Getting paid is part of doing business, but it does not always happen when the work is finished. A restaurant usually receives payment before a customer leaves. A company that cleans office buildings may finish an entire month of work before its customer sends a payment. During that wait, the cleaning company still needs money for wages, supplies, and transportation. Cash flow describes money entering and leaving a business. When money goes out before enough comes in, the owner must cover the difference—even when customers owe more than enough to pay the bills (Investopedia www.investopedia.com).

Consider a fictional cleaning company that completes a job for $8,000. After accounting for all the expenses associated with that job, it expects to keep $3,000 before taxes. That amount is its profit: the money earned beyond the cost of doing the work. However, the customer has thirty days to pay. The company sends an invoice, a bill describing the service, the amount owed, and the payment deadline. The owner now has a completed job and a customer who owes money. The company does not yet have that customer's cash. If payday comes before the payment arrives, the wages must come from money already available or another source of funding. The job's profit does not remove the need to pay expenses during the wait.

Business records have a name for money owed by customers: accounts receivable. The word *receivable* means the business expects to receive it. A company can therefore have thousands of dollars in accounts receivable and very little in its bank account. Some customers pay on time, others pay late, and some never pay. Until collection occurs, the amount owed cannot be treated as money available for spending (Investopedia www.investopedia.com). This also helps explain accrual accounting, a way of recording business activity when it happens. With this method, the cleaning company records the sale after completing the agreed work, even if the customer will pay next month. It also records the cost of supplies already used, even if the supplier's bill will be paid later. The records show what the business earned and what the work cost; the bank balance shows how much cash has actually arrived and remains available (Investopedia www.investopedia.com).

The ability to wait for payment is uneven across Black America. The JPMorgan Chase Institute, the bank's economic research organization, studied small businesses in Florida, Georgia, and Louisiana during the years preceding the pandemic. Across six metropolitan areas, typical Black-owned businesses had enough cash to cover approximately nine to twelve days of their usual outgoing payments. White-owned businesses had enough for roughly seventeen to twenty-one days. Researchers described this protection as cash buffer days—the number of days existing cash could cover normal payments if incoming money stopped (JPMorgan Chase Institute www.jpmorganchase.com). These findings describe the businesses studied, rather than every business nationally. They show why a delay that seems minor to a customer can become serious for an owner. When a company has little cash set aside, waiting another week can interfere with paying employees or purchasing supplies for the next job.

More customers do not automatically solve that problem. Return to the cleaning company: a second contract brings another opportunity to earn, but it may also require additional workers, equipment, and supplies before either customer pays. The company can become busier while its available cash shrinks. This is one reason payment terms, the agreed rules governing when and how a customer pays, belong in the discussion before work begins. An upfront deposit is part of the price paid before the service is delivered. Progress payments are amounts paid as agreed stages of a project are completed. Where suitable and accepted by the customer, these arrangements help the business receive money closer to the time it must cover costs. The owner is negotiating both a price and a payment schedule.

Credit can provide money during the wait, but that possibility cannot be assumed. A federal study used trained participants posing as prospective business borrowers to examine treatment at bank branches in two counties. Black participants were assigned slightly stronger financial profiles than their white counterparts. Nevertheless, they received less encouragement to apply and were more often offered alternatives such as personal credit cards and loans backed by their homes. The findings were published in November 2024 by the Consumer Financial Protection Bureau, the federal agency that enforces consumer financial protection laws (Consumer Financial Protection Bureau www.consumerfinance.gov). The study does not describe every lender, but it documents an obstacle beyond the business's sales or quality of service. An owner seeking money to cover a temporary business need may be directed toward borrowing that places repayment pressure on the household.

A straightforward way to prepare for payment delays is a cash-flow forecast: a schedule estimating when money will arrive and when it must leave. Begin with the cash available today. Add customer payments expected during the coming week, then subtract the bills due that week. Repeat for the weeks ahead. Use the date a customer is realistically expected to pay, rather than the date the invoice is sent. A month may look comfortable overall while containing a week when there is not enough money for wages. Moving a major expected payment back by two weeks reveals whether the business could withstand that delay. Seeing the shortage early provides time to discuss a deposit, arrange a payment schedule, or reconsider expenses before committing to them.

Cash set aside for these interruptions is called a cash reserve. Its purpose is to keep ordinary obligations payable when the expected flow of money is disrupted. The JPMorgan Chase Institute found that Black- and Hispanic-owned businesses with comparable revenues and cash reserves were as likely to survive as white-owned businesses (JPMorgan Chase Institute www.jpmorganchase.com). That finding gives substance to the conversation about supporting business ownership. Purchasing from a business creates a sale. Paying promptly puts money into the owner's hands to meet wages, replenish supplies, and continue operating. For a small company, the date a payment arrives can help determine whether it is ready to serve the next customer.