

Cash Flow vs Profit Operator Checklist

25-point self-audit to find out your true operating cash position and where cash is being destroyed invisibly

modonix.com

Go through each section honestly. Any unchecked box is a structural cash flow gap that is limiting your financial stability — regardless of what your revenue dashboard shows. Tally your score at the end.

Section 1 — Cash Position Visibility (5 points)

- I build a 14-day cash projection every Monday listing all obligations due and all expected collections.**

This is the single highest-return financial activity in any e-commerce operation

- I know my days of operating capital available right now without having to calculate it.**

Target: above 60 days. Below 30 days is a critical warning level requiring immediate action

- I track cash received separately from revenue recognized in my weekly financial review.**

Revenue earned and cash collected are almost never the same number in the same week

- My bank balance plus expected 7-day collections minus 14-day obligations is a positive number right now.**

- I have a defined minimum cash reserve that I do not spend below under any circumstances.**

Recommended: 60 days of operating expenses at current monthly cost level

Section 2 — Cash Conversion Cycle (5 points)

- I calculate my Cash Conversion Cycle monthly: Days Inventory Outstanding + Days Sales Outstanding - Days Payable Outstanding.**

Target: below 30 days. Above 45 days creates compounding cash pressure as the business grows

- My CCC has been below 35 days for the last 3 consecutive months.**

- I have negotiated payment terms with suppliers that extend my Days Payable Outstanding to at least 30 days.**

Every day of extended payable terms reduces your cash requirement by one day of COGS

- I collect payment from customers within 21 days on average across all channels.**

- I model the CCC impact of every new customer account before agreeing to their payment terms.**

Net-60 terms on a \$10,000/month account requires \$20,000 in permanent working capital

Section 3 — Contribution Margin Accuracy (5 points)

- I calculate true contribution margin per SKU monthly — after platform fees, ad spend, returns, and shipping variance.**

Gross margin excludes the costs that most directly determine actual cash generation

- No active SKU in my top 20 has a contribution margin below 15% of selling price.**

Below 15% leaves no buffer for cost increases, price competition, or return spikes

- I have audited my top 20 SKUs for true contribution margin in the last 90 days.**

The gap between gross margin and contribution margin is your hidden cost burden

- My blended contribution margin across all SKUs has been stable or improving for the last 6 months.**

- I track advertising cost attribution per SKU separately, not as a blended account-level number.**

Blended ad cost hides underperforming SKUs that are destroying cash at the unit level

Section 4 — Scaling and Inventory Capital Discipline (5 points)

- Before placing any purchase order, I calculate the inventory capital required for that cycle.**

Formula: $(\text{Monthly COGS} / 30) \times (\text{Lead Time} + \text{Average Days to Sell})$

- I have a scaling gate: I do not increase ad spend or inventory by more than 30% in any 30-day period without confirming a 60-day cash reserve at the new cost level.**

The faster you scale without a reserve, the shorter your runway at the new level

- My available cash covers at least 1.5x my next inventory purchase order before I place it.**

- I have not drawn on a credit line to fund inventory purchases in the last 90 days.**

Financing inventory with revolving credit at 18% interest destroys the margin that justified the purchase

- I model cash flow for 90 days forward before committing to any significant growth initiative.**

Section 5 — Multi-Channel Financial Consolidation (5 points)

- I have a consolidated weekly P&L that combines revenue, COGS, fees, and ad spend from every sales channel into one view.**

Channel-level decisions made without the total picture misdirect capital every time

- I make no channel-level scaling or budget decisions without first reviewing the consolidated weekly P&L.

- My financial records are clean enough that I could explain my actual cash position to a banker in 30 minutes.**

If you cannot explain it clearly, you cannot manage it accurately

- I track accounts receivable aging weekly and follow up on any invoice past 30 days immediately.

- My business financial performance is improving on cash metrics, not just revenue metrics, year over year.

Your Score

Score	What it means	Recommended next step
20 - 25	Strong cash management. Your business generates real wealth, not just revenue.	Book a Modonix review to optimize your next financial efficiency opportunity.
12 - 19	Moderate gaps. Cash is leaking in 2 to 3 structural areas despite decent revenue.	Start with your lowest-scoring section — that is your biggest cash drain.
0 - 11	Critical gaps. Revenue growth is masking a cash position that is fragile.	Get a free Modonix cash flow audit at modonix.com/services .

Ready to find out what your cash position actually looks like?

Book a free data audit at modonix.com/services — we identify your top 3 margin leaks in one session.