

**I hope you have implemented the credit card agreement and have implemented the language to improve your fee agreement. Collections go up and cash comes in faster every time a lawyers puts these simple changes in place.**

**Attached is the second item you requested, the Cash Flow Forecast spreadsheet. A budget is great and every firm needs one, but you and I both know that you can have a cash crunch in the middle of a very profitable month. This unassuming spreadsheet will help you predict your week by week cash flows and avert a cash crunch long before it happens. I recommend that all my clients keep at least six weeks and preferably eight weeks in the future.**

**How the spreadsheet works:**

1. **In the first green cell that says Date, place the first Monday’s date. Whatever day you decide will be your first. Dates will automatically populate for the next 5-7 weeks.**
2. **Just below that, put in the balance in your operating account. Your true cash balance (if every check, deposit, and debit and autopay transaction had cleared), not what the bank says you have. This should be the bank balance number from Quickbooks. You will notice that it pulls through to all the ensuing weeks.**

**MONEY IN**

1. **Put all of you anticipated income in this section.** 
   * **Active Work – income for cases you already have in house – great for firms that bill hourly**
   * **New Work – this is the income you anticipate from new clients – often used by firms that bill on a flat fee basis**
   * **Unbilled Finished Work – Any cases you have finished and not yet billed – even if you have not billed them for 6 months and are now embarrassed**
   * **Accounts Receivable – any monies you are owed that you believe are collectable**
   * **Line of Credit – if you need to draw down on the LOC, put the amount here**

**MONEY OUT**

1. **You, or your bookkeeper, should be able to identify a trend when you pay bills. You know that certain bills get paid during certain weeks of the month. For example, rent is almost always paid either the first or the last week of the month. Add up all the bills that are due in a week, and put that number (as a negative) in the cell next to Regular Bills. Do this for as many weeks as you are tracking.**
2. **If you are not spending money on marketing you will not be able to increase your revenue in the future. Separate out your marketing expenditures to help show you the return on that investment.**
3. **Payroll – this is generally a static number in law firms paid somewhere around the 1st and 16th. Put those numbers (as negatives) in the spreadsheet for the appropriate weeks.**
4. **Draw/Distribution – if the Owner is not getting paid there is no reason to be working this hard.**
5. **It is always a good idea to have a business savings account. Warren Buffet refers to his as a War Chest.**
6. **You should have a personal savings account too. Putting it on the spreadsheet helps to change savings from an intention to an action.**
7. **Extraordinary expenses. Need to revamp the website? Want to buy a new computer? These are extraordinary expenses so jot down those numbers (as negatives) where appropriate. I like to make a note at the bottom of the week about what the extraordinary expense is, since it is easy to forget.**
8. **If you are planning to pay down the LOC, enter it as a negative number.**
9. **Ending balance – this is how much money you are predicting you will have on Friday afternoon after all deposits have been made and all checks written.**
10. **Actual Cash Balance – at the end of the week, key in your true balance (not what the bank says, but what your accounting program says). This new number will pull through to the beginning of the new week.**
11. **Cash available. This shows you how much cash you will have available to you at the end of the week. It is your ending balance PLUS whatever you have available on your Line of Credit.**
12. **This spreadsheet assumes you have a line of credit. If you don’t, simply delete the lines below Actual Cash Balance. If you do, put the balance on the LOC in cell B27 and then put the full amount of the LOC in cell C31.**

**When you run out of columns, just copy the last one and paste it in a blank column. Never delete anything as it is useful to be able to go back and spot trends. Again, I hope you got good information from the webinar and if you have any questions or would like to book time with me, simply** [**click here**](https://www.timetrade.com/book/H8DNR+) **and schedule a free initial consultation.**

**Thank you,**

**Brooke**

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