SPECIFIC-CASE

WORKSHEET 7 OF 9

Largest Customer Requests 60-Day Payment Extension

Scenario: your single largest customer, representing 22% of monthly revenue, contacts you requesting a one-time extension of 60 additional days on a receivable currently due in 10 days. No reason given beyond 'internal cash constraints.' You have no prior instance of non-payment from this customer. Fill this worksheet before responding to their request.

Complementary worksheet for

SECTION 1

What This Is For

A 60-day extension from a customer representing 22% of monthly revenue is not a request to evaluate on sentiment or relationship history. It is a cash flow decision with specific dollar consequences that need to be calculated before the response is sent. This worksheet produces the cost of agreeing — the exact shortfall in the extension period, the credit required to bridge it, and the conditions that make the extension viable rather than a policy capitulation without compensation.

Most operators respond to this type of request before doing the arithmetic. The customer is important, the relationship is long-standing, the request sounds reasonable, and a yes feels like the right call. Sometimes it is. But "yes" without conditions is a transfer: the customer's cash flow problem becomes the operator's, at the operator's cost of capital, with no acknowledgment of that transfer in the agreement.

SECTION 2

Benefits

What you get when you actually run this worksheet on a real situation:

- Produces the exact dollar cost of agreeing to the extension — the credit required, the interest on that credit, and the minimum balance breach risk during the extension period.
- Defines the three conditions that convert an unconditional extension into a structured agreement — each condition recoverable in a normal business negotiation.
- Prevents the most common response error: agreeing before knowing whether the account balance can absorb a 60-day receivable gap.
- Surfaces any penalty clause in the existing contract that the customer may be breaching — which changes the negotiation frame significantly.
- Gives the operator a documented basis for the response, whether the answer is yes-with-conditions, partial-payment-first, or no.

SECTION 3

Framework To Use

Extension Cost and Condition Frame

Calculate the cost first. Then set conditions equal to that cost. The conditions are not a punitive response — they are cost recovery.

BEFORE	AFTER
{'label': 'Without This Worksheet', 'points': ['Response based on relationship intuition', 'No cost calculation — the transfer is invisible', '60-day extension with no conditions = policy change', 'Next request follows within 6 months']}	{'label': 'With This Worksheet', 'points': ['Response based on calculated shortfall and credit cost', 'Conditions named: partial payment + written schedule + term review', 'Extension granted as a structured, one-time accommodation', 'Precedent is documented, not implied']}

SECTION 4

How To Use

Follow these steps in order. Each one builds on the previous.

1. Before opening the worksheet, pull the customer's payment history for the past 12 months: average days to payment, any previous extensions, current purchase volume. This history informs whether to agree at all, independent of the arithmetic.
2. Record the receivable amount being deferred in row one. This is the single most important number in the worksheet — it drives every subsequent calculation.
3. Record the current business account balance in row two.
4. List all other confirmed receivables due in the next 30 days in row three — confirmed by the customer this week, not assumed from invoice terms.
5. Calculate fixed outflows due in the next 30 days (row four) and in days 31 through 70 — the period covering the extension (row five). Include payroll, rent, loan installments.
6. Calculate projected minimum balance during the extension period: row two plus row three minus rows four and five. Enter in row six.
7. Enter the minimum threshold balance in row seven. Compare to row six: if row six is below row seven, the shortfall is the credit required to bridge the gap.
8. Enter available credit facility in row eight. Calculate projected minimum balance with credit in row nine. Calculate the cost of drawing credit for 60 days in row ten (principal × annual rate × 60/365).
9. Check the existing contract for any penalty clause for late payment by the customer. Enter in row eleven.
10. Use the completed worksheet to write a response: state the dollar cost of the extension, the three conditions required, and the review of their credit terms that the extension will trigger.

SECTION 5

Example Use

A mid-size office supplies distributor receives a Tuesday morning email from a corporate client — its largest by volume — requesting a 60-day extension on a $28,000 invoice due in 10 days. The client cites 'an internal accounts payable system migration.' The distributor's monthly revenue is $127,000, and this client represents $28,000 of that in the current month.

Row one: $28,000 deferred. Row two: current account balance $41,200. Row three: other confirmed receivables due within 30 days — $31,500 from four other accounts, all confirmed by email. Row four: fixed outflows next 30 days — payroll $18,600, rent $4,800, loan installment $2,200 = $25,600. Row five: fixed outflows days 31–70 — the following payroll $18,600, rent $4,800, and a scheduled equipment lease payment $1,400 = $24,800.

Row six: projected minimum balance during extension period: $41,200 + $31,500 − $25,600 − $24,800 = $22,300. Row seven: minimum threshold $16,800 (payroll $14,400 plus one-week fixed $2,400). Row six ($22,300) exceeds row seven ($16,800) — no credit required to survive the extension period without breach.

Row ten: cost of drawing credit not applicable since no credit needed. Row eleven: contract penalty clause — the contract specifies 1.5% per month on amounts more than 15 days past due.

The arithmetic shows the extension is survivable. The response is still structured: the distributor emails the client confirming a 60-day extension on the condition that 30% of the $28,000 ($8,400) is paid within 5 business days as a partial payment, the remaining $19,600 is confirmed by written schedule, and the client's credit terms will be reviewed at the next annual contract renewal. The email also notes the penalty clause for reference — not as a threat, but as context for why partial payment is the reasonable ask.

The client agrees within 24 hours. The $8,400 arrives in four days. The extension is honored. The arrangement is documented in writing. No credit was drawn, no relationship was damaged, and the extension was not treated as a no-cost favor.

SECTION 6

The Worksheet

Tear this out, copy it onto a fresh sheet, or fill it in directly.

Largest Customer Requests 60-Day Payment Extension

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ITEM	AMOUNT ($)	NOTES
Receivable amount being deferred		
Current business account balance		
Other receivables due in next 30 days (confirmed)		
Fixed outflows due in next 30 days (payroll, rent, installments)		
Fixed outflows due in days 31–70 (covering the extension period)		
Projected minimum balance during extension period without credit		
Minimum threshold balance (payroll + 1-week reserve)		
Available credit facility — unused line		
Projected minimum balance during extension period with credit		
Cost of drawing credit for 60 days ($)		
Penalty clause in contract for late payment (if any)		

Reflection Prompts

After filling in the worksheet on the previous page, work through these.

1. If projected minimum balance without credit falls below threshold: calculate the exact amount of credit needed to bridge the shortfall, and the cost of that credit for 60 days. Communicate both figures to the customer — not as a threat, but as the factual basis for requesting a partial upfront payment that eliminates your cost of financing their extension.

2. Write the three conditions before responding: (1) minimum partial payment within 5 business days, (2) written confirmation of the revised payment schedule, (3) a review of credit terms at the next contract renewal. A 60-day extension without conditions is a policy change, not a one-time accommodation. Document the response and the conditions in writing.

SECTION 7

Tips and Traps

TIPS

- Complete the worksheet before replying to the customer's email. The time between receiving the request and sending a response should contain arithmetic, not only relationship deliberation.
- The penalty clause in row eleven changes the negotiation frame. If the customer is requesting an extension on an amount that would already be subject to a penalty clause, they are asking for relief from a consequence that is already contractually triggered. Name that explicitly and politely.
- A partial payment of 25–30% is not a punitive demand — it is standard practice in commercial credit management. Customers who have strong cash flow concerns will still often manage a partial payment even when they cannot pay in full.
- Document the response and the conditions in a follow-up email within 24 hours of any verbal agreement. 'As discussed, the 60-day extension is granted on the three conditions outlined below' — that sentence protects both sides.
- After the extension period ends and payment arrives, update the customer's credit risk category in the matrix. One extension request is data, not a violation. Two consecutive extension requests from the same customer is a signal the terms should be revised.

TRAPS

- Agreeing to the extension before completing the worksheet because 'the relationship is solid.' Solid relationships absorb a structured request for conditions — they do not require the operator to absorb the full cost of the extension without asking.
- Treating the credit cost in row ten as small enough to ignore. On a $28,000 receivable extended 60 days at a 10% credit facility, the interest cost is approximately $460. Not catastrophic, but it is the customer's decision that created it.
- Not setting a deadline for the partial payment. 'Within 5 business days' is a deadline. 'As soon as possible' is not a condition — it is a preference that a cash-constrained customer will interpret optimistically.
- Granting the extension verbally without writing the conditions. Verbal agreements do not hold in commercial disputes, and 'I thought we agreed' conversations are among the most expensive a business owner has.
- Forgetting to compare the extension request against the full 70-day window (10 days remaining plus 60 days extension). Many operators only model the 60 extension days and miss that the 10 current days before the extension starts also carry confirmed outflows.

SECTION 8

Appendixes

Appendix A — Extension Response Email Template

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Subject: Receivable extension — [Invoice number] — [Date]

Dear [Contact name],

Thank you for notifying us ahead of the due date regarding your
accounts payable system migration.

We are able to accommodate a 60-day extension on Invoice [number]
for $[amount], due [original date], subject to three conditions:

  1. A partial payment of $[amount] (30% of the total) within
     5 business days of this email, by [date].
  2. Written confirmation of the revised payment schedule:
     $[balance] due on [new date].
  3. A review of your credit terms at our next annual contract
     renewal, scheduled for [month].

Please confirm acceptance of these conditions by [date + 2 days].
Once confirmed, we will issue a revised payment schedule in writing.

[Your name]
```

Appendix B — Extension Cost Formula

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Cost of credit to bridge the extension period:

  Credit required (shortfall below threshold): $ __________
  Annual interest rate on credit facility    : _____%
  Extension period (days)                    : 60

Interest cost = Credit required ×
                (Annual rate ÷ 365) × Extension days

Example:
  Credit required: $ 8,000
  Annual rate    : 11%
  Extension days : 60

  Interest = $8,000 × (0.11 ÷ 365) × 60 = $144.66

This is the minimum partial payment justification.
If the customer's extension will cost you $145 in credit interest,
a partial payment of $2,400 (30% of a $8,000 shortfall) is not
a confrontational demand — it is a proportionate cost-sharing ask.
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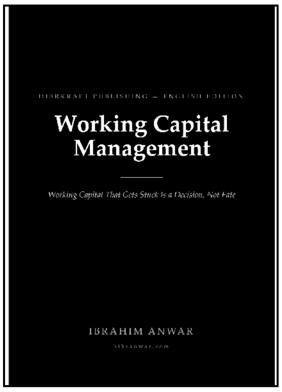

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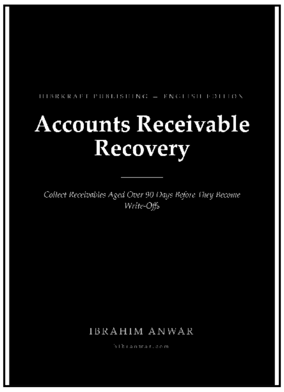

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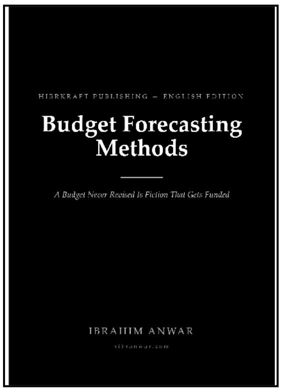

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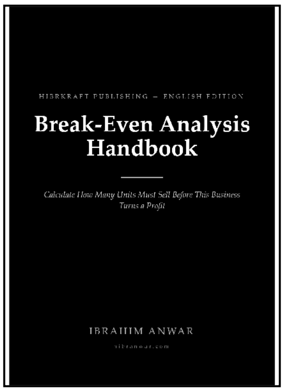

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