

# Cash Flow Management and Working Capital Planning to Accelerate Sales Growth in Culinary MSMEs: Study at Lynn's Kitchen

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## ABSTRACT

This community service activity aims to improve cash flow management and working capital planning to support sales growth in a culinary Micro, Small, and Medium Enterprise (MSME), Lynn's Kitchen. The main challenge faced by the business was managing fluctuating cash flows to achieve its targeted increase in daily sales capacity. The program was conducted through conceptual training, the implementation of a digital cash flow tracking system, and on-site mentoring. The results show a significant improvement in the owner's understanding of cash flow management, along with increased accuracy and consistency in recording financial transactions. In addition, the program successfully developed a measurable sales acceleration plan supported by clear working capital calculations. The findings indicate that proper cash flow management and effective working capital planning enable business owners to make more informed and confident financial decisions. Furthermore, the use of a simple digital system supports financial transparency and operational control. This study demonstrates that a practical and integrated approach can enhance financial management capabilities and support sustainable growth in small-scale culinary MSMEs.

**Keywords:** Cash Flow Management, Working Capital, Sales Growth, Culinary MSMEs, Financial Planning.

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## 1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in supporting economic growth, employment, and income distribution, particularly in developing countries such as Indonesia. The culinary sector, as one of the most dynamic MSME segments, continues to show significant growth potential. However, despite its promising prospects, many culinary MSMEs still face fundamental financial management challenges, especially in managing cash flow and working capital effectively (Kementerian Koperasi dan UKM, 2023).

Cash flow management is a critical aspect of financial sustainability, as it reflects a business's ability to maintain liquidity and support daily operations. Poor cash flow management often leads to difficulties in meeting short-term obligations, even when the business is profitable (Brigham & Houston, 2019; Gitman & Zutter, 2021). In small businesses, fluctuating cash inflows and outflows can create uncertainty and limit the ability to expand operations. The concept of the cash conversion cycle further emphasizes the importance of managing the timing of cash inflows and outflows to ensure operational efficiency (Ebben & Johnson, 2011).

In addition to cash flow, working capital planning plays an equally important role in supporting business growth. Effective working capital management ensures that businesses

have sufficient resources to finance daily operations while maintaining financial stability. Previous studies have shown that proper working capital management significantly affects business profitability and performance, particularly in small and medium enterprises (Kamal & Rachmina, 2024; Fransisca et al., 2023). Without proper planning, businesses may face liquidity constraints that hinder their ability to scale production and increase sales.

Despite the importance of cash flow and working capital management, many MSMEs still rely on intuitive decision-making rather than data-driven financial planning. This condition is often caused by limited financial literacy and the absence of simple and practical financial management tools (Khan & Wisniewski, 2021). As a result, business owners may hesitate to expand their operations due to uncertainty regarding financial risks and capital requirements.

This study focuses on Lynn's Kitchen, a culinary MSME that is currently in a growth phase and aims to increase its daily sales capacity. The main challenge faced by the business is managing fluctuating cash flows while planning the additional working capital required to support sales expansion. This condition reflects a common issue among MSMEs, where growth opportunities are often constrained by limited financial planning capabilities.

The research gap lies in the limited integration between conceptual financial management training and its practical application in real business contexts, particularly in the areas of cash flow management and working capital planning for sales growth acceleration. While previous studies have discussed these aspects separately, there is still a lack of applied approaches that directly link financial planning with measurable business growth outcomes.

Therefore, the objective of this study is to improve cash flow management and working capital planning through an integrated approach involving training, digital system implementation, and on-site mentoring. This study is expected to provide both theoretical contributions and practical solutions for enhancing financial decision-making and supporting sustainable growth in culinary MSMEs.

## 2. METHODS

This study employed a community-based intervention approach using a mixed-method design to evaluate the effectiveness of cash flow management and working capital planning in a culinary Micro, Small, and Medium Enterprise (MSME). The integration of quantitative and qualitative approaches allows for a comprehensive analysis of both measurable outcomes and behavioral changes resulting from the intervention (Creswell & Creswell, 2018).

The study was conducted at Lynn's Kitchen, a culinary MSME located in Pematangsiantar, North Sumatra, Indonesia. This business is currently in a growth phase and seeks to improve its financial management to support sales expansion.

The participants consisted of individuals directly involved in financial and operational activities within the business. Due to the limited number of personnel, a total sampling technique was applied, involving five participants, including the business owner and staff members (Sugiyono, 2019). This approach ensures that all relevant actors contribute directly to the intervention process and evaluation.

Data were collected using multiple techniques to ensure data validity and reliability through triangulation. The methods include:

- a. Observation: conducted to identify the initial condition of cash flow management practices, including recording patterns, cash inflows and outflows, and working capital usage
- b. Interviews: used to explore participants' understanding, perceptions, and challenges related to cash flow management and financial planning
- c. Documentation: collected in the form of financial records, sales data, and operational information to support analysis
- d. Pre-test and Post-test: administered to measure the level of improvement in participants' knowledge and understanding before and after the intervention

The implementation of this study was carried out systematically through four main stages:

- a. Problem Identification

An initial assessment was conducted to identify key issues related to fluctuating cash flows, lack of structured financial recording, and limitations in working capital planning.

b. Training Implementation

Participants were provided with conceptual training on cash flow management, working capital planning, and simple financial analysis, including estimation of capital needs for business expansion.

c. System Implementation and Mentoring

A simple digital cash flow tracking system was introduced and applied directly in daily business operations. Participants received on-site mentoring to ensure correct usage and to strengthen their practical understanding.

d. Monitoring and Evaluation

Continuous monitoring was conducted to evaluate improvements in financial understanding, accuracy of cash flow recording, and the feasibility of the working capital plan developed. This stage also assessed changes in financial decision-making behavior.

Data analysis was conducted using a descriptive comparative approach by comparing conditions before and after the intervention (Sugiyono, 2019).

a. Quantitative data were analyzed to measure improvements in financial literacy and accuracy of cash flow recording

b. Qualitative data were analyzed using an interactive model, including data reduction, data display, and conclusion drawing, to understand behavioral changes and implementation challenges (Miles et al., 2014)

This methodological approach ensures that the findings are both valid and applicable for similar MSME contexts, particularly in the culinary sector.

### 3. RESULTS AND DISCUSSION

#### 3.1. Results

The respondents in this study consisted of individuals directly involved in financial and operational activities at Lynn’s Kitchen. A total of five participants were included, representing the entire workforce of the business.

**Table 1.** Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	2	40%
	Female	3	60%
Age	20–30 years	2	40%
	31–40 years	2	40%
	>40 years	1	20%
Education	High School	3	60%
	Diploma/Bachelor	2	40%
Work Experience	<2 years	2	40%
	2–5 years	2	40%
	>5 years	1	20%

Source: Processed data (2026)

The table shows that the respondents have diverse demographic backgrounds in terms of age, education, and work experience. This diversity reflects varying levels of financial knowledge and practical experience, which may influence their ability to adopt financial management practices.

The results of this study present the outcomes of the implementation of cash flow management and working capital planning at Lynn’s Kitchen. The findings focus on three main aspects: (1) improvement in cash flow management, (2) working capital planning for sales growth, and (3) changes in financial decision-making behavior.

#### **Improvement in Cash Flow Management**

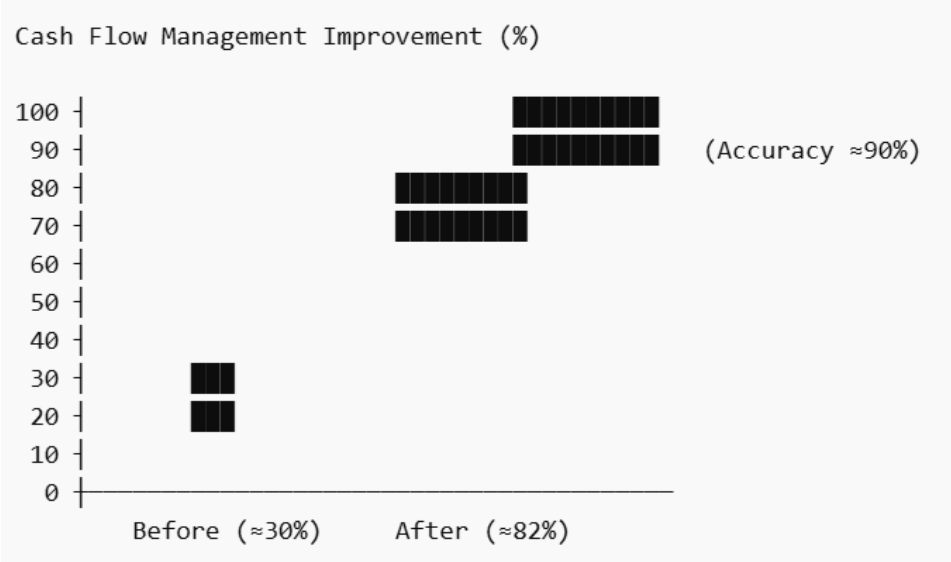
The initial condition showed that cash flow management was carried out in a simple and unstructured manner. Financial transactions were not consistently recorded, and there was no clear separation between cash inflows and outflows. This condition made it difficult for the business owner to monitor financial performance and plan future business expansion.

**Table 2.** Comparison of Cash Flow Management Before and After Intervention

Aspect	Before Intervention	After Intervention
Financial understanding	Limited (~30%)	Improved (~82%)
Recording system	Manual and inconsistent	Digital and structured
Accuracy of cash flow records	Low	High (~90%)
Financial monitoring	Irregular	Regular and systematic
Decision-making basis	Intuition-based	Data-driven

Source: Processed data (2026)

After the intervention, significant improvements were observed in both understanding and implementation of cash flow management. The introduction of a simple digital tracking system enabled participants to record transactions more systematically and accurately.



**Figure 1.** Improvement in Cash Flow Management  
Source: Processed data (2026)

Figure 1 illustrates a substantial improvement in participants’ understanding and implementation of cash flow management after the intervention. The increase in accuracy and consistency of financial records indicates that the digital system and mentoring process were effective in strengthening financial management practices.

**Working Capital Planning for Sales Growth**

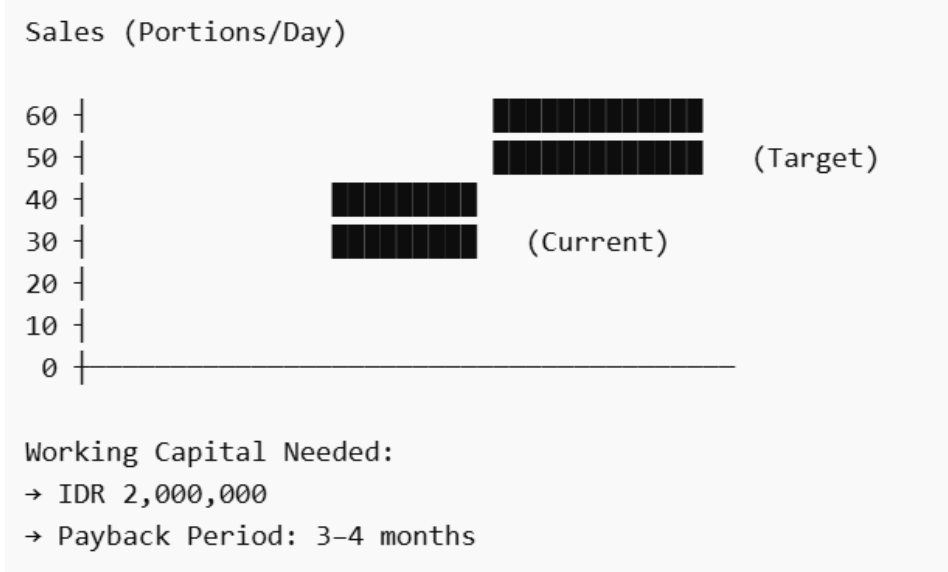
In addition to improving cash flow management, the intervention also resulted in a structured working capital plan to support sales growth. Initially, the business aimed to increase its daily sales capacity from 25–40 portions to 50–60 portions but did not have a clear estimation of the required capital.

**Table 3.** Working Capital Planning for Sales Acceleration

Indicator	Description
Current sales capacity	25–40 portions/day
Target sales capacity	50–60 portions/day
Estimated sales growth	Approximately 72%
Additional working capital	IDR 2,000,000
Estimated payback period	3–4 months

Source: Processed data (2026)

Through the training and mentoring process, a working capital analysis was conducted to estimate the additional resources needed. The results show that a relatively small amount of additional capital is sufficient to support significant business growth.



**Figure 2.** Sales Growth and Working Capital Planning  
Source: Processed data (2026)

Figure 2 shows the relationship between current and target sales capacity supported by working capital planning. The figure indicates that a relatively small increase in capital can significantly enhance production capacity and sales performance.

**Behavioral Changes in Financial Decision-Making**

Another important finding of this study is the change in financial decision-making behavior. Before the intervention, decisions were largely based on intuition and experience without sufficient financial data.

After the implementation of the digital cash flow system and working capital planning, decision-making became more structured and data-driven. The business owner demonstrated improved financial discipline by regularly monitoring cash flow, evaluating operational costs, and planning production based on financial capacity.

This behavioral change indicates that the intervention not only improved technical skills but also enhanced managerial awareness, which is essential for achieving sustainable business growth.

The overall findings demonstrate that the integration of training, digital tools, and mentoring can effectively improve cash flow management practices, support accurate working capital planning, and encourage more rational financial decision-making in culinary MSMEs.

**3.2. Discussion**

The findings of this study demonstrate that the implementation of cash flow management and working capital planning, supported by training and mentoring, has a significant impact on improving financial practices and supporting business growth in culinary MSMEs. The discussion focuses on three main aspects: improvement in financial capability, transformation of financial decision-making, and the contribution to existing literature.

**a. Improvement in Cash Flow Management and Financial Capability**

The results indicate a substantial improvement in participants’ understanding and implementation of cash flow management. Initially, financial practices were unstructured, with limited recording and monitoring of cash inflows and outflows. After the intervention, participants were able to manage cash flow more systematically using a digital tracking system.

This finding confirms that effective cash flow management is essential for maintaining liquidity and ensuring the continuity of business operations (Brigham & Houston, 2019; Gitman & Zutter, 2021). In small businesses, the ability to control the timing of cash inflows and outflows plays a critical role in avoiding financial constraints. This is closely related to the concept of the cash conversion cycle, which emphasizes efficient cash utilization to support operational activities (Ebben & Johnson, 2011).

Furthermore, the improvement in financial capability reflects the importance of practical financial management skills in MSMEs. The results support previous findings that financial management practices in small businesses are often limited due to lack of structured systems and knowledge (Khan & Wisniewski, 2021). Therefore, the integration of training and simple digital tools proves to be an effective solution in addressing these limitations.

### **c. Working Capital Planning and Sales Growth Acceleration**

Another key finding is the successful development of a structured working capital plan to support sales growth. The study shows that with proper financial planning, the business can achieve a significant increase in production capacity with relatively small additional capital.

This finding aligns with previous research indicating that effective working capital management has a direct impact on business performance and profitability (Kamal & Rachmina, 2024; Fransisca et al., 2023). Proper planning enables businesses to allocate resources efficiently, reduce financial risks, and optimize operational performance.

In the context of culinary MSMEs, working capital plays a crucial role in supporting daily operations, including raw material procurement and production processes. The ability to estimate capital needs and calculate the return period provides a strong foundation for making expansion decisions. This also supports the idea that financial planning is a key driver in enhancing business performance, particularly in growing enterprises (Hanafi, 2020; Pandey, 2019).

### **d. Transformation of Financial Decision-Making Behavior**

Beyond technical improvements, this study also reveals a transformation in financial decision-making behavior. Before the intervention, business decisions were largely based on intuition and experience. After the implementation, decision-making became more structured and data-driven, supported by accurate financial information.

This transformation is important because it reflects a shift toward more rational and strategic management practices. The use of financial data allows business owners to evaluate performance, control costs, and plan future activities more effectively. This finding is consistent with previous studies highlighting the importance of financial management practices in improving MSME performance and sustainability (Sucahyo et al., 2024).

### **e. Research Gap and Novelty**

This study contributes to addressing a gap in the existing literature, where many previous studies have examined cash flow management and working capital separately, often focusing on theoretical or quantitative analysis. However, there is still limited research that integrates these concepts into a practical intervention model for MSMEs.

The novelty of this study lies in its integrated approach, which combines financial training, digital system implementation, and direct mentoring in a real business context. This approach not only improves financial knowledge but also ensures practical application and behavioral change.

In addition, this study demonstrates that even a simple and low-cost financial system can produce significant impacts when supported by proper guidance. This provides a practical model that can be replicated in other MSMEs, particularly in the culinary sector.

The findings confirm that effective cash flow management and working capital planning are essential components in supporting sustainable business growth. The integration of knowledge, tools, and mentoring plays a key role in transforming financial practices and enhancing decision-making quality in MSMEs.

## 4. CONCLUSION

This study concludes that the implementation of cash flow management and working capital planning through an integrated approach can effectively improve financial management practices in culinary Micro, Small, and Medium Enterprises (MSMEs). The combination of training, digital system application, and mentoring has proven to enhance financial understanding, improve the accuracy of cash flow recording, and encourage more structured financial practices.

In addition, the study shows that proper working capital planning enables business owners to design measurable sales growth strategies supported by clear financial calculations. The availability of accurate financial information allows for more rational and data-driven decision-making, reducing uncertainty in business expansion.

The findings provide practical implications for MSME development, particularly in promoting simple and applicable financial management systems that can be easily adopted by small-scale businesses. This integrated approach can serve as a replicable model for improving financial capability and supporting sustainable growth in similar MSME contexts.

However, this study is limited to a single business with a small number of participants. Future research is recommended to involve a larger sample size, diverse business sectors, and longer observation periods to further examine the long-term impact of cash flow management and working capital planning on MSME performance.

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