

Diagnosing Cash Flow Roadblocks with the FUEL Framework™

AUGUST 11

Merzaai Advisory and Accounting



Introduction

Uncovering the Hidden Process Breakdowns That Stall Cash Flow

In today's volatile business environment, *cash isn't just king—it's survival*. Yet many organizations struggle with chronic cash flow issues, often reacting to symptoms like delayed collections or unexpected shortfalls, without understanding the deeper, structural causes.

At Merzaai Advisory & Accounting, we've seen this pattern time and again: cash problems rarely start in the finance department—they start in your value chain.

That's why we developed the **FUEL Framework™**—a diagnostic and transformation methodology designed to uncover, prioritize, and resolve the cash traps embedded across your end-to-end commercial processes. From prospecting and deal structuring to invoicing, collections, and treasury, our approach maps out 11 critical stages that influence how quickly and reliably cash moves through your business.

This report is your practical guide to:

- Understanding *where* in your process cash gets stuck
- Identifying the *root causes* behind chronic **cash flow** leaks
- Using the **FUEL Framework™** to bring alignment, speed, and financial discipline across your organization

Whether you're a CFO under pressure to unlock cash, a business owner trying to stabilize liquidity, or a transformation lead seeking operational resilience—this diagnostic guide will show you how to turn your process into a **Cash Engine™**, one that fuels growth instead of draining it.

“Cash isn't just king – it's survival”

Diagnosing Cash Flow Roadblocks with the FUEL Framework™

Before prescribing any solution, we use our proven FUEL Framework™ to systematically diagnose the entire cash flow value chain — ensuring laser focus on the real bottlenecks that are choking your cash. We start by categorizing the cash flows by activity, just as in a Cash Flow Statement, with some additional layers. In this guide we will focus our attention on the Operating Activities, and the Sales-to-Cash Engine™. But also, as this guide will showcase, it is proper to look at activities that indirectly affect cash flow.

Cash Flow Category	The Finance Engine™ Component
Operating Activities	Sales-to-Cash Engine™
Investing Activities	Capex & Asset Flow Engine™
Financing Activities	Funding & Obligations Engine™
Supporting Drain Controls Management Layer	Tax, Legal, and FX Risk Management Layer Cash Forecasting, Reporting, and Strategy Alignment

What is the Merzaai FUEL Framework™?

The FUEL Framework™ is Merzaai’s proprietary diagnostic and execution model designed to identify, unlock, and elevate trapped cash and profit in businesses — especially where sales are happening, but cash isn’t flowing.

It’s built to turn revenue into reliable liquidity by attacking cash and margin blockers across operations, sales, and finance. Because businesses don’t run on revenue — they run on cash, margin, and speed. The FUEL Framework™ aligns every operational and financial process toward these three outcomes. It is used to create Finance and Cash Engines, and as the name suggests it is there to FUEL the engine to run.

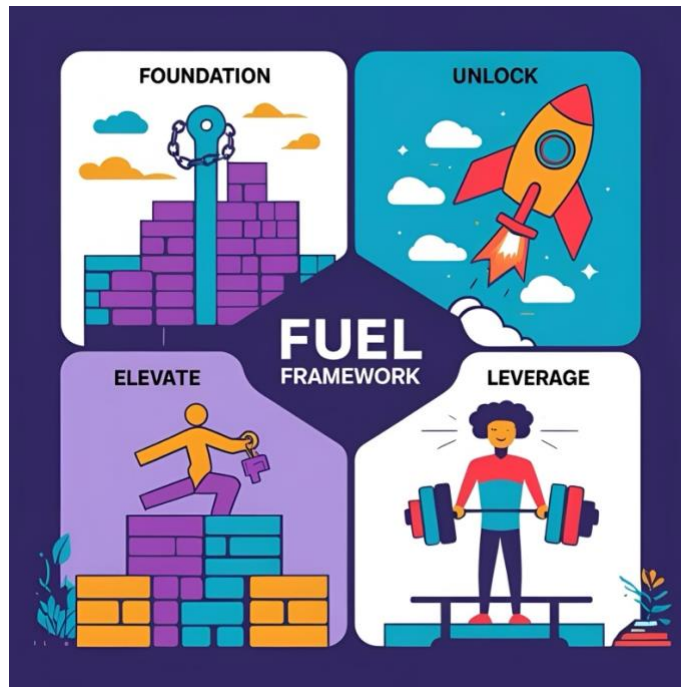
Most companies treat symptoms without understanding the root cause — wasting time fixing low-impact areas or implementing generic solutions.

Our FUEL-based diagnosis identifies exactly *where* and *why* cash is stuck, enabling targeted, data-driven action that delivers measurable cash flow and profit improvements fast.

Each letter of the FUEL Framework™ stands for a distinct stage:

Stage	Focus	What We Look At	Outcome
Foundation	<i>Stability & Control</i>	Credit policy, contract terms, working capital KPIs, ERP visibility, sales ops alignment	A clean, cash-ready base: risk-controlled and predictable
Unlock	<i>Trapped cash & Margin</i>	A/R backlog, long payment terms, uncollected dues, unused credit lines, bloated inventory, poor pricing models	Fast cash injections, cost saves, and working capital release
Elevate	<i>Performance & Process Agility</i>	Collections discipline, dispute resolution speed, O2C cycle time, sales-to-ops handoffs, Treasury-CFO sync	Consistent cash conversion and margin lift through efficiency
Leverage	<i>Scalability & Growth Readiness</i>	In-house banking, funding strategy, FX & liquidity risk tools, incentive structures, digital upgrades	Sustainable, cash-positive growth with finance fully embedded

When all critical steps in the cash management value chain operate smoothly and in harmony, your business doesn't just manage cash — it **creates a self-sustaining Cash Engine™** that fuels growth, resilience, and profitability.



The Merzaai FUEL Framework™

Operating Activities – the Sales-to-Cash Engine™

At the heart of any business is its ability to turn sales into cash—efficiently, predictably, and repeatedly. The Sales-to-Cash Engine™ is Merzaai’s step-by-step view of all the operational activities that directly impact working capital and liquidity. From the first sales lead to the final payment reconciliation, every stage is an opportunity to either accelerate cash flow or stall it. This engine connects commercial strategy, operational execution, and financial discipline—ensuring that growth is backed by real, available cash.

The Sales-to-Cash Engine™ consists of 11 critical steps in your cash flow cycle:

1. Credit Risk & Customer Master Setup
2. Prospecting & Lead Qualification
3. Sales Pipeline & Deal Structuring
4. Commercial Negotiations & Contracting
5. Order Management & Approval (Clean Orders)
6. Operations, Fulfillment & Delivery
7. Billing & Invoicing
8. Collections & Receivables Management
9. Dispute Resolution & Dunning
10. Cash Application
11. Treasury & Liquidity Management



We’ll now walk through each step of the Sales-to-Cash Engine™, breaking down what each stage involves, the common cash flow bottlenecks businesses face, and how we use the Merzaai FUEL Framework™ to diagnose issues and drive lasting improvement. Whether it’s a pricing misstep during deal structuring or delays in receivables collection, each phase holds critical clues to a company’s cash health—and targeted interventions can unlock significant value.

1. Credit Risk & Customer Master Setup

Credit limit assignment, payment terms, risk category, and billing information are foundational elements set during the customer onboarding process. This step defines how much credit a customer can access, how quickly they're expected to pay, and under what terms. It also involves setting the correct risk category based on financial health, geography, industry, and past behavior, and capturing accurate billing contacts and tax details. These decisions influence downstream cash flow more than many realize. Weak credit policies or missing billing data often lead to delayed payments, rejected invoices, or outright bad debt. By getting this step right, businesses set themselves up for smoother order processing and timely collections. It's not just about compliance—it's about building a clean cash foundation from the start.

Common Cash Flow Pain Points:

1. Overextended Credit Limits

- Clients given high credit limits without proper financial review
- Leads to large unpaid balances and bad debt risk

2. Inconsistent or Missing Payment Terms

- Contracts not aligned with ERP/customer master settings
- Causes billing errors, disputes, and delays in payment

3. Poor Customer Onboarding Controls

- Missing documentation (licenses, tax ID, contact details)
- Delays in invoicing and collections due to incomplete records

4. Inadequate Risk Segmentation

- No rating system for high-risk vs. strategic accounts
- Results in weak follow-up or prioritization of risky clients

5. Fragmented Master Data Across Systems

- Different payment terms or addresses across ERP, CRM, and Treasury
- Leads to confusion, failed collections, or compliance issues

How We Apply the FUEL Framework

Stage	What We Do	Outcome
Foundation	Review and cleanse customer master data across systems. Map current onboarding and credit approval workflows. Identify gaps in KYC, terms, and limits.	<ul style="list-style-type: none">■ Prevent invoice delays and disputes■ Improve risk visibility
Unlock	Redesign the customer onboarding process with clear credit policies. Implement a credit rating matrix (external and internal scores). Align payment terms and credit limits with customer risk profile.	<ul style="list-style-type: none">■ Reduce bad debt by 5–10% of AR■ Save days in account setup and billing
Elevate	Automate credit checks and master data updates. Enable real-time alerts for over-limit or expired customer documents.	<ul style="list-style-type: none">■ Faster processing & fewer manual interventions■ Reduced operational risk
Leverage	Build dashboards that monitor customer master accuracy, overdue balances by risk tier, and credit utilization. Share insights with sales and finance teams.	<ul style="list-style-type: none">■ Enable proactive decisions■ Improve AR turnover & forecasting accuracy

2. Prospecting & Lead Qualification

In a world of tightening liquidity and rising credit risk, not all customers are created equal. Businesses must shift their focus from chasing volume to pursuing value — and that starts with **prioritizing strategic, solvent customers**. These are clients who not only generate recurring revenue but also pay on time, have healthy balance sheets, and operate in industries less vulnerable to volatility or collapse.

Too often, sales teams push for growth at any cost, targeting high-revenue deals without considering the financial health of the customer. But if a client can't or won't pay, that revenue becomes a liability. By integrating credit analysis into the early stages of client targeting and deal structuring, companies can **align their commercial efforts with financially sound partners** — ensuring that what's sold is eventually converted into cash.

This strategic alignment requires collaboration between finance, sales, and credit teams. By scoring and segmenting customers based on solvency, payment history, and industry stability, organizations can proactively focus on accounts that are both profitable and low-risk. The result? Healthier cash flow, fewer write-offs, and stronger long-term relationships that sustain the business through economic ups and downs.



Common Cash Flow–Related Pain Points:

- 1. Chasing Unqualified Leads**
 - Sales teams invest time in prospects with low conversion or poor payment behavior
 - Wastes resources and creates future cash exposure
- 2. No Creditworthiness Screening at the Start**
 - Leads are passed through without any financial due diligence
 - Results in onboarding high-risk customers who pay late or default
- 3. Lack of Payment Behavior Insights**
 - No integration of past customer payment history or sector risk data into lead scoring
 - Leads to misalignment between sales priorities and financial health of prospects
- 4. Commercial Terms Not Discussed Early**
 - Price and payment terms are left to the end of the sales cycle

- Causes friction, renegotiation, or order cancellation

5. Disconnection Between Sales and Finance

- Sales targets prioritize volume over cash flow or margin quality
- Cash risk is built into the pipeline from day one

How We Apply the FUEL Framework

Stage	What We Do	Outcome
Foundation	Map your current lead generation and qualification process. Identify where credit risk and commercial terms are (or aren't) considered.	<ul style="list-style-type: none"> ▪ Reveal root-causes of poor AR visibility ▪ Spot high-risk pipeline behaviors early
Unlock	Add financial risk filters to prospecting (e.g. credit agency flags, DSO risk by sector). Align lead scoring with payment reliability. Introduce early commercial term discussions.	<ul style="list-style-type: none"> ▪ 10–15% drop in late-paying customers ▪ Reduce average sales cycle time
Elevate	Create shared dashboards between Sales, Finance & Risk showing lead health, margin, and cash impact. Reward high-quality leads in sales KPIs.	<ul style="list-style-type: none"> ▪ Less wasted pipeline effort ▪ Better customer selection with cash-first mindset
Leverage	Use data from past wins and losses to refine qualification frameworks. Forecast cash flow from pipeline based on historic payment performance.	<ul style="list-style-type: none"> ▪ Improve cash forecast accuracy ▪ Increase profitable, cash-positive deals

3. Sales Pipeline & Deal Structuring

One of the most powerful but underutilized levers in cash management is **early visibility into the cash flow impact of the sales pipeline**. Too often, businesses treat cash as a downstream outcome rather than something to be anticipated and shaped upstream. But by analyzing how future deals will impact working capital — through payment terms, delivery timelines, and potential risk exposure — finance and commercial teams can align much earlier and act more proactively.

This is especially important when **large or strategic deals enter the pipeline**. These deals often come with requests for extended payment terms, complex contract structures, or unique fulfillment requirements. If not flagged early, they can significantly distort cash forecasts or introduce hidden liquidity strain. That's why strong collaboration between sales, finance, and risk functions is essential — to evaluate, structure, and approve deals in a way that protects both revenue and cash.

By embedding these reviews into your pipeline governance, you ensure that commercial ambition is balanced with financial discipline — setting up deals for long-term success rather than short-term surprises.

Common Cash Flow–Related Pain Points:

1. Cash-blind Deal Prioritization

- Pipeline metrics focus on revenue, not margin or payment terms
- Low-margin, long-payment-cycle deals crowd out cash-positive ones

2. No Visibility into Commercial Terms Across Pipeline

- Sales pipeline tools don't track key cash terms (like payment days, advance %, retention)
- CFOs can't forecast cash impact of won deals

3. Inconsistent Deal Structuring

- Terms are negotiated ad hoc, without guardrails (e.g. upfronts, credit checks, escalation clauses)
- Increases downstream disputes, late payments, and DSO volatility

4. No Collaboration Between Sales, Finance & Legal

- Sales prepare proposals without consulting on clauses that protect cash
- Treasury and cash impact is often discovered post-deal

5. High Customization Without Risk-Adjusted Pricing

- Clients get long terms, milestone billing, or heavy customizations without a cash premium
- Hurts working capital and margin

How We Apply the FUEL Framework

Stage	What We Do	Outcome
Foundation	Map your sales pipeline tools and deal review process. Identify if and where payment terms, credit risk, and cash impact are tracked.	<ul style="list-style-type: none"> Expose gaps between pipeline health and actual cash outlook
Unlock	Introduce key cash health metrics into pipeline tracking — e.g., projected DSO, upfront %, and customer risk tier. Build visibility across functions.	<ul style="list-style-type: none"> Improve short-term cash flow forecasting Flag risky deals early
Elevate	Set structured deal guidelines (payment term boundaries, margin-floor per risk level). Standardize finance/legal input into deal reviews.	<ul style="list-style-type: none"> Protect against cash-draining deals Increase consistency and decision speed
Leverage	Use data from historic deals (by client type, term, region) to build risk-adjusted pricing models. Model how pipeline shifts impact future liquidity.	<ul style="list-style-type: none"> Higher average deal profitability Stronger cash conversion predictability

Enhanced Model with Cash Considerations:

Stage	Core Sales Focus	Cash Lens (What to Add/Check)	Why It Matters for Cash
1. Lead Generation	Identify potential clients	Target industries or buyers with shorter payment cycles or prepayment norms	Avoid sales to chronic late-payers
2. Qualification	Confirm interest and fit	Ask: “What are their average Days Payable?” “Will they accept our payment terms?” Check credit score or prior payment history if possible	Prevent getting stuck in net-90 traps or default risk
3. Discovery / Needs Analysis	Understand client pain points	Clarify budget availability and timing of spend	Ensures the deal won’t stall due to cash timing mismatch
4. Proposal / Quote	Submit pricing & solution	Offer early payment discounts , split milestones, or subscription/prepayment options	Encourages front-loaded or recurring cash inflow

4. Commercial Negotiations & Contracting

This stage is where strategy meets **implementation** — and where businesses either protect or compromise their margin and cash flow. During commercial negotiations, it's critical to go beyond just pricing and volume. The most resilient companies also **negotiate financial terms**, including payment terms, advance payments, cancellation clauses, penalties for late payment, and responsibilities for delays or scope changes. These terms directly impact the timing and certainty of cash inflows.

Too often, commercial teams focus solely on winning the deal, overlooking how contract clauses shape cash velocity and risk exposure. By embedding finance early into deal reviews and negotiations, companies can **structure contracts that align with both revenue goals and liquidity needs**. For example, securing partial advance payments, milestone billing, or shorter payment terms can significantly improve working capital without reducing deal value.

Ultimately, the goal is to **protect both margin and cash**. This requires balancing commercial flexibility with financial discipline — ensuring that what's promised on paper doesn't create downstream strain. Clear, enforceable, and cash-conscious contracts help prevent future disputes, delays, or write-offs, enabling smoother execution and healthier balance sheets.

Common Cash Flow–Related Pain Points:

1. **Cash Terms Treated as Afterthoughts**
 - Teams focus on price and scope; payment terms, retention clauses, and advance payments get minimal focus or are conceded too quickly.
2. **Lack of Negotiation Playbooks or Term Limits**
 - No standardized guidance on acceptable ranges for advance %, credit days, late payment penalties, or milestones.
 - Sales teams reinvent the wheel or over-concede.
3. **One-Sided Contracts from Clients**
 - Customers issue contracts with terms favoring them (90-day payments, heavy penalties, etc.) — and companies accept due to pressure to close.
4. **No Alignment Between Commercial, Legal & Finance**
 - Legal may sign off on legal risk, but not on cash impact.
 - Treasury/finance aren't looped into final contract terms until it's too late.
5. **Missing Clauses That Protect Cash Flow**
 - No escalation clauses, interim billing, dispute caps, or guarantees for long-term projects.
 - Leads to cash being stuck due to client behavior or scope creep.

How We Apply the FUEL Framework

Stage	What We Do	Outcome
Foundation	Audit your current contracts and term sheets. Identify clauses (or lack of) that lead to cash delays. Assess negotiation roles and workflows.	<ul style="list-style-type: none"> Reveal weak spots in cash protection terms Identify risk patterns across customers
Unlock	Build a cash-oriented contract checklist. Train teams on must-have clauses: advance payments, payment timelines, escalation paths, and enforceable milestones.	<ul style="list-style-type: none"> Better preparation during negotiations Terms that accelerate billing and reduce DSO
Elevate	Create standard playbooks and negotiation scripts by segment (industry, size, risk). Finance and Legal co-author a Cash-First Contract Template.	<ul style="list-style-type: none"> Faster contracting cycles Reduced over-concession and improved deal quality
Leverage	Use analytics to track which clauses correlate with late payment or disputes. Build scorecards to push “cash-safe” deals upstream.	<ul style="list-style-type: none"> Improved working capital predictability Reduction in contract-related payment delays

Key Contract Clauses for Cash Security

1. Clear Payment Terms

The Foundation of Cash Protection

This clause specifies *when* and *how* payments will be made. Unclear or vague payment terms are one of the most common reasons payments get delayed or disputed. Defining when, how, and under what conditions payments should be made is critical. It should include:

- **Payment Schedule:** Outline specific dates or milestones for payments.
- **Payment Method:** Indicate accepted forms of payment (e.g., wire transfer, check, credit card).
- **Currency and Taxes:** Define currency for payments and who is responsible for taxes, duties, and fees.

Tip: Negotiate favorable payment terms and consider including early payment discounts to incentivize timely payments.

Example clause:

Invoices are payable within 30 days of receipt, through wire transfer. Payment to be made in USD. All taxes, duties, and related fees are to be borne by the payer.

2. Advance Payments and Deposits

Securing cash upfront

Requiring advance payments or deposits reduces risk by securing cash before work begins or goods are shipped.

- **Deposit amount:** Usually a percentage of the total contract value (e.g., 20-50%).
- **Non-refundable clause:** Clarify if the deposit is non-refundable, especially for custom orders or committed resources.

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- **Timing:** Define when the deposit is due.

Example clause:

A 30% non-refundable deposit is due upon contract signing to confirm order.

3. Clear Scope and Change Order Management Preventing Disputes

Disputes over what's included in the contract scope are a major cause of payment delays. Clear definitions and procedures for handling changes help avoid disagreements.

- **Scope definition:** Detailed description of goods/services, deliverables, and timelines.
- **Change order process:** Require written agreement on any changes affecting price or delivery.
- **Impact on payment:** Specify how changes impact cost and payment terms.

Example clause:

Any changes to scope must be documented and approved in writing. Additional costs and revised payment terms will be agreed prior to execution.

4. Credit Management and Due Diligence Clauses Minimizing credit risk

Ensuring customers meet credit criteria before extending payment terms reduces bad debt risk.

- **Credit checks:** Right to perform credit checks before contract acceptance.
- **Credit limit:** Define maximum credit exposure and consequences of breach.
- **Personal or corporate guarantees:** Option to request guarantees for high-risk clients.

Example clause:

The Supplier reserves the right to conduct credit checks and require payment in advance or guarantees where deemed necessary.

5. Penalties on Late Payment Incentivizing timely payments

Late payments can choke cash flow. Enforcing interest or penalties encourages customers to pay on time.

- **Penalty:** Specify rate and calculation method (e.g., 1.5% per month on overdue amounts).
- **Grace period:** Optional short period before penalties apply.
- **Enforcement:** Confirm penalties accrue until payment is received.

Example clause:

Late payments shall incur penalties at the rate of 1.5% per month on overdue amounts, commencing 5 days after the due date.

6. Dispute Resolution and Suspension of Work

Protecting Your Cash Flow in Difficult Times

Disputes can stall payments indefinitely. Defining clear resolution procedures and rights to suspend work protects cash flow and limits losses.

- **Dispute resolution:** Define mediation/arbitration steps before litigation.
- **Suspension of work:** Right to suspend work if payments are overdue beyond a defined period.
- **Payment upon suspension:** Clarify that work done up to suspension must be paid.

Example clause:

If payment is not received within 30 days of due date, the Supplier reserves the right to suspend further work until payment is made.

7. Retention and Security Clauses

Protecting your right to payment

Retention clauses (holding back a percentage of payment until final delivery/acceptance) and security interests (e.g., liens) help ensure work completion and payment.

- **Retention percentage:** Typically 5-10% withheld until project completion.
- **Conditions for release:** Define criteria for releasing retained amounts.
- **Security interests:** Right to hold title to goods until full payment.

Example clause:

The Client shall retain 5% of the contract value until satisfactory project completion and acceptance.

8. Currency and FX Risk Clauses

Avoiding unexpected losses

For international contracts, currency fluctuations can impact cash flow. Clauses allocating FX risk protect margins.

- **Currency of payment:** Define contract currency.
- **FX risk allocation:** Clarify which party bears exchange rate changes.
- **Adjustment mechanisms:** Option for price adjustments linked to currency movements.

Example clause:

All payments shall be made in USD. The Client bears all foreign exchange risk.

5. Order Management & Approval (Clean Orders)

Once a deal is signed, smooth and compliant order processing becomes essential to keep the cash engine running efficiently. At this stage, businesses must ensure that every incoming order aligns with internal credit policies, has the necessary approvals, and matches the agreed commercial terms in the contract. This is not just a box-ticking step — it's a crucial control point where potential cash flow and revenue risks can be caught early.

Proper order validation helps prevent downstream issues such as delivery delays, disputes, or invoice rejections — all of which can severely disrupt cash conversion. When teams skip this stage or treat it as a formality, it often leads to misaligned execution, miscommunication with customers, and bottlenecks in revenue recognition.

By embedding robust order management practices, companies can improve operational flow, enhance customer satisfaction, and avoid the friction that slows down delivery or billing. The aim is to **move orders from booking to execution without friction**, while staying firmly within the guardrails of risk and compliance. In short, clean order intake sets the foundation for clean cash collection.

Common Cash Flow–Related Pain Points:

1. Unclean Orders = Downstream Chaos

- Orders are entered without full clarity on scope, price, delivery terms, or customer POs.
- This leads to delivery mismatches, rework, or invoicing delays.

2. Mismatch Between Customer Ask and Operational Capacity

- Sales accepts unrealistic delivery dates or quantities to win the deal, which ops can't meet — triggering disputes or late deliveries.

3. Manual or Non-Integrated Order Approval Processes

- Finance/commercial isn't looped into approvals. Errors in terms, pricing, or credit risk are missed.

4. No Verification of Contract Alignment

- Orders may not reflect the signed contract (wrong price, outdated T&Cs, missing retention clauses, etc.).

5. No Governance or SLAs for Order Review

- Delays in approvals lead to shipping delays, cash impact, and customer dissatisfaction.

Why “Clean Orders” Matter

A **clean order** is one where scope, pricing, delivery expectations, and T&Cs are validated before fulfillment begins.

Clean orders ensure:

- ✓ Accurate and on-time delivery
- ✓ Faster invoicing
- ✓ Lower dispute rates
- ✓ Stronger customer trust
- ✓ Cash is collected without operational surprises

How We Apply the FUEL Framework

Stage	What We Do	Outcome
Foundation	Analyze existing order management flows. Identify frequency of delivery delays, invoice errors, and mismatch with commercial terms.	<ul style="list-style-type: none"> ▪ Visibility into how poor order quality delays cash ▪ Base-line metrics: Order-to-Cash cycle time
Unlock	Define what constitutes a “clean order” for your business. Implement cross-functional checks: pricing, lead time feasibility, scope clarity.	<ul style="list-style-type: none"> ▪ Reduced disputes & rework ▪ On-time delivery → on-time cash
Elevate	Build an automated order approval workflow with flags for risk (e.g., payment term deviations, credit limits, non-standard pricing).	<ul style="list-style-type: none"> ▪ Faster order validation ▪ Early intervention for risky orders
Leverage	Use analytics to track error rates, blocked orders, late deliveries tied to poor order setup. Share dashboards with sales & ops.	<ul style="list-style-type: none"> ▪ Continuous improvements ▪ Lower order-to-cash lead time by 10–30%

Preliminary Clean Order Checklist

For use before accepting or booking a customer order

1. Customer Verification

- Is the customer registered and active in the system?
- Has creditworthiness been assessed or updated recently?
- Are Know-Your-Customer (KYC) documents complete and verified?

2. Commercial Terms Review

- Is the pricing approved and documented?
- Are payment terms clearly defined and within policy?
- Are incoterms specified (if applicable)?
- Are applicable discounts and rebates clearly reflected?

3. Contractual Documentation

- Is there a signed purchase order or contract?
- Are scope of work / deliverables clearly defined?
- Are there any penalty or bonus clauses that need to be tracked?

4. Billing and Tax Details

- Is the customer’s billing address accurate?
- Is the correct VAT or Tax ID on file?
- Is the appropriate tax treatment applied?

5. Delivery & Logistics Readiness

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- Are delivery timelines agreed and realistic?
 - Are shipping instructions and delivery locations clear?
 - Are local customs/import compliance requirements addressed?

6. Cash Flow Triggers

- Is there an advance or milestone payment?
- Are billing triggers clearly defined (e.g., delivery, completion)?
- Is there clarity on who authorizes payments?

7. Internal Approvals

- Has the quote or proposal been internally approved?
- Is the credit limit and exposure within risk tolerance?
- Has Finance or Treasury reviewed the cash implications?

6. Operations, Fulfillment & Delivery

Operations, Fulfillment & Delivery is one of the most critical—and often overlooked—steps in the cash cycle. It’s not just about getting products or services to the customer, but doing so *in full, on time, and to scope*. This stage directly impacts billing, cash collection, and customer satisfaction. Any mismatch in delivery timelines, quality, or quantity can trigger disputes, delay invoicing, or even result in penalties.

It also plays a central role in working capital management. Poor inventory control can silently trap large amounts of cash—whether it's obsolete or slow-moving stock, inventory held due to delayed customer approvals, or goods stored on behalf of clients with no clear billing trigger. These issues are common but often go unflagged in operational reviews.

Tracking partial shipments, milestone-based billing, and ensuring delivery aligns with contractual terms helps prevent revenue leakage and accelerates cash conversion. Effective collaboration across sales, supply chain, and finance teams is essential to avoid these pitfalls and ensure the business isn't financing inefficiencies with its own cash.

Common Cash Flow–Related Pain Points:

1. **Delivery Delays Lead to Invoicing Delays**
 - Orders not fulfilled on time stall revenue recognition and billing.
2. **Partial or Damaged Deliveries Trigger Disputes**
 - Clients withhold payment or delay acceptance due to quality or quantity issues.
3. **No Proof of Delivery (POD) or Poor Documentation**
 - Missing delivery confirmation delays billing or gives customers reason to delay payment.
4. **Lack of Coordination Between Ops & Finance**
 - Operations often unaware of the cash impact of delivery timing or quality.
5. **Stockouts or Production Gaps**
 - Poor inventory planning leads to unfulfilled orders, lost revenue, and broken customer trust.
6. **Customer-Specific Requirements Ignored**
 - Packaging, labeling, or delivery window deviations trigger rejections or late payments.

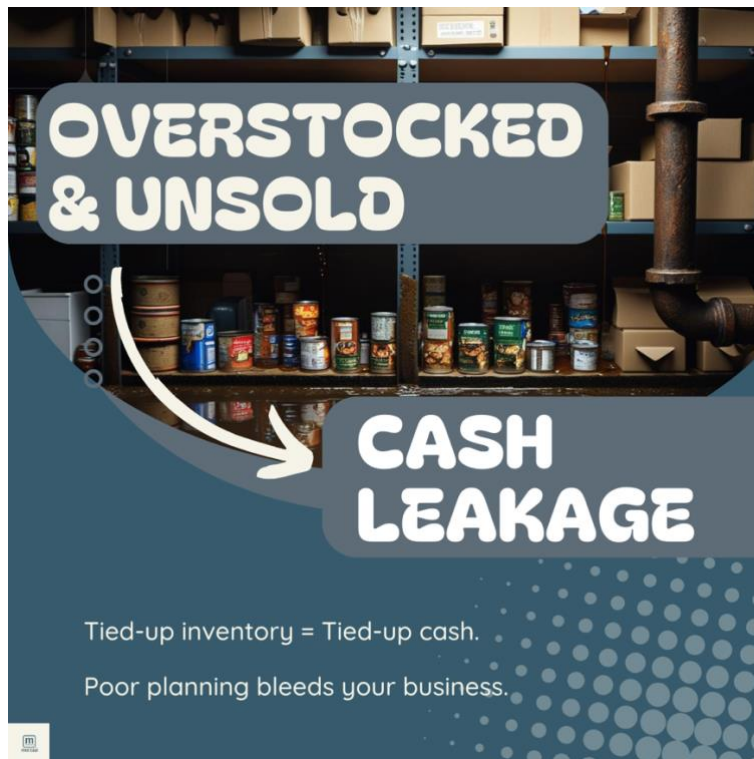
Why Operations & Delivery Matter for Cash

Fulfillment is the **final mile before billing** — any delay or error here immediately delays cash.

The better your delivery performance, the **faster your invoice can flow and cash can be collected**.

How We Apply the FUEL Framework

Stage	What We Do	Outcome
Foundation	Map current fulfillment workflows. Review delivery performance, OTIF (on-time-in-full) scores, POD delays, and customer complaints.	<ul style="list-style-type: none"> ▪ Baseline on delivery-related cash blockages ▪ Identify root causes of shipment delays
Unlock	Standardize delivery documentation (POD, packing list, service reports). Introduce fulfillment SLAs aligned with customer agreements.	<ul style="list-style-type: none"> ▪ Accurate documentation → faster billing ▪ Reduced payment disputes
Elevate	Integrate logistics systems with invoicing triggers. Flag incomplete deliveries before they become receivables.	<ul style="list-style-type: none"> ▪ Real-time tracking ▪ Trigger invoices based on actual delivery events
Leverage	Use OTIF dashboards, dispute analytics, and delivery delay impact reports. Hold weekly ops-finance syncs to align delivery with cash forecasts.	<ul style="list-style-type: none"> ▪ Improve delivery reliability ▪ Cash unlock through reduced disputes & faster billing



Unused inventory is not just inefficient – it's cash frozen in time.

7. Billing & Invoicing

Timely and accurate invoicing is one of the most powerful — yet often underestimated — levers for improving cash flow. Even when a business delivers flawlessly and the customer is satisfied, the absence of a clean, prompt invoice can delay payment by days or even weeks. Every delay adds up across dozens or hundreds of transactions, creating a silent but significant drain on working capital.

Manual invoicing processes often introduce avoidable errors — incorrect PO numbers, mismatched quantities, or missing tax details — which give customers legitimate grounds to reject or postpone payments. This not only stalls cash but also damages trust with clients. By contrast, a well-structured billing process sends a strong signal of professionalism and reliability.

Automation and e-invoicing tools are increasingly essential. They help ensure accuracy, enforce invoice completeness, and speed up the invoice-to-cash cycle. E-invoicing also provides real-time visibility on invoice status — whether it's been delivered, opened, or queued for payment — enabling proactive follow-ups. Businesses using automated billing systems consistently achieve lower Days Sales Outstanding (DSO), translating directly into better cash positions and stronger balance sheets.

In short, billing is not just an administrative task — it's a frontline cash strategy. Companies that treat it with the same discipline as sales or operations gain a decisive advantage in unlocking liquidity and building financial resilience.

Common Cash Flow–Related Pain Points:

- 1. Delayed Invoicing**
 - Invoices are issued days/weeks after delivery due to manual processes or backlog.
- 2. Incorrect or Incomplete Invoices**
 - Missing PO numbers, incorrect tax, wrong quantities—customers reject or delay payment.
- 3. Mismatch Between Invoice and Contract Terms**
 - Pricing, payment terms, or scope don't match the agreement—causes disputes and dunning.
- 4. Non-Standard Formats or Channels**
 - Sending paper invoices when customers require EDI or portal uploads creates friction.
- 5. No Invoice Acknowledgment or Tracking**
 - Finance assumes invoice was sent and accepted, but no one follows up to confirm receipt.
- 6. Invoices Issued Without Delivery Proof**
 - Customers hold payments until POD or service confirmation is received.

Why Billing Matters for Cash

The clock on **DSO starts with the invoice**, not with the delivery.
 Poor invoicing delays cash, even if you’ve delivered value perfectly.

How We Apply the FUEL Framework

Stage	What We Do	Outcome
Foundation	Audit the current invoicing process: timing, rejection rates, billing accuracy. Map invoice rejection reasons and delays.	<ul style="list-style-type: none"> ▪ Clarity on where and why billing is blocked ▪ Reduce backlog of unbilled orders
Unlock	Standardize invoice templates, automate population from ERP. Embed contract checks.	<ul style="list-style-type: none"> ▪ Faster, more accurate billing ▪ Lower rejection rates
Elevate	Integrate delivery systems with invoicing triggers. Build real-time invoice dashboards. Implement automatic invoice acknowledgments.	<ul style="list-style-type: none"> ▪ Speed up invoice cycle ▪ Improve invoice tracking and follow-up
Leverage	Use analytics to monitor unbilled backlog, invoice aging, and rejection trends. Link dashboards to cash forecasting and collector actions.	<ul style="list-style-type: none"> ▪ Shorter DSO ▪ Predict and prevent revenue and cash leakage

Best Practices for Strong Billing Hygiene:

- Include full contract reference (PO, Incoterms, payment terms, delivery date)
- Send invoice *with or immediately after* delivery confirmation
- Track “Invoice to Cash” KPIs, not just “Order to Cash”
- Customize invoice formats to client preferences or portals

8. Collections & Receivables Management

Collections & Receivables Management is often the most emotionally charged step in the cash flow cycle — and yet, it's one of the easiest to systemize with discipline and tools. Once you've delivered the goods and issued the invoice, the job isn't done. Many businesses stall here because they lack a proactive approach to collections. The result? Outstanding receivables pile up, aging reports get ignored, and cash that should be in the bank sits in someone else's.

The key is to create a structured collections process that runs on autopilot as much as possible. This includes setting up automated reminders before and after due dates, defining clear escalation paths when payments are overdue, and maintaining visibility with a receivables dashboard or aging tracker. These tools reduce the emotional load and help your team stay consistent — which is what drives results.

But good collections aren't only about follow-up. They're also about motivation. Offer early payment discounts as a carrot and enforce late fees as a stick — but only if you've communicated these clearly in your payment terms. These small tweaks can significantly improve Days Sales Outstanding (DSO) and reduce the time and energy needed to chase payments.

Ultimately, collections should feel like a continuation of the service you provided — professional, clear, and firm. When handled well, you not only improve your working capital but also signal to your customers that you run a reliable and financially disciplined business.

Common Cash Flow–Related Pain Points:

1. **Reactive Collection Efforts**
 - Teams only follow up after due dates have passed or when cash runs dry.
2. **No Prioritization of High-Risk or High-Value Receivables**
 - All customers treated equally—no strategic focus on aged or large exposures.
3. **Disorganized Follow-Up & Ownership Gaps**
 - No clear accountability or workflow; emails sent without escalation or tracking.
4. **Lack of Visibility Across Teams**
 - Sales, finance, and operations unaware of outstanding collections or disputes.
5. **Disputes Not Logged or Addressed Promptly**
 - Invoices under dispute linger without resolution, freezing significant cash.
6. **Ineffective Use of Credit Limits**
 - Overexposed customers continue to be supplied without proactive dunning.

Why Collections Matter for Cash

Collections isn't just a finance task—it's a cross-functional **cash realization engine**. Even with perfect sales and billing, poor collections bleed working capital.

How We Apply the FUEL Framework

Stage	What We Do	Outcome
Foundation	Map current AR aging, collection workflows, and disputes. Identify where and why cash is stuck.	<ul style="list-style-type: none"> Transparency into blocked cash Align teams around ownership
Unlock	Set collection strategies by customer risk/size. Create dunning protocols, assign clear owners, and automate reminders.	<ul style="list-style-type: none"> Proactive cash follow-up Faster resolution of aged receivables
Elevate	Integrate AR dashboards with CRM & ERP. Set daily priorities for collectors. Enable dispute tracking and real-time collaboration.	<ul style="list-style-type: none"> Visibility across functions Shorter resolution cycle
Leverage	Link collections performance to forecasting. Use analytics to adjust credit terms, escalate chronic delayers, and trigger pre-delivery checks.	<ul style="list-style-type: none"> Sustained DSO improvement More accurate forecasts

Best Practices for Effective Collections:

- Maintain a live AR aging dashboard with risk categorization
- Use “invoice value vs. effort” matrix to prioritize follow-up
- Start reminder cadence *before* due date, not after
- Align Sales with Finance—Sales must know their customer’s status
- **Create escalation rules based on days past due and exposure**



Live Account Receivable aging dashboard with risk categorization

9. Dispute Resolution & Dunning

Dispute Resolution & Dunning is one of the most underestimated — yet financially damaging — stages in the cash conversion cycle. It's where invoices get stuck, cash gets delayed, and customer trust can quietly erode. While many businesses view disputes as an annoying afterthought, they are often rich with insight into upstream process breakdowns — pricing errors, delivery delays, PO mismatches, or miscommunications with the customer.

To improve cash flow, businesses must treat disputes not as isolated problems but as symptoms of deeper issues. Start by categorizing the root causes of deductions, short payments, or rejections. Are they linked to a specific customer, product line, or sales rep? Is there a pattern with incorrect billing or missing documentation? By identifying the root causes, you can implement structural fixes that prevent recurrence — reducing friction for both your team and your clients.

Equally important is building a fast, accountable resolution process. Assign ownership to specific teams, set timelines for resolution, and ensure communication with the customer remains professional and proactive. A good dunning strategy — a structured follow-up for overdue accounts — complements this by balancing firmness with relationship management.

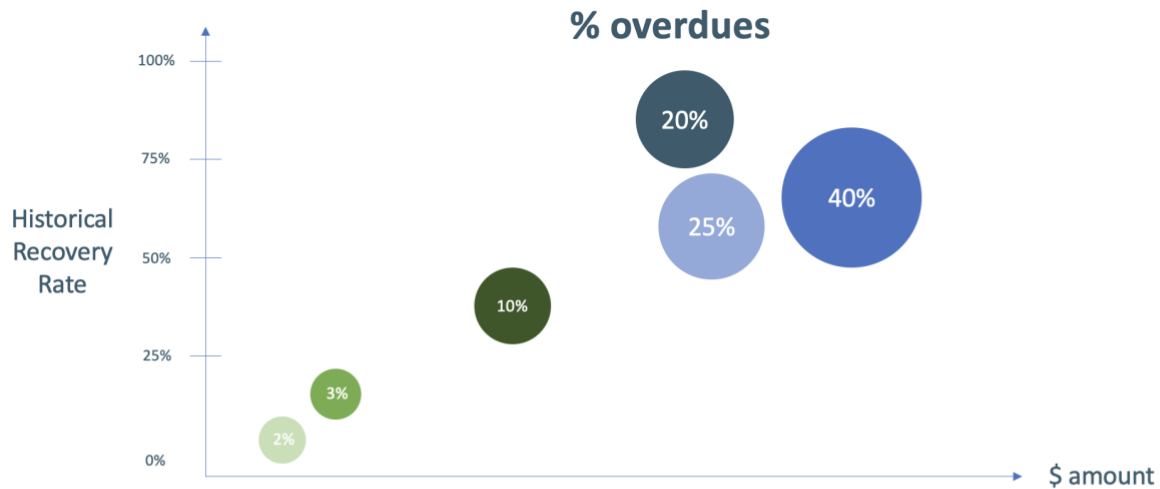
Handled well, this stage can not only accelerate cash inflow but also strengthen customer relationships. It shows that your business is responsive, organized, and committed to getting things right — a reputation that builds long-term loyalty while keeping your working capital healthy.

Common Cash Flow–Related Pain Points:

1. **Unresolved Invoice Disputes Blocking Cash**
 - Disputes left open without clear ownership or timely follow-up freeze significant receivables.
2. **Lack of Structured Dunning Process**
 - No consistent reminders or escalation steps, leading to forgotten or delayed payments.
3. **Poor Communication Between Sales, Finance & Customers**
 - Misalignment causes disputes to drag on, eroding customer relationships and cash flow.
4. **Inadequate Tracking & Documentation**
 - Disputes aren't logged or monitored properly, making resolution slow and inefficient.
5. **No Clear Escalation Policy for Chronic Late Payers**
 - Repeat offenders continue to delay payments without consequences.

How We Apply the FUEL Framework

Stage	What We Do	Outcome
Foundation	Identify dispute root causes, map current dunning workflows, and assess escalation gaps.	<ul style="list-style-type: none"> Clear visibility on disputed amounts Establish baseline for improvements
Unlock	Implement structured dunning schedules with automated reminders and escalation tiers. Introduce dispute logging and ownership protocols.	<ul style="list-style-type: none"> Faster follow-up reduces overdue days Unblock cash stuck in disputes
Elevate	Foster cross-functional collaboration between Sales, Finance, and Customers via shared dispute trackers and communication platforms.	<ul style="list-style-type: none"> Quicker resolution and improved relationships Reduction in repeat disputes
Leverage	Use analytics to identify chronic dispute categories and escalate appropriately. Adjust operational processes to mitigate disputes proactively.	<ul style="list-style-type: none"> Sustained reduction in dispute volumes Cash flow stabilization and predictability



Dunning Stage	Days Overdue	Average days to pay	Action taken
Pre-Due Reminder	-5 to 0 days	3	Payment reminder sent before due date
First Reminder	1-15 days	10	Friendly reminder email
Second Reminder	16-30 days	20	Email + phone call
Final Notice	31-45 days	40	Escalation warning sent
Pre-Legal Escalation	46-60 days	55	Strong email/letter + final phone call
Legal Hand-Off	60+ days	90+	Sent to collections/legal action

Disputes logged and monitored properly

10. Cash Application

Cash Application may seem like a back-office function, but it plays a critical role in maintaining healthy cash flow and financial visibility. It's the final step in the order-to-cash process — where incoming payments are matched to open invoices. When this process is slow, manual, or error-prone, it leads to a backlog of unapplied or misallocated cash, making it difficult to get a clear picture of customer balances or make accurate financial decisions.

Delayed cash application can also confuse customers, as they might receive unnecessary reminders or dunning notices for invoices they've already paid. This erodes trust and causes unnecessary friction in the client relationship. Internally, it burdens finance teams with hours of manual work that could otherwise be spent on higher-value activities like analysis and planning.

To overcome these challenges, businesses should automate as much of the cash application process as possible. Leverage tools that can auto-match payments to invoices using remittance data, payment references, or AI-driven logic. These systems drastically reduce the manual effort needed, improve accuracy, and shorten the time between receiving payments and recognizing revenue.

By accelerating cash application, you don't just clean up your books — you free up working capital faster, improve reporting accuracy, and give your collections team real-time visibility to act effectively. It's a simple yet powerful lever in the cash management engine.

Common Cash Flow–Related Pain Points:

1. **Delayed or Incorrect Posting of Payments**
 - Payments not applied timely or accurately cause cash flow visibility issues and misaligned customer accounts.
2. **Unidentified or Unmatched Payments**
 - Payments received without clear invoice references remain unapplied, leading to reconciliation challenges and disputes.
3. **Manual, Error-Prone Processes**
 - Reliance on manual matching increases errors, slows cash posting, and wastes valuable finance time.
4. **Poor Communication Between Finance & Customers**
 - Lack of timely updates on payment status frustrates customers and causes confusion over balances.
5. **Inadequate Technology and Automation**
 - Lack of automation in cash application slows cycle times and increases days sales outstanding (DSO).

Why Cash Application Matters for Cash Flow

Accurate and timely cash application ensures true visibility of collected cash, accelerates reconciliations, and prevents unnecessary disputes — all critical to optimizing working capital and liquidity.

How We Apply the FUEL Framework

Stage	What We Do	Outcome
Foundation	Assess current cash application process, technology use, and error rates. Identify common payment matching issues.	<ul style="list-style-type: none">▪ Clear baseline on unapplied cash and process gaps
Unlock	Implement standardized payment reference requirements and improved customer instructions to reduce unmatched payments.	<ul style="list-style-type: none">▪ Faster matching increases available cash visibility
Elevate	Introduce automation tools (e.g., electronic remittance advice, auto-matching software) and improve exception handling workflows.	<ul style="list-style-type: none">▪ Speed up cash posting by 30–50%▪ Reduce errors and manual effort
Leverage	Use data analytics to monitor cash application KPIs and continuously optimize. Train teams on best practices and leverage customer portals for self-service payment updates.	<ul style="list-style-type: none">▪ Consistent cash flow reporting▪ Time saved for strategic finance activities

11. Treasury & Liquidity Management

Treasury & Liquidity Management is the nerve center of a company's financial health. While sales and operations drive revenue, it's treasury that ensures the business can meet its obligations, invest wisely, and navigate uncertainty with confidence. At its core, effective treasury management is about visibility, control, and foresight — understanding where your cash is, how it moves, and how best to allocate it across the business.

A strong treasury function goes beyond tracking balances. It proactively monitors daily and projected cash positions, ensuring enough liquidity is available to meet payroll, supplier payments, and debt obligations — without sitting on idle cash. Companies that manage working capital tightly and optimize their bank relationships often enjoy lower fees, better interest terms, and reduced reliance on external borrowing.

Advanced forecasting tools and practices like cash pooling (centralizing cash across entities or accounts) help companies anticipate shortages or surpluses and act before it's too late. This allows treasury to make informed decisions about funding, investing, or allocating internal capital — turning the finance function from reactive to strategic.

Ultimately, businesses that treat treasury as a value-driving function — rather than just a reporting one — are better equipped to withstand shocks, support growth, and preserve profitability. In uncertain economic environments, liquidity is king — and proactive treasury is how you stay on the throne.

Common Cash Flow–Related Pain Points:

- 1. Poor Cash Visibility Across Accounts and Entities**
 - Lack of real-time, consolidated view of cash positions causes missed opportunities and risk of shortfalls.
- 2. Inefficient Cash Forecasting**
 - Inaccurate or infrequent cash forecasts lead to liquidity surprises, overdrafts, or unnecessary borrowing costs.
- 3. Excess Idle Cash or Over-borrowing**
 - Holding excess cash reduces returns; over-borrowing increases finance costs, hurting profitability.
- 4. Inadequate Management of FX and Interest Rate Risks**
 - Unhedged exposures cause volatility in cash flow and earnings.
- 5. Fragmented Banking Relationships and Suboptimal Bank Fees**
 - Multiple bank accounts without optimized structures lead to unnecessary fees and poor banking terms.

6. Lack of Automated Payments and Collections

- Manual treasury processes cause delays and increase operational risks.

How We Apply the FUEL Framework

Stage	What We Do	Outcome
Foundation	Assess current cash visibility, banking structures, forecasting processes, and risk management policies. Identify gaps in liquidity planning.	▪ Establish baseline of cash positions, forecast accuracy, and risk exposures
Unlock	Consolidate bank accounts, streamline cash pooling/in-house banking, and implement improved cash forecasting models with rolling horizons.	▪ Unlock trapped cash and reduce borrowing needs by 10-20%
Elevate	Introduce automated payments, collections, and treasury management systems. Implement FX and interest rate hedging strategies aligned to risk appetite.	▪ Reduce manual processing by 40%, cut banking fees, and stabilize cash flow against currency risks
Leverage	Use advanced analytics and dashboards for real-time cash monitoring and scenario planning. Train treasury teams and embed treasury KPIs across the business.	▪ Continuous optimization of liquidity, reduced finance costs, and enhanced decision-making agility

Best Practices for Treasury & Liquidity Management:

- Centralize banking to get a clear, consolidated cash position daily
- Implement rolling cash forecasts with input from sales, operations, and finance teams
- Optimize cash concentration and short-term investments to balance liquidity and returns
- Manage financial risks proactively with tailored hedging programs
- Automate payment runs and collections to reduce errors and accelerate cash flow

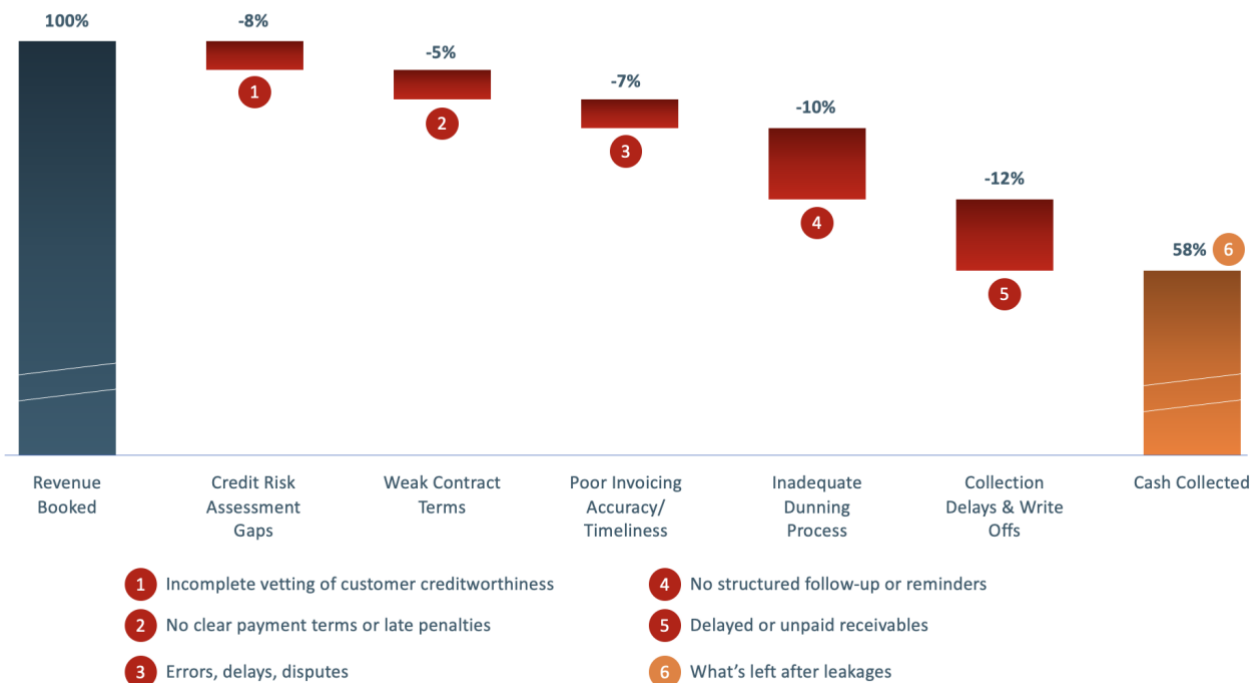
Summary: Operating Activities – the Sales-to-Cash Engine™

The **Sales-to-Cash Engine™** is Merzaai’s comprehensive, operational lens on how businesses turn top-line sales into real cash in the bank. It recognizes that liquidity isn’t just a finance issue—it’s the outcome of cross-functional execution across sales, operations, and finance. From identifying the right customer to collecting payment, this 11-step engine outlines each activity that directly impacts working capital, cash flow, and liquidity health.

Merzaai’s approach doesn’t just map the process; it diagnoses breakdowns at each stage using the **FUEL Framework™**—our proprietary method for uncovering root causes, fixing inefficiencies, and ensuring cash moves quickly and predictably through the business. This engine aligns commercial ambition with financial discipline, so growth is not just booked, but banked.

Cash Leakage Waterfall

Real case example of cash leakages identified through the FUEL Framework™



Cash flow is earned, not assumed. Each of the 11 steps in the Sales-to-Cash Engine™ is a potential source of delay or unlock. By analyzing this engine end-to-end, businesses can identify and resolve bottlenecks that silently drain liquidity—whether it’s poor credit setup, sloppy invoicing, or delayed collections.

The key insight? **Revenue alone doesn't guarantee solvency. Execution across this cycle does.** That's where Merzaai delivers the biggest impact—turning operational complexity into financial clarity, and ensuring that every sale brings the business closer to cash, not further from it.

About Merzaai Advisory & The FUEL Insights Series

This report is part of the FUEL Insights Series developed by Merzaai Advisory & Accounting to help mid-sized businesses unlock the financial value trapped across their operations. At Merzaai, we focus on real-world transformation, offering pragmatic and results-driven strategies in cash management, finance process improvement, and decision-making alignment.

Merzaai was founded on the belief that clarity in numbers drives clarity in strategy. Our work brings together deep expertise in credit, treasury, and operational finance, combined with a hands-on understanding of how businesses actually run. The FUEL framework—Foundation, Unlock, Elevate, Leverage—is our proprietary approach to solving urgent cash and profitability challenges through structured diagnostics and actionable solutions.

We draw on experience across industries—manufacturing, services, energy, technology, and banking—and partner closely with leaders to improve cash flow, enhance margins, and enable smarter capital decisions. Merzaai's work is independent, insight-led, and always focused on delivering tangible impact. Our goal is to empower financial and operational teams to create sustainable value with confidence and speed.

To explore more of our practical tools, case studies, and transformation guides, visit us at Merzaai.com/insights.
