

Cash Flow Control and Financial Success: Evidence from Two Anonymous Manufacturing Cases

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Abstract: *This paper investigates how systematic cash-flow control can contribute to the financial success of two privately owned and operated manufacturers, using a longitudinal multiple-case design that incorporates internal cash-flow models, profit forecast, collection and payment timetables, changes in borrowing, and alternative cash flow scenarios. The two firms, anonymized as Company A and Company B, illustrate different forms of the same underlying problem. Company A generated a twelve-month operating profit of (TRY 368,64 million) \$30.72 million, and a gross margin of 8.18% yet its financial model showed negative operation cash flows of (TRY 346,08 million) \$28.84 million and (TRY 421,8 million) \$35.15 million in consecutive months, driven by a 25.27-day gap between its weighted average collection and payment periods. Company B collected TRY 657.96 million from customers in 2025 against total payments of TRY 815.62 million, with resulting shortfall partly covered by TRY 117.50 million in bank borrowing and TRY 24.44 million in shareholder funding; a further TRY 170.18 million in financing was required in January-May 2026. A rolling cash-flow model identified a projected TRY 19.21 million in deficiency for Company B in August 2026 in advance, allowing managers to test an alternative payment-timing scenario that improved forecast position by TRY 20.00 million. The cross-case analysis shows that accounting profit alone does not guarantee sufficient liquidity, and that visibility into collection and payment timing allows management to act ahead of liquidity gap, reducing exposure to emergency financing. Because matched pre- and post-adoption profitability data are unavailable for either firm, the results provide analytical rather than causal support for the value of systematic cash-flow control in improving the likelihood of financial success.*

Keywords: Cash-Flow Control, Financial Success, Liquidity Management, Working Capital Management, Financing Dependence, Multiple-Case Study

1. Introduction

Financial success is commonly evaluated through accrual-based indicators such as net profit, operating margin, return on assets, and return on equity. These measures remain essential, but they do not fully answer one of the most immediate questions facing managers: whether the firm will have sufficient cash, at the required time, to meet its obligations. A company may report a profit and still struggle to pay suppliers, employees, taxes, or debt when cash collections do not coincide with payment requirements. Conversely, a firm with relatively modest accounting profitability may remain financially resilient when it converts revenue into cash efficiently and manages the timing of its obligations effectively.

There is a significant difference between profitability and liquidity for manufacturers. Manufacturers typically have to spend money on raw materials, labor, sub-contractors, inventory and other operational costs before they collect cash from the sale of their products. This creates a time gap that has to be funded by using accumulated funds as cash, using suppliers to provide credit, shareholder equity, bank loans or all of them. The larger this time gap between when a manufacturer spends money and when they receive payment from customers, the larger the amount of funding required for its working capital requirements.

Timing is more problematic for management if they do not possess enough insight into future cash flows to make informed decisions about their financing needs. In addition, without sufficient insight into the company's future cash flow, management will be forced to respond to problems as

they arise. A liquidity deficit may only become apparent when a major supplier payment, payroll obligation, tax payment, or loan installment approaches its due date. At that stage, there are fewer choices available to management with regard to their ability to negotiate with the parties involved. Short-term borrowing, payment delays, or emergency shareholder funding may provide immediate liquidity, but they can also introduce interest expense, bank charges, penalties, operational disruption, and additional financial risk. Therefore, cash flow management can affect financial performance both from a liquidity perspective and in relation to dependency upon financing and the cost of such financing.

Cash-flow reporting provides the initial basis for the analysis of this relationship. IAS 7 classifies cash flows into operating, investing, and financing activities, allowing users to distinguish cash generated internally from cash arising through investment transactions or external financing (IFRS Foundation, n.d.). Internal management needs to have greater detail than provided by IAS 7. For example, managers wish to determine both where all of the company's cash originated during a reporting cycle AND where it was expended. Additionally, managers want to be able to forecast when future collections/payments will occur, and whether the associated net-cash position will continue to meet the company's needs.

To address this issue, a rolling cash-flow model would connect expected customer collections, supplier payments, employee payrolls and taxes, capital expenditures on investments, debt service obligations, and all other cash flows to each respective period in which they are anticipated to occur. This model will show whether there is a cash flow

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deficit prior to its occurrence and enable you to analyze different courses of action. Collections may be expedited, payment due dates changed, discretionary purchases delayed, inventory levels altered, or financing secured ahead of when a liquidity crisis develops. Therefore, the value of cash flow analysis is found in both identifying how much cash exists as well as influencing the time at which management intervenes.

Existing literature provides a significant body of empirical evidence to support the argument that cash flow and working-capital management have a direct association on a company's overall performance. Deloof (2003), for example, demonstrated that the management of accounts-receivable and inventory days impacts a firm's profit margins. In addition, Kroes and Manikas (2014) illustrated that shifts in an organization's operating-cash cycle position significantly influence manufacturing performance. Cash-flow data can provide insight into whether a company is financially distressed as well as the relationship between net income and realized cash generated from operations (Casey & Bartczak, 1985; Dechow et al., 1998). At the same time, corporate cash policies cannot be interpreted independently of financing constraints, growth opportunities, risk, and access to external capital (Almeida et al., 2004; Opler et al., 1999).

Although this body of research has established the relative impact of cash flows, a substantial amount of the empirical evidence is based upon financial statement items, as well as cash flow ratios, and/or cross-sectional relationships among working capital items to determine their relationship to firm performance. Such studies are valuable for identifying broad relationships, but they provide less insight into the internal managerial process through which cash-flow information changes decisions. In particular, annual or quarterly financial data may show that liquidity deteriorated, but they do not necessarily reveal when the problem became foreseeable, which cash movements created the shortfall, or what management could have done before the deficit materialized.

This makes a clear distinction between the cash-flow measurement and cash-flow control. Measurement explains the cash outcome of completed activities. Cash flow measurements are based on past activity completion. Cash flow controls require managers to apply future oriented data in order to determine if there could be potential liquidity issues prior to those becoming actual payment crises. Thus, from that viewpoint, it's not just about determining which firms have greater performance because of stronger cash flows. Rather, what matters is how frequent and effective cash flow monitoring will affect the timeliness and quality of collections, payments and financing decisions.

The current research investigates this process using case studies on two anonymous manufacturing firms. Both firms experienced periods in which operating or customer-generated cash was insufficient relative to payment requirements and external financing was used to bridge the resulting gap. Company A provides evidence of a profitable business facing negative operating cash flows because customer collections occurred materially later than payments. Company B provides evidence of substantial bank and shareholder financing supporting liquidity while customer collections remained below total payments. In both cases,

structured cash-flow analysis made the amount and timing of the financial pressure more visible.

The research doesn't suggest that a cash flow model will automatically generate profitability. Instead, the research identifies one way in which systematic cash flow management increases the visibility to the future liquidity risks of an enterprise; as the level of visibility is increased to these risks, this provides opportunities for earlier collection, payment and financing decisions; earlier decision making may allow firms to avoid using emergency funding arrangements and associated costs; and if a firm has less dependency on emergency financing, then they are likely better able to protect their operating profitability and enhance their financial resilience.

Accordingly, the main research question is:

How does systematic cash-flow control influence the likelihood of financial success in manufacturing firms?

RQ1: How can a manufacturing firm report positive operating profit while simultaneously experiencing payment difficulty?

RQ2: How does dependence on bank and shareholder financing reveal weaknesses in operating cash conversion?

RQ3: Through which collection, payment, and financing decisions can rolling cash-flow analysis support liquidity and protect profitability?

The study makes a contribution to the existing body of literature on two levels. Firstly, this research differs from the traditional focus on examining relationships between various types of cash-flow ratios and firms' overall financial performance by providing insight into an internal decision-making process that uses cash-flow information. Secondly, this is one of the first studies to provide long-term, practical evidence based on two case studies of manufacturing firms illustrating how profitability, collections timing, payments timing, funding from outside sources, and forecasting future cash flows interact during managers' actual decision-making processes.

The main argument has therefore been formulated very clearly. To achieve financial success a company must be profitable in an accounting sense; however, it must also have the capability to control and financing cash flow. Systemic control of cash flow may not lead to financial success at all times, but it will help with discipline when making decisions about how to manage liquidity and thus reduce unnecessary financing pressure.

2. Conceptual Framework and Literature Review

2.1 Profitability, Liquidity, and the Meaning of Financial Success

The financial success of an organization can be determined by several types of accrual-based measures such as operating

profit, net income, return on assets, and return on equity. They are important because these figures measure how well the firm is using its resources to generate accounting returns from its operational processes. Profitability and liquidity represent two separate ways to evaluate a firm's overall financial performance. A profitable firm may still experience difficulty in meeting its obligations if the timing of cash inflows does not correspond with the timing of cash outflows.

In manufacturing firms, where cash can be invested in raw material purchases, labor costs, subcontracts, inventory and other operational expenses prior to collection of the associated revenue, this differentiation becomes critical. Consequently, revenue recognition need not occur at the same time as cash receipt. A firm may show an overall operating profit and yet have a short-term liquidity deficit.

Dechow et al. (1998) provide additional insight into how earnings, cash flows and accruals relate to one another in this area of research. The use of cash flow data can provide indicators of financial weakness that are not evident through profitability measures (Casey & Bartczak, 1985). In this study, financial success has been defined in terms of additional aspects beyond solely being profitable. A successful financially viable company not only needs to produce an adequate return for operating purposes but it must also have sufficient liquidity to meet current obligation requirements, access to necessary funds at reasonable costs to support operations and should be able to meet its obligations without having to rely permanently on emergency funding.

2.2 Cash-Flow Statements as a Basis for Managerial Analysis

The statement of cash flows presents a structured framework to analyze how cash is generated and used. IAS 7 states that cash flows can be classified into operating, investing, and financing activities. This classification is analytically important because an increase in cash does not necessarily indicate strong operating performance. A firm's cash balance may improve because customers paid more quickly, but it may also increase because the company borrowed from a bank, received shareholder funding, or disposed of an asset.

Statutory cash flow reports are typically retrospective in nature. Managers need an additional view of prospective cash flow control. Managers need to have knowledge about when in the future certain collections and payments will be made so they can determine their expected cash balance position, as well as identify possible courses of action should a cash deficiency appear. Reporting tells you what has occurred with respect to your cash. Control uses cash flow information to help direct future activity.

2.3 Working-Capital Timing and the Cash Conversion Problem

Working capital is one of the most obvious ways in which cash flow management affects financial performance. Receivable and inventory levels determine how long money is tied up in the operating cycle, while the level at which a company finances its suppliers can affect the length of time that it takes for cash to be collected from customers. Deloof

(2003) provides influential evidence on the relationship between working-capital management and profitability, while Baños-Caballero et al. (2010) and Lyngstadaas (2020) further show the importance of working-capital configuration for financial performance.

The amount of accounts receivable or accounts payable is of secondary importance. A more critical issue is the timing of these cash flows. If a firm must pay its suppliers before receiving payment from its customers, it needs sufficient financing to cover the resulting time gap. Richards and Laughlin (1980) developed the cash conversion cycle as an example of this concept. Kroes and Manikas (2014) further emphasize its dynamic implications for manufacturing performance.

2.4 Financing Dependence and the Cost of Liquidity Gaps

A shortfall in internal generated cash will create an operational funding requirement which has to be met with some form of external funding. There may exist economic rationale for external financing. Borrowing in itself does not indicate poor financial management. The analytical question is why the borrowing is required and whether the underlying operating cash structure can support it.

Opler et al. (1999) also found that the use of corporate cash reserves is a function of investment opportunities; access to capital markets; and both the costs and the benefits of maintaining liquidity. Similarly, Almeida et al. (2004) found that financing constraints have an impact on cash management. However, continued reliance on external financing to fund ongoing operating cash-flow deficits deserves managerial attention because interest, bank charges, and refinancing costs can absorb value generated by operations.

2.5 Cash-Flow Forecasting as a Management-Control Mechanism

Historical cash flow data illustrates what a company's actual liquidity position has been at any point in time. Management control, however, requires the ability to anticipate future cash positions. A rolling cash-flow forecast maps expected inflows and outflows across future periods and is updated as actual information becomes available. Its value lies not in predicting every movement perfectly but in providing sufficient advance warning for management to identify periods in which the existing cash structure may become unsustainable.

Possible actions to be taken could be to accelerate customer payments, negotiate a later payment date with suppliers, delay discretionary spending, schedule capital expenditures for a later time, reduce nonessential purchases of inventory, or arrange for funding before the anticipated cash deficit occurs. The forecast cannot generate funds on its own. Rather, it is the ability of managers to take action due to having an early view of both when and how much of a deficit they can expect to have which creates economic value.

2.6 Cash-Flow Control and the Protection of Profitability

The connection between cash flow control and profitability should be carefully considered. Cash-flow management does not automatically increase operating profit. It would be unrealistic to suggest that a company could create long-term profitability merely by changing payment schedules or improving its cash forecasting capabilities. The connection between cash flow and profitability is really an indirect one; for example, if a company has problems with converting its sales into cash, it is likely to have greater financing needs, which can lead to increased interest expense and/or other costs associated with debt financing; additionally, if a company is experiencing liquidity constraints, this could limit its ability to make strategic operating decisions.

The term "profitability protection" is more suitable than a statement suggesting that direct cash-flow control generates profit. While the model will assist in preserving profitability through minimizing financing costs as well as avoiding disruptions from liquidity issues, sales, gross margins, operating efficiencies, price levels, cost structures, as well as numerous other factors are still likely to affect profitability.

2.7 Cash-Flow Control and Financial Resilience

The benefits of controlling a company's cash flow reach well beyond managing cash for immediate liquidity needs. Companies that are able to anticipate their future cash needs and react to those potential needs before they create a deficit have a stronger ability to absorb unexpected changes in either operating conditions or financing conditions. Thus, a company's financial resiliency in this context refers to the firm's capacity to continue meeting obligations and sustaining operations when cash inflows, cash outflows, or financing conditions change unexpectedly.

Systematic cash-flow monitoring also provides a basis for scenario analysis. Managers are able to consider how changes in various assumptions such as collections, payments, financing or other factors will affect their company's future cash position.

2.8 Synthesis of the Literature and Research Gap

The literature has demonstrated a clear conceptual distinction between profit and liquidity, that the timing of working capital is an important factor in determining the speed of cash conversion, that cash shortfalls from operations will lead to the need for external financing, and that analyzing current cash position relative to expected needs can alert managers to potential cash flow problems before they become acute. Most empirical studies have supported relationships between cash-flow management and performance, although results differ across measures, industries, and settings (Günay & Ecer, 2020; Laghari et al., 2023; Nangih et al., 2020; Rompotis, 2025).

Most prior studies, however, focus on financial-statement variables, ratios, or firm-level associations. Less attention has been given to the internal managerial mechanism connecting these elements: how a projected liquidity gap becomes visible, how managers alter collection or payment decisions,

and how earlier action may change the need for reactive financing. The present study addresses this gap through two longitudinal manufacturing cases.

Funding Gap = Weighted Average Collection Period - Weighted Average Payment Period

$CCC = DIO + DSO - DPO$

$Closing\ Cash_t = Opening\ Cash_t + Expected\ Inflows_t - Expected\ Outflows_t$

3. Research Positioning and Conceptual Model

3.1 Research Positioning

This research is situated at the nexus of cash-flow management, working-capital management, management accounting and corporate finance. The main contribution of this study is process-oriented. Instead of just investigating if there is a statistical relationship between profitability and cash flow metrics, the research evaluates how a deliberate method of controlling cash flows can provide additional relevant data for decision making as it relates to collections, payments and funding.

3.2 Conceptual Model

The conceptual model suggests that systematic cash-flow control affects financial performance primarily through three interrelated mechanisms: liquidity visibility, managerial intervention, and financing-cost discipline. The model does not suggest that a company's ability to manage its cash flow directly influences financial success. Rather, it proposes that cash-flow management enhances the likelihood of achieving and sustaining financial performance by improving managers' ability to respond in a timely manner to liquidity pressure.

Operating Profitability and Cash-Flow Structure -> Collection and Payment Timing -> Liquidity Surplus / Deficit -> Systematic Cash-Flow Control and Forecasting -> Early Management Intervention -> External Financing Requirement and Financing-Cost Exposure -> Profitability Protection and Financial Resilience

3.3 Research Propositions

P1: The realization of positive accounting profit does not necessarily mean that a company will have sufficient liquidity at all times when customer collections occur after payments to suppliers become due.

P2: A system of cash-flow planning improves the early visibility of liquidity gaps by enabling management to take timely action to collect overdue receivables, delay or cancel non-essential payments, and secure additional working capital before cash shortages become critical.

P3: By reducing reliance on emergency funding and the resulting financing costs, a system of cash-flow planning helps protect profitability and enhances the likelihood of achieving and sustaining financial performance while strengthening the company's financial resilience.

4. Method

4.1 Research Design

This study employs a longitudinal, multi-case study design to investigate what effect the implementation of systematic cash flow controls has on liquidity management, the level of financing dependency, and the ability to protect profit margins for manufacturing firms. The unit of analysis is the cash-flow control and liquidity-management process with respect to each company. Utilizing multiple-case structure allows the same underlying phenomenon to be examined through two different financial configurations: Company A illustrates a profitability-liquidity mismatch, whereas Company B illustrates external-financing dependence and forward-looking liquidity intervention. Case-study reasoning follows established guidance for analytical generalization and pattern matching (Eisenhardt, 1989; Yin, 2018).

4.2 Case Selection and Confidentiality

The empirical research was conducted on two privately held manufacturing companies. Both have been anonymized by naming them Company A and Company B for that reason. These two case studies are purposefully selected as both have been experiencing a period of time when they did not have enough available operating or customer generated funds available to meet their payment obligations, however, the mechanisms by which these conditions occurred differed significantly for each case.

Dimension	Company A	Company B
Observation horizon	February 2021-January 2022	January 2025-December 2026
Evidence status	Twelve-month profit and cash-flow planning model	Actual cash movements through reporting date plus rolling forecasts/scenarios
Core records	Sales, cost of sales, operating expenses, operating cash flow, collection and payment assumptions	Collections, payments, bank loans, shareholder funding, rolling cash forecasts and scenarios
Unit used in analysis	TRY million, converted from TRY thousand	TRY million
Primary analytical role	Profitability-liquidity mismatch and timing gap	Financing dependence, early warning and scenario analysis

4.3 Data Sources and Analytical Procedure

For Company A, the major data sources for the analysis are monthly operating-profit projections, monthly operating cash-flow projections, customer collection timing, supplier and operating-payment timing, and weighted average collection and payment periods. For Company B, the principal data to be used in the analysis include monthly customer collections, total payments, bank borrowing, shareholder funding, monthly cash surpluses and deficits, rolling cash-flow projections, and an alternative payment-timing scenario.

The empirical analysis was conducted in five stages: (1) comparison of profitability and operating cash flow; (2) collection-payment timing analysis; (3) financing-

dependence analysis; (4) rolling cash-flow and scenario analysis; and (5) cross-case comparison. The propositions were evaluated through pattern matching between the conceptual mechanism and observable case evidence.

4.4 Research Quality and Limitations of Inference

The study employs actual company data in order to demonstrate the difference between profitability and cash flow, and it evaluates liquidity pressures over time rather than at a single reporting date. The two cases have complementary instead of identical data sets. As such, complete matched pre-and-post adoption profitability and financing cost data are not available in both firms so the most appropriate type of inference will be analytical as opposed to either statistical or causal.

5. Findings

5.1 Company A: Profitability Without Immediate Cash Availability

Company A clearly exemplifies the difference in accounting profitability versus operating liquidity. In the twelve-month time frame studied, Company A generated (TRY 4,507,2 million) \$375.60 million in revenue, had (TRY 368,64 million) \$30.72 million in net income from operations, and an operational margin of 8.18% as determined on an accrual basis.

The cash-flow analysis showed that there is a different short-term financing situation. There are negative operating cash flows for February and March of 2021. Those figures were TRY 28.84 million and TRY 35.15 million, respectively. The underlying timing structure provides an important explanation. Company A's weighted average collection period is 25.27 days greater than its weighted average payment period. In practical terms, Company A was obligated to make their operational payments substantially ahead of receiving the corresponding cash from customers.

Indicator	Observed value	Interpretation
Twelve-month sales	TRY 375.60m	Substantial operating scale
Twelve-month operating profit	TRY 30.72m	Positive accrual performance
Operating margin	8.18%	Profitable core operations
Net operating cash flow, Feb. 2021	TRY -28.84m	Profit did not convert into immediate cash
Net operating cash flow, Mar. 2021	TRY -35.15m	Continued liquidity pressure
Collection-payment timing gap	25.27 days	Working-capital funding interval

The case supports P1. That payment problems do not necessarily show that the business has an operating loss. A profitable firm may have cash flow issues if the time it takes for cash to leave the firm is longer than the time it takes for customers' accounts receivable to be paid.

5.2 Company B: Cash Deficits and External-Financing Dependence

Company B shows another related problem. During 2025, customer collections was TRY 657.96 million, whereas total payments reached TRY 815.62 million, resulting in a cash shortfall of TRY 157.66 million based on the reported rounded figures. Company B funded part of this shortage by borrowing from banks for TRY 117.50 million and also received TRY 24.44 million in shareholder funding; that is they used TRY 141.94 million in external funding. During the January–May 2026 period, the company required an additional TRY 170.18 million in bank and shareholder financing to support its liquidity needs.

Period / indicator	TRY million	Interpretation
2025 customer collections	657.96	Internally generated customer receipts
2025 total payments	815.62	Payments exceeded customer collections
Displayed-figure difference	-157.66	Cash requirement before considering other sources/uses
2025 bank borrowing	117.5	External liquidity support
2025 shareholder funding	24.44	Additional external support
2025 combined bank + shareholder funding	141.94	Material financing contribution
Jan-May 2026 bank + shareholder funding	170.18	Continued external-financing dependence
Aug. 2026 base-case projected closing cash	-19.21	Projected liquidity deficit
Aug. 2026 alternative projected closing cash	0.79	Positive projected cash after timing change
Scenario improvement	20	Projected liquidity timing improvement, not profit

The information does not suggest that the borrowing was an inappropriate use of funds. Borrowing can indicate investing, growing, servicing a loan, seasonal activities, or using cash for another purpose. The most specific conclusion we can draw is that external funding provided a large portion of the funds needed by the company to meet its cash needs; therefore, it is the source of liquidity is as important as the closing cash balance.

5.3 Rolling Cash-Flow Forecast and Scenario Analysis

Before the shortage occurred, a cash deficit of TRY 19.21 million in August 2026 was projected as part of the rolling forecasting process. Once the deficit became visible, the model was used to evaluate an alternative payment-timing scenario. Under the revised scenario, the projected August cash position improved by TRY 20.00 million, from TRY -19.21 million to TRY 0.79 million.

The example shows no permanent benefit to the business of TRY 20.00 million in increased profit or decreased expenditures. The example shows an improvement in the firm's short-term liquidity from a change in the timing of some cash outflows. This is evidence for P2: forward cash visibility can create a decision window prior to a potential shortfall becoming critical.

5.4 Cross-Case Findings and Proposition Evaluation

Dimension	Company A	Company B	Cross-case inference
Primary issue	Profitability-liquidity mismatch	Cash requirement supported by external financing	Profit or closing cash alone can conceal liquidity risk
Underlying driver	Collection period exceeded payment period by 25.27 days	Customer collections below total payments	Timing and cash conversion shape liquidity
Control mechanism	Integrated profit, cash and timing analysis	Rolling forecast and scenario analysis	Structured cash information creates visibility
Decision implication	Working-capital funding need becomes visible	Future deficit and payment alternative become visible	Earlier information expands management response options

P1 was found in the evidence of Company A. The company B rolling forecast and payment timing scenario provide support for P2, although with some qualification. While P3 is mechanically supported, no causal link exists for this relationship. The cases reveal a plausible pathway from earlier cash visibility to earlier intervention and potentially lower exposure to reactive financing, but complete matched pre- and post-adoption profitability and financing-cost data are not available.

6. Discussion

6.1 Profitability Does Not Eliminate Liquidity Risk

The results provide evidence supporting the difference in accrual-based profits versus cash flow available. Company A illustrates how the accounting relationship described by Dechow et al. (1998) can be translated into a managerial issue. As illustrated above, an entity may have generated positive operating profit, but it is possible for this profit to not translate to adequate cash being available at the time obligations arise. In addition, the results support the working-capital perspective presented by Deloof (2003), Baños-Caballero et al. (2010), and Kroes and Manikas (2014). Receivable and payment periods are not merely balance-sheet characteristics; their timing influences the amount of capital required to sustain operations.

6.2 External Financing Can Conceal Underlying Cash Pressure

Company B identifies a key difference between the availability of liquidity and the origins of liquidity. A company has sufficient funds for its current obligations yet relies heavily on bank loans or shareholders' capital. In this sense, Opler et al. (1999) and Almeida et al. (2004) demonstrate why cash and financing policies must be interpreted in the context of investment opportunities, risk, and financing constraints. Therefore, the managerial implication is not that the use of financing sources should be reduced as much as possible, however the economic justification for each financing source should be differentiated from the financing costs that result due to poor visibility or poorly timed financial decisions.

6.3 From Cash-Flow Reporting to Cash-Flow Control

The most important discovery at the process level is related to decision timing. Historically managers were able to determine realized movement through traditional accounting for cash flow. The rolling model in Company B identified a projected deficit prior to its realization and allowed an alternative payment-timing scenario to be tested. The economic significance lies in the transition from reaction to anticipation: forecast cash shortage -> evaluation of alternatives -> earlier intervention. Cash-flow information creates value when forward visibility changes managerial behavior before liquidity becomes critical.

6.4 Cash-Flow Control and Profitability Protection

The evidence does not support a direct claim that cash-flow forecasting automatically creates higher profits. A more defensible mechanism is cash-flow visibility -> earlier intervention -> lower exposure to emergency financing -> potentially lower financing costs -> profitability protection. The qualification 'avoidable' is important because debt may be appropriate when it finances profitable growth or investment. The objective is to minimize avoidable financing cost while maintaining adequate liquidity and supporting economically justified investment.

6.5 Theoretical and Managerial Implications

The contribution of this study is to extend current knowledge about how cash flow control can serve as an intermediary for managers in their relationship with financial reporting and financial outcomes. There are no positive effects of providing just the cash flow information on improving financial performance; its value arises when forward visibility changes the timing of managerial action. Practically, profit forecasts should be accompanied by rolling cash-flow forecasts, external financing should be separated analytically from operating cash generation, projected deficits should trigger assigned actions, and scenario analysis should form part of routine cash management. A useful control cycle is: Forecast -> Identify gap -> Diagnose cause -> Assign action -> Test scenario -> Execute -> Update forecast.

6.6 Boundaries of Interpretation

The findings cannot be extended beyond the information supported by case evidence. Improved visibility of liquidity pressure and an earlier opportunity for managerial intervention are demonstrated. A possible mechanism is identified; whereby early intervention could result in lower avoidable financing costs the models do not indicate that the implementation of these models resulted in increased profitability. Likewise, the TRY 20.00 million scenario improvement represents a projected liquidity-timing effect rather than an increase in accounting profit.

7. Conclusion

This study examined how systematic cash-flow control relates to the likelihood of long-term financial success in two private manufacturing firms using a longitudinal multiple-case design. The findings show that accounting profitability

alone does not capture a firm's financial health: Company A reported positive operating profit alongside substantial negative operating cash flow, explained by a 25.27-day gap between its collection and payment periods, while Company B relied materially on bank borrowing and shareholder funding to cover a shortfall between customer collections and total payments. Company B's rolling forecast identified a projected TRY 19.21 million deficiency for August 2026 in advance, and an alternative payment-timing scenario improved the projected position by TRY 20.00 million, illustrating how early liquidity visibility can support timely intervention. Taken together, the cases support three conclusions: profitability does not guarantee liquidity, available liquidity should be evaluated together with its source, and the principal value of systematic cash-flow control lies in earlier visibility and intervention rather than in a direct effect on profit. Because matched pre- and post-adoption data are unavailable, these conclusions are analytical rather than causal, and firms are encouraged to pair profit forecasting with rolling cash-flow forecasting and defined response actions when deficits are identified

8. Limitations

This investigation is focused on two privately held manufacturing firms. Therefore, the results will have a more analytical than statistical generalization.

The datasets available for the two firms are complementary rather than identical. Firm A provided stronger evidence regarding operating profitability, operating cash flow and collection-payment timing; whereas firm B was much more comprehensive with respect to external financing, rolling cash forecasts and scenario analysis.

It is difficult to compare the pre- and post-adoption performance metrics for each company because complete matching data are unavailable. Consequently, the study cannot establish that implementation of systematic cash-flow control caused a measurable increase in profitability or a specific reduction in financing costs.

The alternative payment scenario in Company B represents a modeled liquidity outcome. The TRY 20.00 million improvement demonstrates the projected effect of changing payment timing but does not establish that an equivalent permanent cost reduction or profit increase was realized.

Financing through external sources should not be viewed solely as an indicator of poor internal cash management. Financing through external sources can be used for funding investments, increasing revenue, meeting seasonal needs, paying off debts, and/or other strategic uses of company cash.

9. Future Research

A useful extension would be to conduct a long-term (pre/post) implementation study to measure the operating cash flow, working capital needs, amount borrowed, interest paid, overdue accounts payable, and profit before and after implementing systematic rolling cash-flow control.

Additional research could examine the relationship between forecast accuracy and managerial value, including how forecast horizon and update frequency affect liquidity decisions.

The third research direction is focused on financing cost. By in-depth loan and expense details from banks, studies can investigate if companies that have better control over their cash flow are using less for short term loans or other financing costs.

Comparative case-studies in multiple industries (manufacturing, retail, service, construction, etc.) will provide additional insight into how the mechanisms observed here are likely to differ based on an organization's operational model.

The future work can be expanded by exploring the organizational aspects of controlling cash flow with respect to responsibilities for collection, authorizing payments, coordinating cross-functionally, and holding meeting regularly to review cash flow. Additionally, scenario-based analyses, sensitivity analysis, probabilistic forecasting and predictive analytics will help expand the scope of decision support provided by cash flow management systems

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