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# THE BARATELLI BRIEF

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*Research and reference for finance, accounting, family-office, real-estate, and wealth practitioners.*

CFO DESK · DISTRESSED COMPANY MANAGEMENT

## The 13-Week Cash Forecast That Saves the Company

*Every distressed CFO seat starts here. Four cash-out lines, three cash-in lines, the working-capital trap that kills most models on Wednesday of week 3.*

*"Friday afternoon, the lender called. Asked for a 13-week. I had it ready. We renegotiated terms by Wednesday. The company is still here." — a CFO who took the seat in 2024*

### 1. Why the 13-week, not the annual budget

When a company hits liquidity stress, the annual budget is irrelevant. The board, the lender, and the operating team all need to know one thing: do we have cash to make payroll on the 15th of every week for the next 13 weeks. The 13-week answers that. The annual budget answers a different question that nobody is asking right now.

Thirteen weeks is the right horizon because it covers a full quarter (long enough to surface the worst week, short enough to stay credible without making heroic assumptions about Q4) and because most lenders track to it. The lender's internal credit committee operates on the same horizon. Speaking the lender's language is half of what the cash forecast does.

### 2. The four cash-out lines

**Payroll.** Salaried staff, hourly staff, commission, payroll tax true-ups, 401(k) match. Hits twice a month for most companies. Non-negotiable; payroll missed is the moment people start updating their LinkedIn.

**Vendor AP.** Net-30 terms means a check goes out roughly weekly to keep the queue rolling. Not paying = vendors put the company on credit hold = supply chain breaks = revenue stops.

**Debt service.** Principal + interest on the term loan. Usually monthly. The covenant test is usually the trailing month or quarter, so missing one payment frequently triggers the entire covenant cascade.

**Tax.** Estimated quarterly payments on whatever entity tax structure exists. Most distressed CFOs miss this in week one because the deadline is mid-quarter. Don't.

### 3. The three cash-in lines

**AR collections.** The receivable that exists today plus what gets billed in the forecast period. Apply realistic collection lag — DSO is 47 days for the median private company; in distress, customers slow-pay you faster than you can renegotiate AP.

**New revenue.** What is shipping or being delivered or being subscribed-to in each forecast week. This is where founder optimism walks into the model and ruins it. Cut the assumption by 20%. Cut it again.

**External capital.** If a credit facility draw is available, model it. If a new financing is in flight, only count it once it's signed. Anything labeled 'committed' or 'verbal yes' goes in a separate line that the lender can see is conditional.

## 4. The working-capital trap on Wednesday of week 3

Most 13-week models look fine until week 3 or 4 — and then cash goes negative for one or two weeks before recovering. That's the working-capital cycle. AR isn't collected fast enough; AP and payroll go out anyway; the company sits at zero cash for 9-14 days before the next collection wave.

The fix isn't cutting OpEx (too slow). The fix is one of three moves: (1) sell a slow-paying receivable to a factor at 4-7% discount, (2) extend AP by 15 days through direct vendor calls (not by sitting on invoices), (3) draw the line of credit. Pick one based on which is cheapest and which preserves the relationship that matters most.

## 5. The lender conversation it enables on Friday

The CFO who walks into the lender meeting with a 13-week, two scenarios (base + downside), and a clear ask is the CFO who renegotiates terms. The CFO who walks in saying "things are tight, what can you do for us" is the CFO who gets the credit-watch designation. Same situation, different conversation, very different outcome.

**SAMPLE TAB FROM THE COMPANION WORKBOOK · FULL WORKBOOK SHIPS WITH THE GUIDE**

### **13\_Week\_Cash\_Forecast\_Template.xlsx**

Pre-formulated. Four cash-out tabs, three cash-in tabs, weekly roll-forward, base + downside scenario sheets, lender-ready summary view.

*Drop in this morning's AR aging and AP aging. The rest auto-populates. Save the file as the company name + week number — that's the lender's filename convention.*

*If the company is in distress, the 13-week is the document that saves it. If the company is healthy, the 13-week is the document that keeps it that way.*

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### WHAT TO READ NEXT

#### **BRIEF #08 Three-Statement Builder — the parallel longer-horizon view**

[https://tools.baratelliinstitute.com/briefs/Baratelli\\_Brief\\_Issue\\_08.pdf?utm\\_source=brief&utm\\_medium=pdf&utm\\_campaign=brief\\_09&utm\\_content=brief\\_08](https://tools.baratelliinstitute.com/briefs/Baratelli_Brief_Issue_08.pdf?utm_source=brief&utm_medium=pdf&utm_campaign=brief_09&utm_content=brief_08)

**REFERENCE GUIDE CFO & Controller's Reference Guide** — Chapter 30 walks treasury & banking discipline including the lender renegotiation playbook.

[https://tools.baratelliinstitute.com/guide-cfo.html?utm\\_source=brief&utm\\_medium=pdf&utm\\_campaign=brief\\_09&utm\\_content=guide-cfo](https://tools.baratelliinstitute.com/guide-cfo.html?utm_source=brief&utm_medium=pdf&utm_campaign=brief_09&utm_content=guide-cfo)

**FREE INTERACTIVE TOOL Working Capital Peg Calculator** — For the M&A-adjacent; version of this discipline.

[https://tools.baratelliinstitute.com/?utm\\_source=brief&utm\\_medium=pdf&utm\\_campaign=brief\\_09&utm\\_content=](https://tools.baratelliinstitute.com/?utm_source=brief&utm_medium=pdf&utm_campaign=brief_09&utm_content=)

*Use what helps. Skip what doesn't.*

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