Cash Crunch Working Capital Report

Accounts Receivable Acceleration and Deposit Protocol

Prepared for	Prepared by
Harbor Ridge Mechanical Services Inc Worcester Massachusetts	Infinite Consulting inf.in

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Prepared for Daniel Mercer President and Elena Ruiz Controller

Illustrative sample using a fictional company and synthetic data

Executive Summary

Harbor Ridge is profitable but undercapitalized at the point where labor and materials must be funded. The company carries $1.725 million of trade receivables, nearly 70 percent of which is past due, while only $76,000 remains available on its revolving line. Without intervention, modeled closing cash turns negative in week two, passes negative $300,000 in week five, and reaches approximately negative $577,000 by week thirteen.

Our recommendation is to run a focused 14 day recovery sprint on ten named accounts, resolve four documentation disputes in parallel, and apply a new deposit and progress billing protocol to all new work. The plan has a probability weighted 14 day cash recovery target of $598,000 and should restore the minimum $150,000 operating buffer in the first forecast week.

$1.725M	75 days	$598k	$302k
Total trade AR	Current DSO	14 day target	Week five cash gap avoided

Management Decisions Required

1. Authorize Elena Ruiz to own the daily collection queue and accept documented payment dates of no more than 14 days without further approval.
2. Approve credit holds for customers with two broken promises or balances more than 60 days past due unless the President signs an exception.
3. Adopt the proposed deposit and progress billing rules for all new jobs quoted after September 28 2026.
4. Require a weekly 30 minute cash and AR meeting using the dashboard in this report.
5. Engage Massachusetts construction counsel before using lien rights late charges or service suspension language.

Expected Outcome

If the recovery plan performs as modeled, cash remains above the operating buffer through the 13 week forecast and DSO falls toward 52 days. The first objective is not to maximize pressure on customers. It is to create consistent documentation, faster dispute resolution, credible follow through, and less cash exposure on new work.

1 Client Profile and Engagement Basis

Harbor Ridge Mechanical Services Inc is modeled as a second generation commercial HVAC plumbing and preventive maintenance contractor serving central Massachusetts and northern Rhode Island. The company performs recurring service work tenant improvements equipment replacement and small capital projects.

Company detail	Working assumption
Head office	18 Foundry Park Drive Worcester MA 01608
Primary contact	Daniel Mercer President daniel.mercer@example.com +1 508 555 0114
Finance contact	Elena Ruiz Controller elena.ruiz@example.com +1 508 555 0148
Operations contact	Noah Chen Service Operations Manager noah.chen@example.com +1 508 555 0182
Employees	46 full time employees including 29 field technicians
Trailing 12 month revenue	$8.4 million
Revenue mix	45 percent projects 35 percent reactive service 20 percent maintenance agreements
Geography	Massachusetts and Rhode Island commercial customers
Accounting basis	Accrual accounting with weekly payroll

Information Reviewed

- Accounts receivable aging as of September 18 2026
- Thirteen weeks of anticipated payroll vendor rent tax debt and insurance payments
- The ten largest customer balances and associated invoice support
- Current invoice process collection emails credit terms and customer onboarding forms
- Open disputes change orders portal rejections and customer promises to pay

Report basis. This sample assumes records are complete and internally consistent. Before real use, balances should be reconciled to the general ledger and bank, and contract remedies should be reviewed for the applicable jurisdiction.

2 Working Capital Diagnostic

$118k	$274k	$76k	$151k
Cash on hand	Revolver drawn	Remaining line	Typical weekly fixed cash need

Metric	Current	Recommended 30 day level	Interpretation
Days sales outstanding	75 days	60 days or lower	Cash is financing customers for about 23 days beyond the initial target
Past due AR	$1.205M 69.9 percent	Below 45 percent	Collection activity is late and inconsistent
AR over 60 days	$475k 27.5 percent	Below 15 percent	Material loss and dispute risk
Top ten concentration	$1.545M 89.6 percent	Actively monitored	A small queue can change liquidity quickly
Document blocked AR	$312k	Below $75k	PO signoff and change order failures delay payment
Cash buffer	$118k	$150k minimum	Current cash is below one protected operating week

Primary Causes and Immediate Controls

Observed cause	Working capital effect	Immediate control
No confirmation that invoices reached the correct AP workflow	Payment clock starts late or not at all	Retain delivery or portal acceptance evidence
Field disputes lack a dated finance handoff	Whole invoices remain blocked	Assign one resolver and separate disputed dollars
Identical terms for every customer and job	Harbor Ridge funds high exposure work	Apply deposits credit limits and progress billing
Collection activity begins after delinquency	Small issues age before anyone acts	Confirm acceptance seven days before due date
Broken promises do not trigger consequences	Repeated delays create more unsecured exposure	Escalate after two misses and review credit hold

Control Changes for the First Week

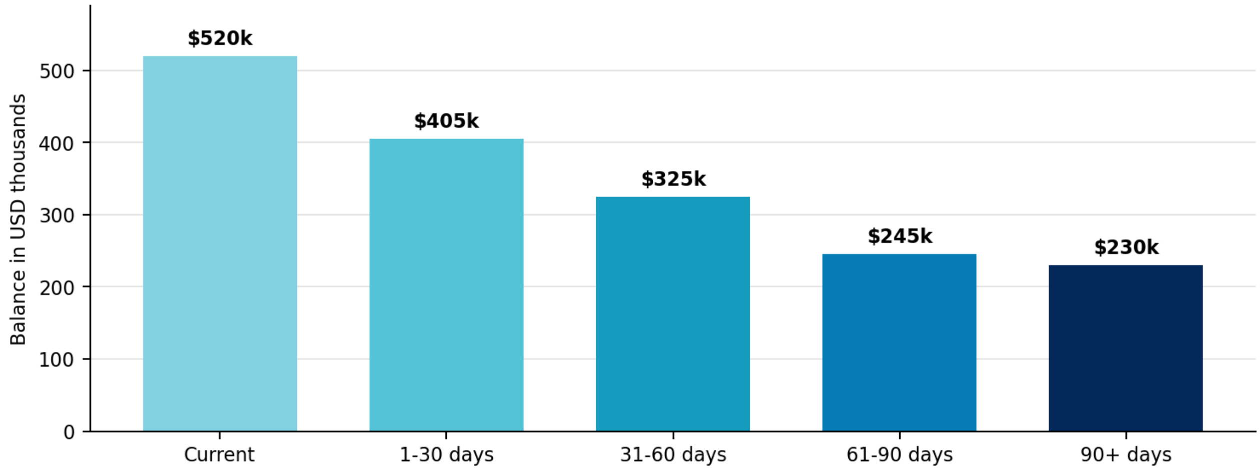
- One master AR queue owned by the Controller
- One verified AP contact and submission method for each priority customer
- One internal owner and deadline for every invoice blocker
- One documented escalation rule for broken promises and credit holds
- One weekly cash forecast reviewed by the President and Controller

These controls are designed to make collection work predictable and auditable. They should be implemented before adding collection software or expanding credit capacity.

3 Accounts Receivable Aging

The aging profile shows that the problem is not only the oldest debt. $730,000 sits between one and 60 days past due, where disciplined contact and documentation correction should still produce faster recovery without harming customer relationships.

Accounts Receivable Aging



Aging bucket	Balance	Share of AR	Required treatment
Current	$520,000	30.1 percent	Confirm invoice acceptance and due date before delinquency
1 to 30 days past due	$405,000	23.5 percent	Friendly reminder followed by telephone confirmation
31 to 60 days past due	$325,000	18.8 percent	Named promise to pay or documented dispute owner
61 to 90 days past due	$245,000	14.2 percent	Controller escalation and credit hold review
More than 90 days	$230,000	13.3 percent	Executive decision on settlement counsel lien or write off path

Diagnostic calculation. DSO is calculated as $1.725 million divided by $8.4 million multiplied by 365 days. A reduction from 75 to 52 days releases approximately $530,000 of cash at the current revenue run rate.

4 Priority Account Recovery Plan

The ten accounts below represent 89.6 percent of total AR. Each account receives one owner, one verified issue code, one next action, and one dated commitment. The 14 day target totals $598,000.

Customer	AR	Days	Issue	Next action	14 day target
Apex Property Management	$268k	63	Partial change order dispute	Resolve $72k support and request ACH date	$140k
Marlowe Builders	$215k	48	Pay application approval	Controller call with project executive	$105k
Commonwealth Food Distribution	$188k	28	No dispute	Confirm remittance on approved invoices	$94k
Eastgate Medical Properties	$176k	82	Completion signoff	Joint operations and AP closeout call	$85k
Briar Industrial Realty	$154k	17	Portal processing	Resubmit and obtain acceptance receipt	$50k
Beacon Charter Network	$138k	95	Budget release pending	Executive escalation and payment plan	$45k
Riverbend Hospitality	$119k	41	No dispute	Firm notice and payment confirmation	$35k
North County Warehousing	$106k	70	PO mismatch	Correct PO reference within 24 hours	$24k
Central Square Retail Group	$94k	33	Invoice copy requested	Send full support packet and call	$12k
Metro Cold Chain	$87k	104	Customer cash constraint	Good faith payment plus written plan	$8k

Priority Rules

- First priority is large undisputed cash that can be paid now.
- Second priority is large documentation blocked cash with a named internal resolver.
- Third priority is aged or financially stressed accounts requiring a management decision.
- New work is not released for any account with two broken promises unless approved in writing.

5 Fourteen Day Cash Recovery Sprint

Timing	Action	Owner	Evidence of completion
Day 1	Reconcile AR to the ledger and classify every overdue invoice	Controller	Approved master queue
Day 1	Send complete invoice packets to the ten priority accounts	AR coordinator	Delivery or portal receipt
Days 1 to 2	Call AP contacts and obtain payment dates or precise dispute reasons	Controller and AR	Promise or issue recorded
Days 2 to 4	Resolve PO signoff rate and change order blocks	Operations owners	Corrected support accepted
Day 5	Escalate missing commitments to customer operational sponsors	President	Executive response
Days 6 to 7	Apply approved credit holds and negotiate controlled plans	President and Controller	Written decision
Days 8 to 10	Run second confirmation cycle and reconcile receipts	AR coordinator	Cash applied by invoice
Days 11 to 14	Issue firm notices and decide counsel agency settlement or write off track	Controller	Disposition for every item

Daily Operating Rhythm

- 8:30 AM Review receipts promises due and disputes requiring action.
- 9:00 AM to 11:00 AM Place calls while AP teams are available.
- 1:00 PM Operations clears documentation blockers and confirms resubmissions.
- 4:00 PM Update the queue next action date and probability weighted recovery.
- 5:00 PM Controller sends a one page status to the President during the sprint.

Success standard. Every overdue invoice must end each day with a named owner, a verified status, a next action date, and either a customer commitment or an internal resolution task.

6 Customer Collection Communications

Touch One Seven Days Before Due

Subject Invoice confirmation for Harbor Ridge Mechanical Services

Hello [Name], I am confirming that invoice [number] for [amount] is in your system and scheduled for payment on [due date]. I have attached the invoice and supporting documents. Please let me know today if a purchase order approval or other item is missing. Thank you, [Sender].

Touch Two On the Due Date

Subject Payment due today for invoice [number]

Hello [Name], invoice [number] for [amount] is due today. Please confirm the payment method and remittance date. ACH instructions are attached. If the invoice is not approved, please identify the exact issue and the person who can resolve it so we can address it immediately. Thank you, [Sender].

Touch Three Fifteen Days Past Due

Subject Action required on past due invoice [number]

Hello [Name], invoice [number] for [amount] is now 15 days past due. Our records do not show an unresolved dispute. Please confirm payment by [date]. If full payment is not possible, contact Elena Ruiz today so an authorized plan can be considered. Continued work or new material orders may require management approval while this balance remains overdue.

Touch Four Final Management Notice

Subject Final management review for invoice [number]

Hello [Name], we have not received payment or a documented resolution for invoice [number] in the amount of [amount]. Please remit payment or contact us by [date and time]. After that deadline, management will review available contract remedies and whether additional unsecured work can continue. Nothing in this message waives Harbor Ridge's contractual or legal rights.

Usage note. Confirm the underlying facts and contract before each message. Do not state that work will stop, a lien will be filed, or counsel will act unless management has approved that step and it is lawful.

7 Phone Script and Objection Handling

Opening Script

Hello [Name], this is [Caller] from Harbor Ridge Mechanical Services. I am calling about invoice [number] for [amount], due [date]. I want to confirm whether the invoice is approved and the exact date payment will be released. Do you have the invoice and support in front of you?

If the Invoice Is Approved

Thank you. What date will the payment be initiated, by which method, and what remittance reference should we expect? I will record that commitment and send a short confirmation while we are on the phone.

If the Customer Raises a Dispute

Please give me the specific disputed amount, the reason, and the person authorized to approve the correction. We will separate the undisputed portion from the disputed portion. Can the undisputed amount be released now while we resolve the balance?

If the Customer Cannot Pay in Full

I understand. I cannot change terms on this call, but I can take a concrete proposal to management. What good faith amount can be paid within two business days, and what dated installments do you propose for the remainder?

Customer statement	Recommended response
We never received it	Resend the complete packet during the call and obtain a receipt or portal confirmation
The project manager has not approved it	Ask for the approver name and schedule a joint resolution call within one business day
The check is in process	Confirm amount issue date method and remittance reference
We have a cash problem	Request a good faith payment and a short written plan subject to management approval
Keep working and we will catch up	Explain that new unsecured exposure requires written management approval

8 Dispute Resolution Protocol

A collection call cannot solve an invoice that the customer cannot approve. The following protocol converts vague disputes into finite operational tasks and protects the undisputed portion.

Issue code	Current value	Resolution owner	Required action	Deadline
Missing PO or portal support	$126k	AR coordinator	Reissue packet and confirm portal acceptance	24 hours
Completion or service signoff	$83k	Service operations	Obtain signed ticket or customer email approval	48 hours
Rate or change order dispute	$72k	Project executive	Reconcile contract and negotiate written resolution	3 business days
Incorrect billing contact	$31k	AR coordinator	Validate AP contact and resubmit	Same day

Resolution Rules

1. Record the exact disputed dollars rather than marking the full invoice disputed.
2. Request immediate payment of the undisputed portion.
3. Assign one Harbor Ridge owner who can obtain or approve the missing evidence.
4. Set a customer resolution meeting within two business days for material issues.
5. Issue a corrected invoice or credit memo only after written approval and preserve the audit trail.
6. Escalate any dispute open more than five business days to the President.

Evidence Packet

- Signed proposal or service agreement
- Purchase order and change orders
- Technician ticket or completion signoff
- Equipment delivery and serial number evidence
- Invoice with job site service date and remit instructions
- Customer correspondence and approval history

9 Deposit and Progress Billing Protocol

The proposed policy aligns customer payments with Harbor Ridge's cash exposure. It should be applied prospectively, reflected in quotes and contracts, and reviewed by counsel before launch.

Work type	Payment structure	Release condition	Exception authority
Emergency service below $5,000	Card or ACH authorization at dispatch due at completion	Valid payment method and signed work order	Controller
Planned service $5,000 to $25,000	40 percent scheduling 40 percent material delivery 20 percent completion	Deposit cleared before material order	President
Projects above $25,000	20 percent mobilization then monthly progress billing including stored materials	Executed contract PO and approved schedule of values	President
Maintenance agreements	Quarterly in advance by ACH annual prepay option	Signed agreement and payment authorization	Controller
Special order equipment	Customer funds noncancelable material commitment	Cleared deposit and written cancellation terms	President
New credit customer	Initial limit $15,000 until three timely payments	Approved credit file and terms acknowledgment	Controller

Proposed Contract Language

Payment terms. Customer shall pay the deposit and each progress invoice shown in the proposal. Harbor Ridge is not required to order special materials, schedule labor, or continue additional unsecured work until required payments have cleared. Customer shall notify Harbor Ridge in writing of any specific invoice dispute within five business days of receipt and shall timely pay all undisputed amounts. Any late charge, collection cost, suspension, lien, or other remedy applies only to the extent stated in the signed agreement and permitted by applicable law.

Counsel review required. Massachusetts lien notice and filing periods can be short and depend on the claimant and project facts. Larger Massachusetts construction contracts may also fall within statutory prompt payment rules. The final clause and operating calendar should be approved by qualified counsel.

10 Invoice Readiness and Customer Onboarding

Invoice Release Checklist

Check	Required evidence	Owner
Contract basis	Signed proposal contract or service agreement matches price and terms	Project manager
Purchase authorization	Correct PO project code cost code and billing address	AR coordinator
Work evidence	Signed ticket delivery record photos or completion acceptance	Field supervisor
Changes	Written change order or approved time and material evidence	Project executive
Invoice accuracy	Legal name dates tax retainage payment terms and remit details verified	AR coordinator
Submission	Correct AP email or portal used with acceptance receipt retained	AR coordinator
Follow up	Pre due confirmation and next contact scheduled	AR coordinator

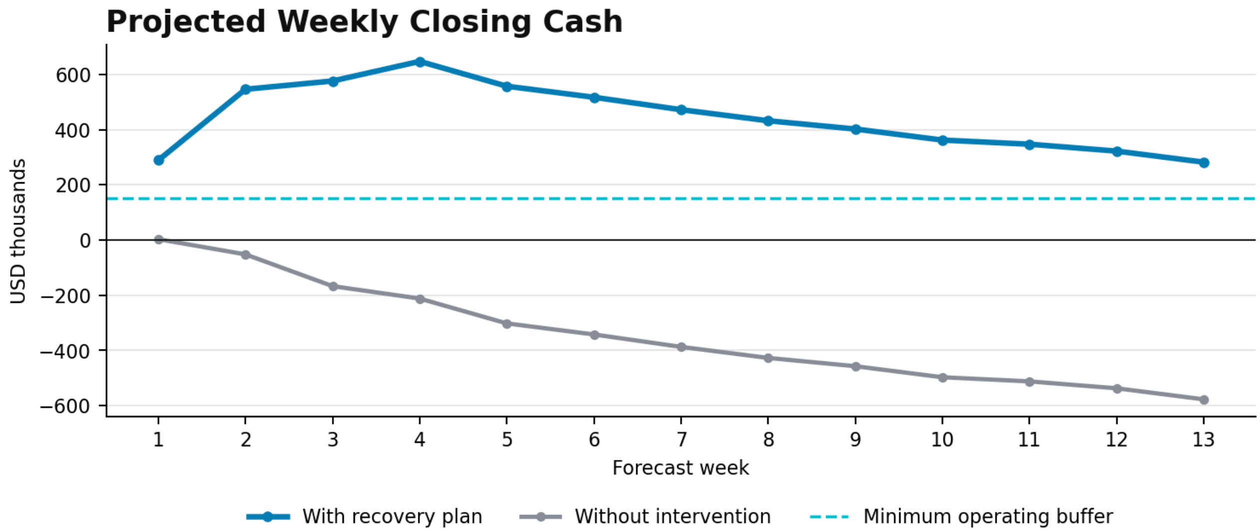
Customer Credit File

- Legal entity name trade name addresses and tax information collected through an approved process
- Accounts payable purchaser project and executive contacts verified
- Credit limit terms billing portal insurance and purchase order requirements documented
- Deposit special order cancellation and change order rules acknowledged
- Trade references personal guaranty or other security reviewed when commercially appropriate
- Annual credit review date and all exceptions documented

Control point. An invoice is not considered sent until Harbor Ridge has evidence that it reached the correct destination with all required support.

11 Thirteen Week Cash Forecast

The model begins with $118,000 of cash. Base receipts exclude the focused recovery program. Recovery receipts include $598,000 in the first two weeks and another $261,000 in weeks three and four. The model is a management scenario, not a guarantee.



Period	Base receipts	Recovery	Outflows	Close with plan	Close without
Week 1	$145k	$286k	$260k	$289k	$3k
Week 2	$155k	$312k	$210k	$546k	$-52k
Week 3	$150k	$145k	$265k	$576k	$-167k
Week 4	$170k	$116k	$215k	$647k	$-212k
Week 5	$160k	$0k	$250k	$557k	$-302k
Week 6	$175k	$0k	$215k	$517k	$-342k
Week 7	$180k	$0k	$225k	$472k	$-387k
Week 8	$190k	$0k	$230k	$432k	$-427k
Week 9	$185k	$0k	$215k	$402k	$-457k
Week 10	$195k	$0k	$235k	$362k	$-497k
Week 11	$205k	$0k	$220k	$347k	$-512k
Week 12	$200k	$0k	$225k	$322k	$-537k
Week 13	$210k	$0k	$250k	$282k	$-577k

12 Management Dashboard and Cadence

Metric	Baseline	Day 14 target	Day 30 target	Owner
Total trade AR	$1.725M	$1.127M or lower	$866k or lower	Controller
Past due AR percentage	69.9 percent	55 percent	45 percent	Controller
AR over 60 days	$475k	$350k	$250k	Controller
DSO	75 days	65 days	52 to 60 days	President
Document blocked AR	$312k	$100k	Below $75k	Operations
Promise kept rate	Not tracked	80 percent	90 percent	AR coordinator
New eligible work on deposit	Inconsistent	90 percent	100 percent	Sales and Operations
Minimum projected cash	Negative in week 2	$150k or higher	$150k or higher	Controller

Weekly Cash and AR Meeting

1. Reconcile cash received and unapplied receipts since the prior meeting.
2. Review the ten largest overdue balances and every account over 60 days.
3. Review broken promises disputes older than five business days and credit holds.
4. Approve or reject payment plans settlements write offs and term exceptions.
5. Refresh the 13 week forecast and identify the lowest projected cash week.
6. Record each decision owner and due date before ending the meeting.

Decision Triggers

- Two broken promises executive escalation and credit review
- Dispute open five business days named senior operational owner
- More than 60 days past due remedy and counsel review
- Forecast below $150,000 accelerate collections and defer discretionary spend
- Customer above credit limit deposit exception or pause on new unsecured work

13 Thirty Day Implementation Plan

Period	Deliverables	Accountable owner	Exit test
Days 1 to 3	Clean AR queue contact top ten clear submission failures launch daily reporting	Controller	Every past due invoice classified
Days 4 to 7	Resolve major disputes issue escalations apply approved credit holds	Controller and Operations	All priority accounts have commitments
Days 8 to 14	Confirm receipts execute payment plans decide old debt disposition	President	$598k target recovered or documented variance
Days 15 to 21	Launch deposit policy revise quote templates train sales service and AR	President and Sales	No new eligible job bypasses policy
Days 22 to 30	Audit invoice readiness refresh forecast review credit limits and dashboard	Controller	DSO and aging move toward target

Role Assignment

Role	Accountability
Daniel Mercer President	Approves exceptions credit holds settlements and executive customer escalations
Elena Ruiz Controller	Owns cash forecast AR queue payment plans reporting and policy enforcement
Noah Chen Service Operations	Resolves tickets signoffs scope and completion documentation
Project executives	Resolve change orders and maintain customer sponsor relationships
AR coordinator	Submits invoices runs the contact cadence records promises and applies cash
Sales team	Communicates deposits credit limits and payment terms before commitment

Day Thirty Success Test

- Every overdue invoice has an owner status and next action
- The value over 60 days has declined or has an approved resolution path
- At least 95 percent of invoices pass the readiness checklist
- All eligible new work follows the deposit or credit rule
- Management reviews a refreshed 13 week forecast every week

14 Payment Plans Legal and Tax Guardrails

Payment Plan Minimum Record

- Customer and invoice numbers
- Total acknowledged balance and disputed amount if any
- Immediate good faith payment
- Installment dates amounts and payment method
- Default consequence under the signed agreement
- Management approval customer acceptance and date

Commercial Collection Conduct

Federal consumer debt collection rules generally focus on personal family or household debts and do not generally cover business debts or collection by the original creditor. That distinction does not authorize deception harassment or unfair conduct. Communications should be accurate private documented and consistent with the contract and applicable state law.

- Never misstate the amount due legal status or identity of the caller
- Never threaten a lawsuit lien filing service suspension or credit report unless lawful approved and genuinely contemplated
- Confirm state rules governing interest late fees collection costs retainage notices liens and service suspension
- Preserve invoices delivery evidence approvals disputes calls promises and payment application records

Bad Debt and Write Offs

An operating decision to stop collection is not automatically a tax deduction. IRS guidance explains that uncollectible trade receivables may qualify as business bad debts under specified conditions, including prior income treatment. Harbor Ridge should obtain tax advice before claiming a deduction or settling a material balance.

Professional review. This report is operational guidance and not legal tax accounting or credit advice. Contract language lien calendars payment plans settlements and write offs require review by qualified professionals.

Sources and Further Guidance

- Infinite Consulting Cash Crunch Working Capital Framework
- Federal Reserve Bank of Boston Top payments challenges facing small businesses February 2025
- Federal Reserve Board Small Business Credit March 2025
- Federal Reserve Board July 2025 Senior Loan Officer Opinion Survey
- Massachusetts General Laws Chapter 254 Section 4
- Massachusetts General Laws Chapter 254 Section 8
- Massachusetts General Laws Chapter 149 Section 29E
- Consumer Financial Protection Bureau Debt collection coverage
- Federal Trade Commission FDCPA and Section 5 considerations
- Internal Revenue Service Publication 334 Tax Guide for Small Business

Assumptions Used in This Illustrative Report

The company names people addresses contact details invoices customer balances and forecasts in this report are fictional. Email addresses use the reserved example.com domain and telephone numbers use fictional 555 exchanges. The financial model is internally consistent but is not based on a real customer's books.

To convert this sample into a live client report, replace the company profile and synthetic ledger with the client's reconciled AR aging, customer terms, disputes, 90 days of receipts, contracts, and 13 weeks of committed cash outflows. Recalculate targets and obtain governing state review before implementation.