ADVANCED FINANCE, MODULE 2

The 13-week cash forecast

Finance 9 explained why cash and profit diverge. This is the tool that turns "are we OK" into a number, week by week, a quarter ahead. After this module you know how it is built, how to read it, and the three decisions it is for.

> **Advanced track.** Assumes Finance 9. Thirteen weeks because a quarter is far enough to see the lumps coming and close enough to be accurate.

What it is

A grid: thirteen columns, one per week, starting with the cash in the bank on Monday morning. Rows for every kind of cash in and cash out, by the week it actually moves, not the month it belongs to. The bottom row is the bank balance at the end of each week. The line to watch is the lowest number on that row, and which week it lands in.

Harbor Aesthetics, weeks 1 to 4 of 13 (thousands)	Wk 1	Wk 2	Wk 3	Wk 4
Opening cash	**61.0**	**73.6**	**45.2**	**54.8**
Card deposits (two day lag)	31.0	29.5	30.5	33.0
Membership fees (1st of month)	14.3			
Financing and other	1.2	0.8	1.0	0.9
Payroll (every other Friday)	(24.5)		(24.5)	
Product order (monthly, to par)		(16.0)		
Rent (1st)	(8.0)			
Loan payment (15th)		(4.0)		
Quarterly insurance (week 3)			(9.0)	
Software, marketing, other (weekly)	(5.4)	(5.7)	(5.4)	(5.6)
Sales tax and estimated tax (as due)		(3.0)		
Owner salary (in payroll)				
Closing cash	**73.6**	**45.2**	**54.8**	**83.1**

Week 2 is the low point: the product order, the loan payment and sales tax land in the same week as no membership fees. $45,000 is fine. If the product order had been $30,000 because of a promotion, week 2 would be $31,000 and week 3, with payroll and the insurance premium, would be tight. That is the point: the forecast shows the tight week a quarter before it arrives.

How it is built

1. **Cash in by the week it lands.** Card deposits follow the processor's schedule (Finance 9). Membership fees hit on the day the platform bills. Financing company payouts on their schedule. Not revenue; deposits.
2. **Cash out by the week it leaves.** Payroll on payroll Fridays. Rent on the first. Product on order day. The loan on the fifteenth. Every annual and quarterly lump on its date from the calendar you built in Finance 9.
3. **Roll it every week.** Replace week one with actuals, add week fourteen. Ten minutes once the template exists.
4. **A minimum cash line.** The balance you never go below (one payroll plus rent is a common rule). Any week that dips under it is flagged.

The three decisions it is for

- **Timing.** Move the product order a week, ask the insurer for monthly billing, shift a marketing invoice. Most cash problems are timing problems, and timing is free to fix.
- **Commitments.** The hire, the device, the second location. If the low week after the commitment stays above the minimum line in the low case (Advanced 1), it is affordable. If not, it is not yet.
- **The bank.** A line of credit is arranged when the forecast shows a comfortable quarter, sized to the worst low week you have seen. Asking in a bad week is the expensive way.

Common mistakes

- Using revenue instead of deposits. Revenue is earned; deposits are cash. Prepaid packages are deposits now and revenue later.
- Forgetting the lumps. The forecast that misses the $9,000 insurance premium is worse than no forecast, because it was trusted.
- Not rolling it. A 13-week forecast built in January and read in April is fiction.
- Spending deferred revenue. If the balance sheet says $41,000 is owed to patients in visits, the minimum cash line should reflect it.

> **Where Benchmark comes in.** The cash forecast is refreshed every month as the 13-week forecast, rolled every week and reviewed every month, with the low week and the minimum line on your scorecard. Every commitment question (a hire, a device, a location) is answered against it.

Try it yourself

- [ ] Write down every cash out for the next four weeks with the actual date. Add them by week.
- [ ] Set your minimum cash line: one payroll plus one rent. Compare it to your bank balance today.
- [ ] Find the week in the next quarter where the most lumps land together. That is your low week.

Check yourself: Advanced 2

The cash in rows of the forecast use

- Revenue by month
- Deposits by the week they land
- Bookings

Revenue is earned; deposits are cash.

The number to watch on the forecast is

- The total for the quarter
- The lowest closing balance and the week it lands in
- Week 13

The tight week, seen a quarter ahead.

The forecast is rolled

- Annually
- Weekly, replacing week one with actuals and adding a new week 14
- When cash is tight

Ten minutes a week once the template exists. Unrolled, it is fiction.

Most cash problems in a clinic are

- Revenue problems
- Timing problems, which are free to fix
- Bank problems

Move the order, change the billing cycle, shift the invoice.

The right time to arrange a line of credit is

- The week you need it
- When the forecast shows a comfortable quarter, sized to the worst low week
- Never

Asking in a bad week is the expensive way.

Pick an answer for each question.

Want this done, not just explained?

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