

The Working Capital Diagnostic

Find the cash already sitting inside your business.

Most businesses that fail are still profitable. The problem is often cash. Use this one-page diagnostic to understand how long cash is trapped in your operating cycle, and where to focus first.

STEP 1 Calculate your cash conversion cycle

Enter your current operating-cycle days, then calculate how long cash is tied up before it returns.

Days Inventory
Outstanding

Days Sales
Outstanding

Days Payable
Outstanding

Formula

Cash conversion cycle = DIO + DSO - DPO

Example: 40 days inventory + 50 days receivables - 30 days payables = 60-day cash conversion cycle

STEP 2 Estimate the cash at stake

Translate days removed from the cycle into an estimated cash release using your daily operating cost.

Current cycle

Target cycle

Days released

Daily operating
cost

 £

Formula

Estimated cash released = days released x daily operating cost

Example: 20 days x £5,000 = £100,000. Estimate only.

STEP 3 The five-lever checklist

Tick the current status of each lever. Priority issues usually indicate trapped cash or avoidable delay.

Lever	Diagnostic question	Strong	Needs review	Priority issue
Collections	Are customers paying later than your agreed terms?	☐	☐	☐
Inventory	Is cash tied up in slow-moving or excessive stock?	☐	☐	☐
Payables	Are you paying suppliers faster than necessary?	☐	☐	☐
Process and billing discipline	Are invoices, disputes or purchase-order issues delaying cash collection?	☐	☐	☐
Structural terms	Could deposits, stage payments, shorter customer terms or improved supplier terms permanently reduce the cash gap?	☐	☐	☐

STEP 4 Score and prioritise



Green: Controlled

Monitor monthly



Amber: Review

Potential cash opportunity



Red: Priority issue

Likely trapped cash

Start here

Start with red items that are easiest to influence quickly, especially collections, billing discipline and stock levels.

Want a full diagnostic on your own numbers?

Book a working capital session with Allington Advisors.

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