

5-Minute Cash-Flow Quick Check

A simple guide to quickly identify cash-flow risks
and stabilise your business finances

Many businesses appear profitable on paper, but still experience cash shortages. This quick five-minute review helps you identify warning signs early and take practical steps to keep cash flowing.

Cash-Flow Red Flags

Spend 5 minutes review your bank balance, accounts receivable, and accounts payable.

Look for these red flags:

- “Profitable” but Bankrupt**
You have positive net income on your P&L, but your bank account is empty
- Slow-Paying Customers**
Accounts receivable are rising, and a high percentage of invoices are overdue
- “Robbing Peter to Pay Paul”**
You are delaying payments **to suppliers** (60+ days) or using credit cards/overdrafts to pay regular operating expenses
- Hidden Tax/Payroll Costs**
You are surprised by tax (GST/8PAYE) or payroll obligations
- Rising Costs vs. Flat Revenue**
Expenses are increasing, but sales are not, eroding margins

Immediate Actions to Take

If you spot red flags, take these actions within the next 24–48 hours:

- Accelerate invoicing and collections**
 - Invoice immediately when a job is completed
 - Shorten payment terms (e.g., Net 30 to Net 7–10)
 - Call overdue accounts to collect faster
- Reduce and delay outflows**
 - Negotiate longer payment terms with suppliers
 - Break up larger bills into smaller installments
 - Pause all discretionary spending temporarily
 - Avoid paying invoices before they are due
- Actively monitor and forecast**
 - Map a 13-week **cash-flow forecast**
 - Separate business and personal finances
 - Check your bank balance daily

Tip: Businesses rarely fail because they are unprofitable — they fail because they run out of cash. Regular monitoring keeps you ahead of potential problems.