WORKED EXAMPLE

WHAT ONE SMALL PUSH IS WORTH

A $10M contractor, 18% gross margin. Watch what a 1% or one-day move on each lever frees up.

STEP 1 · THE SIX NUMBERS

Annual Revenue	$ 10,000,000	Gross Margin	18 %
Annual Overhead (G&A)	$ 1,200,000	AR Collection Days	65
Inventory / WIP Days	45	AP Payment Days	30

STEP 2 · THE SEVEN LEVERS

LEVER	HOW TO FIGURE IT	CASH IMPACT
1. PRICE (+1%) ★	$10M × 1%. Pure cash, every dollar drops to the bottom.	$100,000
2. VOLUME (+1% MORE JOBS)	$10M × 1% × 18% margin.	$18,000
3. COST OF GOODS (-1%) ★	$8.2M COGS × 1%.	$82,000
4. OVERHEAD (-1%)	$1.2M × 1%.	$12,000
5. RECEIVABLES (1 DAY FASTER)	$10M ÷ 365.	$27,397
6. INVENTORY / WIP (1 DAY LESS)	$8.2M ÷ 365.	$22,466
7. PAYABLES (1 DAY SLOWER)	$8.2M ÷ 365.	$22,466

TOTAL POTENTIAL UNLOCK *one small push on every lever* **$284,329**

Read it right. On a single 1% move, Price and Cost of Goods look biggest here. But receivables compound: getting paid 5 days faster is worth about $137,000, more than cutting overhead 5%. One number moves the most for YOUR company. The worksheet on the next page tells you which.

Built from Alan Miltz's **Cash Flow Story** framework, with a nod to Verne Harnish (*Scaling Up*) and Mike Michalowicz (*Profit First*). Part of the **Scaling Up Construction** Exit Series.

YOUR TURN

POWER OF ONE CASH WORKSHEET

Fill in your six numbers. Do the simple math on each lever. Find the one that moves the most cash this quarter.

> **Revenue is vanity. Profit is sanity. Cash is king.** A contractor can be profitable on paper and still borrow to make payroll. A 1% or one-day shift on any of these seven levers frees up real cash. This worksheet shows you which lever to pull first. Grab a pen.

STEP 1 · YOUR SIX NUMBERS

Annual Revenue (all jobs) $ ____________

Gross Margin (typical 12-22%) ____________ %

Annual Overhead (G&A, not COGS) $ ____________

AR Collection Days (avg to collect) ____________

Inventory / WIP Days (materials + WIP held) ____________

AP Payment Days (days you take to pay) ____________

STEP 2 · THE SEVEN LEVERS (DO THE MATH)

LEVER	HOW TO FIGURE IT	YOUR CASH IMPACT
1. PRICE (+1%)	Revenue × 1%. Pure cash, every dollar drops to the bottom.	$ ____________
2. VOLUME (+1% MORE JOBS)	Revenue × 1% × Gross Margin.	$ ____________
3. COST OF GOODS (-1%)	COGS × 1%. (COGS = Revenue × (1 - Margin).)	$ ____________
4. OVERHEAD (-1%)	Overhead × 1%.	$ ____________
5. RECEIVABLES (1 DAY FASTER)	Revenue ÷ 365. Cash sitting in your customers' pockets.	$ ____________
6. INVENTORY / WIP (1 DAY LESS)	COGS ÷ 365. Cash sitting in your materials.	$ ____________
7. PAYABLES (1 DAY SLOWER)	COGS ÷ 365. Cash you keep a little longer.	$ ____________

TOTAL POTENTIAL UNLOCK *add all seven* **$** ____________

STEP 3 · READING YOUR NUMBERS

- **Receivables (lever 5) is usually the biggest.** It's also the most painful. Slow-paying customers, retainage, the 60 to 90 day construction reality.
- **Cut where the money is, not where it feels heroic.** Owners' first instinct is to cut overhead. For a $10M contractor that's often $6K to $15K. Receivables is often $25K to $50K.
- **Price (lever 1) is the highest-leverage move most contractors leave on the table.** A 1% increase is pure cash. Most could do 2 to 3% before losing a single bid.
- **Pick ONE this quarter.** Stack-rank the seven by dollar impact, then run at the top one. Don't try all seven.