



Cash vs Credit Policy

Choosing cash sales to protect liquidity and reduce risk
High-volume produce sales | perishable inventory | variable commission margins

Situation

High credit sales in similar produce businesses showed how unpaid invoices could hurt cash flow and operations.

Friction

- Perishable inventory with short selling window.
- Variable commission margins by price / season.
- High labor costs during peak volume.
- Risk of unpaid receivables.
- Cash needed to pay suppliers quickly.

Decision

Maintain a primarily cash-based sales model with limited credit to protect liquidity and reduce financial risk.

Actions

- Compared cash vs credit exposure across operations.
- Reviewed receivables aging in credit-heavy model.
- Limited credit to ~7–8% of sales.
- Prioritized fast payment cycles to suppliers.
- Focused on liquidity over nominal sales volume.

Impact

- Cash flow became more stable across seasons.
- Exposure to unpaid receivables decreased.
- Supplier payments became more reliable.
- Operational stress during low-margin periods decreased.
- Pricing flexibility improved.

System Insight

Sales don't matter if the cash doesn't come back.

Evidence

- Credit exposure remained low at about 7–8%.
- Liquidity stayed consistent during high-volume periods.
- Collection issues were fewer than in credit-heavy models.