

Sales Are Up. Why Is Cash Tight?

By Jeffery A. Garfield · October 12, 2026 · Edition 1.0

An order is a promise. Before it becomes cash, people, materials and payment terms have to work together. Follow those connections in this short exercise.

Your team celebrates a bigger order book. Then the supplier asks for money, unfinished jobs pile up and Friday's payroll approaches. What would you investigate before promising another delivery?

The situation

Hypothetical scenario. Orders rise 30 percent. Staffing stays unchanged. A supplier now requires payment before shipment. Customers pay 45 days after delivery. Unfinished orders and complaints increase. The dashboard emphasizes sales.

These are invented conditions, not findings about a real company. We have not been told the firm's cash balance, margins, spare capacity or delivery times. Do not fill those gaps with guesses.

Five questions. One practical decision.

Take a sheet of paper or download the worksheet. Spend roughly one minute on each question. Your goal is one defensible next step, not a complete turnaround plan.

1. See it: what does the headline leave out?

Write down one sign of success and two signs of strain. Separate orders received, work delivered and money collected. What evidence would tell you whether additional orders are helping the business?

2. Understand it: where does work or money wait?

Trace the route from order to materials, production, delivery and collection. Put supplier payments and payroll alongside that route. Which dates and amounts are missing? Where might the queue be growing?

3. Build it: who can change the commitment?

Name the role that can approve delivery promises, supplier payments or customer terms. Then ask whether that person has the information and resources to act. Authority, capability and evidence need to meet at the same decision.

4. Improve it: what would you test first?

Choose one possible action: change the order schedule, discuss a customer deposit, negotiate supplier terms or investigate a production constraint. State what evidence you need before acting, who owns the decision and what tradeoff you would monitor.

5. Future-proof it: what happens when a date slips?

Suppose one customer pays another 30 days late, or the supplier misses its shipment date. Which commitments become difficult first? Identify a backup and establish whether it is actually available when needed.

A plausible explanation, with limits

Interpretation of the scenario. Paying before materials arrive places an outflow ahead of delivery and collection. The 45-day customer term starts after delivery; it is not the full interval the business must finance. Production and shipping time also matter.

Unchanged staffing does not prove that labor is the bottleneck. There may be spare capacity, a missing component, rework or a slow approval. Backlog and complaints justify investigation; they do not identify the cause on their own.

Possible next step. Ask the operations and finance owners to place committed orders, delivery capacity, supplier payments, payroll and expected receipts on one dated schedule. Identify the earliest shortfall or missed promise before choosing an intervention.

A customer deposit could reduce the funding gap but may affect demand or require agreement. Extra staff could help a labor constraint but would add outflows and might leave a materials shortage untouched. Borrowing could provide time while adding cost and repayment obligations. None is automatically the right answer.

Check whether the action improves delivery and usable cash without creating an unacceptable new commitment. Record what would make you change your mind.

Leave with something usable

Complete this sentence: “Before we commit to __, __ will verify __ by __; we will reconsider if __.” Then record the outcome. A named owner and a testable assumption make the exercise useful beyond this page.

Scope and teaching purpose

This original educational exercise applies the website's Infrastructure Literacy framework. All numerical conditions are hypothetical. No current market statistic, search-demand claim or company diagnosis is asserted. Prepared October 12, 2026; edition 1.0. The guided reasoning offers possibilities, not a scored answer or individualized financial advice.

For the underlying framework, read Definitions, Scope and Core Principles. To apply the questions to another setting, use the general decision checklist.

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