

Working Capital Optimisation


Extraordinary time still require ordinary measures

This extraordinary time will test businesses in many ways and often very differently. Some organisations will be in survival mode, others will struggle to keep up with increased demand. To various degrees, most will experience common challenges around their ability to manage their customers and supply chains and virtually all organisations will have a revised liquidity profile and requirement.

Government has put in place measures to support businesses of all sizes through job retention schemes, financing facilities and VAT deferral. Other short terms measures such as factoring, invoice discounting, temporary SKU rationalisation and de-listing or various sources of alternative lending may also be used.

Most of these options are predicated on a temporary downturn but what if the effect of the pandemic lasts longer than expected? What other tools can organisations deploy? And what if the market bounces back quicker than expected? What opportunities might be lost when the shape of the demand ramps up or flattens?

Often the most overlooked and cheapest source of cash is the cash trapped in working capital.



Working capital is your cash

In the immediate term, we would suggest to:

- 01 Tackle working capital as an organisation wide challenge**
 Working capital is not just a metric owned by finance but represents the outcome of a number of business activities that sit across all functions of an organisation. The ability to influence working capital, therefore, resides within the business. Many businesses have poor visibility of performance across the end to end cycle, not just around payment terms but a range of other levers that can be complex to identify and even harder to optimise.
- 02 Review operational Cash flow, covenants and collateral**
 Evaluate operational cash flow needs and cash headroom on existing debt facilities. Explore potential sources of collateral for additional borrowing.
- 03 Manage costs**
 Minimize impact of disruptive events by evaluating opportunities to contain costs. Reveal inefficiencies, embrace new methods of working, and establish scalable processes to support both unexpected disruptions and periods of growth. In unprecedented circumstances, cutting around the edges is often not enough, but a re-think of the organisation cost structure and working capital levers is required.

Longer term, all the aspects below should to be integrated and optimised



Working Capital Diagnostic Workshops

Leverage our diagnostic workshop to quickly discover, define and develop impactful solutions.

Working capital diagnostic workshops are very effective working sessions, facilitated online, which enable remote working leadership teams to come together, dissect and understand current challenges and align on key priorities. We will host representatives from key functions, chosen together with you, to take part. These representatives will include those from Finance, but not exclusively so. We recognise that time is precious, particularly in times of crisis but we believe a wider business perspective is required to obtain results and buy-in.

The sessions that we run are high intensity, utilise advanced data analytics, our understanding of key value drivers, and our deep expertise surrounding best practices to analyse current opportunities and implement improvements that free up cash and generate significant efficiency. An example of some of the drivers we will explore during the session is depicted below:

Procure to Pay (PtP)	Forecast to Fulfil (FtF)	Order to Cash (OtC)
Purchase Processing and Execution	Integrated Business Planning	Selling Price Setting
Payment Processing and Execution	Demand Planning	Payment Term Setting and Management
Purchase Price Negotiation Strategy	Inventory Management	Overdue and Bad debt Management
Payment Term Setting and Management	Supply Planning	Invoice Processing and Execution
Vendor Relationship Management	Supply Chain Flexibility	Collections Processing and Execution
		Trade Credit (Risk) Management



We will provide:

Structured, professionally-facilitated virtual working capital workshops, enabling your colleagues to participate in the session wherever they are in the world

Provide best practices to assess available improvement opportunities

Data analytics of your organisation performance

Tangible set of improvement opportunities and a roadmap for execution

Our commitment to you is that we will accelerate the identification of improvement opportunities, draw attention to leading practices, challenge your team to think differently and open your eyes to the art of the possible.



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