE 13-WEEK CASH FLOW FORECAST

Use a 13-week weekly view. Build it from timing assumptions - not annual averages or wishful thinking.

1

Start with usable cash

Enter the cash currently available in the bank. Exclude restricted funds and amounts already committed to payroll, taxes, or another obligation.

2

Forecast inflows by expected receipt date

Start with the AR aging report. Use each customer's actual payment behavior, not simply the invoice due date. Add new sales only in the week the cash is likely to be collected.

3

Map every outflow by week

Include payroll, taxes, vendors, subcontractors, rent, materials, debt principal and interest, equipment, owner draws, annual fees, and one-time growth investments.

4

Calculate, roll forward, and update weekly

Cash In minus Cash Out equals Net Cash Flow. Beginning Cash plus Net Cash Flow equals Ending Cash. Each week, replace estimates with actuals, remove the completed week, and add a new Week 13.

PRESSURE-TEST BEFORE YOU TRUST IT

- What if your biggest client pays 30 days late?
- What if revenue is 15% below plan?
- What if payroll rises 10% or a tax payment moves forward?
- What if you buy equipment next month instead of next quarter?

COMPLETED EXAMPLE

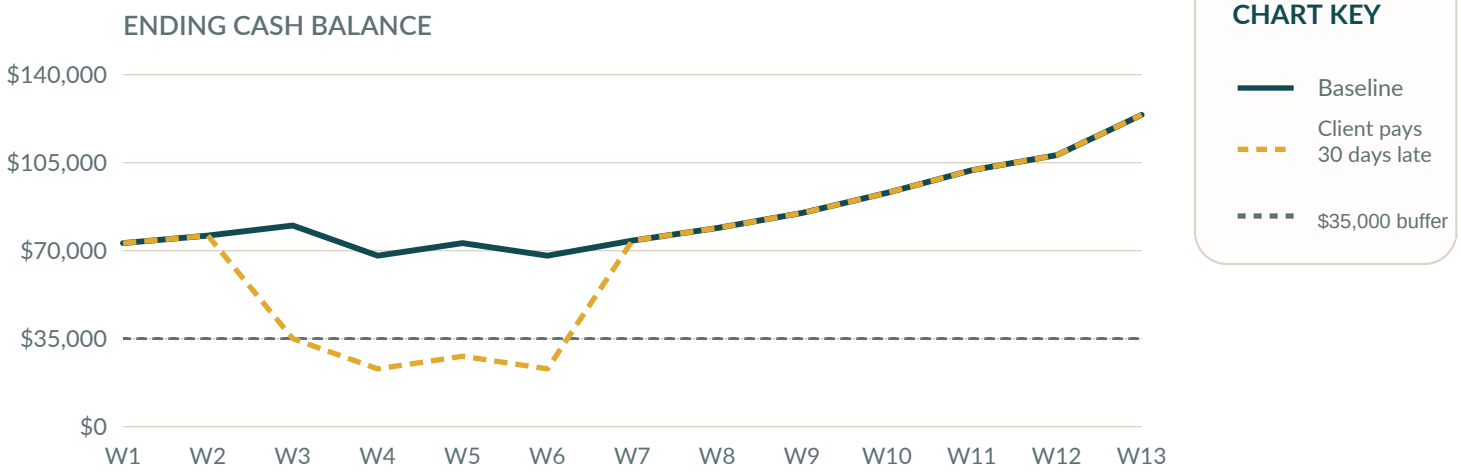
ACME LANDSCAPING - 13-WEEK FORECAST

FICTIONAL EXAMPLE - NOT CLIENT DATA

Illustrative company: $2.3 million annual revenue, $180,000 A/R, $75,000 beginning cash, and a $35,000 minimum cash buffer.

USD	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13
Beginning cash	75	73	76	80	68	73	68	74	79	85	93	102	108
Collections	35	38	45	30	48	38	45	42	50	45	52	48	55
Payroll	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18	-18
Materials	-12	-10	-16	-12	-18	-10	-14	-12	-16	-12	-18	-10	-14
Other outflows	-7	-7	-7	-12	-7	-15	-7	-7	-10	-7	-7	-14	-7
Ending cash	**73**	**76**	**80**	**68**	**73**	**68**	**74**	**79**	**85**	**93**	**102**	**108**	**124**

All figures are shown in thousands of U.S. dollars (for example, 75 = $75,000).



WHAT THE FORECAST REVEALS

The P&L is unchanged. The late payment drops cash to the $35,000 minimum in Week 3 and below it in Weeks 4-6, giving the owner time to accelerate collections, delay spending, or secure a credit line.

SECTION 4

QUICK STRATEGIES TO STRENGTHEN YOUR CASH FLOW

The forecast becomes useful when it changes decisions before the bank balance forces them.

1

Accelerate collections

Invoice immediately, call before invoices are due, require deposits when appropriate, and escalate past-due accounts using a consistent process.

2

Match supplier terms to customer timing

Negotiate payment terms, stage large purchases, and avoid paying vendors weeks before the related customer cash arrives.

3

Protect a minimum cash buffer

Set a floor equal to at least one payroll plus two weeks of fixed expenses. Delay nonessential spending when the forecast crosses that line.

4

Schedule owner draws and tax reserves

Use a consistent draw plan, reserve taxes weekly, and model both before making growth or hiring decisions.

THE 20-MINUTE WEEKLY ROUTINE

- Replace last week's estimates with actual bank activity.
- Update collection dates using the latest AR information.
- Confirm payroll, taxes, debt payments, and large purchases.
- Rerun the late-payment and revenue-down scenarios.
- Assign one action before cash reaches the minimum buffer.

BONUS

HERE'S THE EXACT TOOL WE USE WITH OUR CLIENTS

We are giving you one of the same forecasting tools we use with our highest paying Fractional CFO clients - complete with formulas, a finished example, and room to pressure-test cash timing before it becomes a problem.

LIVE SPREADSHEET

A copy-ready 13-week workbook with formulas, a sample row, and space to model your own timing assumptions.

COMPLETED SAMPLE

A filled-in forecast so you can see what a finished version looks like before building your own.

DOWNLOADABLE WORKBOOK

BUILD YOUR OWN 13-WEEK FORECAST

Build your own 13-week forecast with one of the same tools we use with clients. It includes formulas, a weekly cash-in/cash-out structure, a completed sample, and room to pressure-test timing scenarios before they become cash problems.

DOWNLOAD THE EXCEL TEMPLATE

FINAL THOUGHTS

DON'T LET GROWTH OUTPACE YOUR CASH

Cash flow forecasting is not just about survival - it is about control. Knowing what is coming in, what is going out, and when your minimum buffer is at risk gives you time to protect payroll, make better decisions, and pursue growth with confidence.

If you are ready to stop guessing and see your cash position clearly, we are here to help.

FREE FINANCIAL CLARITY CONSULTATION

Meet one-on-one with our team to assess your current financial situation, uncover opportunities for growth and profitability, and leave with clearer next steps.

BOOK YOUR FREE CONSULTATION

SIMPLIFIED GROWTH. TRUE FREEDOM.

Financial clarity gives you the confidence to make better decisions, pursue sustainable growth, and focus on what matters most.