VERITAS MANAGEMENT GROUP

AN OWNER'S GUIDE

# Cash Forecasting for Growing Companies

Seven practices, a weekly checklist and a one-page forecast layout for $5M to $50M businesses that want to see the low week before it arrives.

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# You know today's balance. Do you know week six?

Most owners can quote this morning's bank balance. Far fewer can say what it will be in six weeks. Everything painful about cash, from a tight payroll Friday to a line of credit you did not need, lives in that gap.

Cash forecasting is the discipline of estimating the cash coming in and going out over a set period, usually the next three months to a year, so you can decide what to spend, hold or invest before the moment arrives. It is not a finance-department nicety. For a growing company it is mission-critical, because growth consumes cash before it returns it.

## What accurate forecasting changes

- Liquidity: know the weeks you will be short or long, and act before the short ones.
- Planning: time equipment, hires and expansion to the cash that will actually be there.
- Risk: see a problem early enough to slow a spend or open a line on your terms, not the bank's.
- Strategy: accelerate when a surplus is coming; hold when it is not.
- Credibility: lenders and investors ask for the forecast anyway. A reliable one earns trust.
- Collections: a forecast that misses forces the question: who has not paid, and why?

> The companies that do this well treat forecasting as a core competency, something practiced every week, not rebuilt in a crisis.

# Position, flow and forecast are three different things

Owners blur these together. Separating them is the first step, because you cannot forecast without the first two.

| Term | What it is | The question it answers |
|---|---|---|
| **Cash position** | All cash and liquid balances, every account, at one point in time. | How much do we have right now? |
| **Cash flow** | The history: where cash came from and went over a month, quarter or year, split into operating, investing and financing. | Where did the cash go? |
| **Cash forecast** | The forward view: your position at a future date, built from today's position, your history and expected changes. | What will we have in week six, and is it enough? |

## The prerequisite nobody skips twice

A forecast is only as good as the books under it. If the bank does not reconcile to the ledger, if receivables are not clean, if last month is not closed, the forecast is a guess with a spreadsheet around it. In practice the order is:

1. Reconciled bank and credit card accounts, every month, to the penny.
2. A clean receivables aging you believe, with real expected collection dates.
3. A closed month by the 10th, so the forecast starts from a true position.
4. Then, and only then, the forecast.

> If your close lands on the 25th, your forecast starts three weeks late every month. Fix the close first.

# Seven practices that make a forecast you can run the company on

Each practice below is paired with the way we apply it inside an owner-run company.

## 1. Use a rolling forecast

A static forecast refreshed once a quarter is stale by week three. A rolling forecast adds a new week as one drops off, so it always reaches the same distance ahead. In practice: a 13-week forecast, updated every week, same day, same owner.

## 2. Pick a method, then be ready to adjust

Budget-based (from projected statements), driver-based (sales volume, pricing, payment terms), scenario analysis, or a model built on history. In practice: driver-based wins for most owners. The budget feeds it; it does not replace it.

## 3. Segment the cash

Operating, investing and financing on separate lines. In practice: operating cash tells you whether the business works. Financing cash tells you whether you are living on the line. Never let the second hide the first.

## 4. Run more than one scenario

Best, worst and most likely. In practice: the worst case is the one that matters. What if your two largest customers pay 30 days late? Find the low week before it finds you.

## 5. Compare actual to forecast, every time

The work is never done. In practice: one line a week: what we said, what happened, why. The "why" is where the forecast improves. This is the single highest-value practice on the list; a forecast nobody checks stays wrong in the same direction every month.

## 6. Write the assumptions down, including seasonality

Collection days, growth rate, payment terms, the big dates (tax, insurance, bonuses, the slow quarter). In practice: the assumptions live on the forecast page itself. If it is not written, nobody can challenge it, and nobody learns when it is wrong.

## 7. Let the system do the heavy lifting

Pull from the accounting system, not from memory. In practice: the forecast rebuilt by hand each week

is the one that gets skipped. Connect it to the ledger and the receivables aging so updating it takes minutes.

# What it costs when forecasting is not a priority

- Cash shortages: missed payments to vendors, staff or the bank, and the relationships that go with them.
- Loose collections: without a forecast nobody notices receivables stretching from 30 days to 55.
- Overborrowing: interest paid on a line you did not need.
- Poor investments: projects that cannot carry themselves, funded because the surplus looked real.
- A budget built on hope: departments funded against a cash position nobody checked.
- Reputation and compliance: late tax payments and broken covenants start as forecasting misses.

Every one of those shows up as a real dollar figure on the P&L or the balance sheet. Interest on a line you did not need is a cost. Receivables past 60 days are cash you earned and do not have.

# A 13-week forecast on one page

Columns are weeks. Rows are the handful of lines that move cash. The only number the owner needs to find is the lowest ending balance.

| Line | How it is filled |
|---|---|
| **Opening cash** | From the bank in week 1; equals the prior week's ending cash after that |
| **Collections, existing receivables** | By real expected pay date, customer by customer |
| **Collections, new sales** | Sales x your actual collection days, not the days on the invoice |
| **Other operating inflows** | Refunds, deposits, other receipts |
| **Payroll and taxes** | On the dates they clear |
| **Vendors and materials** | By due date |
| **Rent, insurance, recurring** | On their dates |
| **Big dates** | Tax deposits, bonuses, annual renewals, loan payments |
| **Operating cash flow** | Inflows minus outflows above |
| **Investing** | Equipment, capex |
| **Financing** | Line draws and paydowns, loan payments, distributions |
| **Ending cash** | Opening plus operating, investing and financing |
| **Lowest ending balance (the low week)** | Mark it. This is the number the owner decides on. |
| **Assumptions, written on the page** | Collection days, growth rate, payment terms, seasonality, big dates |
| **Last week: forecast vs actual, and why** | One line. Carry the lesson into this week's assumptions. |

> Three scenarios, same page: most likely, worst case (largest customers pay 30 days late), best case. The low week in the worst case sets your minimum cash and your line-of-credit need.

# The weekly cash checklist

Thirty minutes for whoever owns the forecast. Ten minutes for the owner to read it.

- ☐ Bank balances pulled this morning; opening cash ties to the bank.
- ☐ Receivables aging refreshed; expected collection dates updated by customer, not by invoice terms.
- ☐ New sales entered with real collection days.
- ☐ Payroll, tax and vendor payments placed on the dates they will actually clear.
- ☐ Big dates for the next 13 weeks confirmed.
- ☐ Week one dropped; week fourteen added. The forecast still reaches 13 weeks ahead.
- ☐ Last week's forecast compared to actual. One line: what we said, what happened, why.
- ☐ Assumptions page updated with what that variance taught us.
- ☐ Worst-case scenario re-run. Low week identified and marked.
- ☐ One decision written for the owner: the action the low week asks for, with an owner and a date.

## Who owns it

In a $5M to $50M company the forecast belongs to a controller or a fractional CFO, not the owner. The owner's job is to read it in ten minutes, see the low week, and make the one decision it asks for. When the owner is also the one building the spreadsheet, the forecast is the first thing that stops in a busy month, which is exactly the month it is needed.

# About Veritas Management Group

Veritas Management Group is a fractional CFO firm in Tulsa serving companies from $5M to $100M+ in revenue. We produce the close, the forecast and the decisions: real profit and cash by the 10th of every month, a 13-week forecast on top of it, and a CFO who turns it into action.

We work with law firms, healthcare and surgery centers, manufacturers, contractors and multi-location businesses. Our model is one team, one result: Veritas produces every deliverable; your staff feeds it.

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## See your real profit and cash, including your low week

Take the three-minute Quick Score at veritasmggroup.com/financial-x-ray-score, or book a complimentary Financial X-Ray Review at veritasmggroup.com/financial-x-ray. We will show you where your cash actually stands and the one move that changes it. (813) 999-6872

The seven practices in this guide are drawn from J.P. Morgan Commercial Banking's "Cash forecasting best practices for midsize businesses" (2025), restated in our own words with our own application. This guide is general information, not accounting, tax or legal advice for any specific company.