

Rapid Working Capital Diagnostic for liquidity improvement

Identifying impactful and actionable value creation opportunities for AR and AP

It is critical to control your short-term cash needs in the face of declining sales prospects.

The speed and effectiveness of businesses' response to the current economic situation will be tested in the coming months. In certain cases, the scale and urgency of the short-term working capital

requirements of our clients have taken the company's management team by surprise, emphasising the need to act swiftly and decisively.

Therefore, all businesses should focus on optimising working capital by identifying 'quick win' self-help measures to deliver rapid, tangible cash release.

How Deloitte can help

Even though cash improvement is top of the agenda, we understand that resources, capabilities, and time are limited. Therefore, we provide a low-barrier, rapid diagnostic, which is able to identify the first areas of cash lost and deliver an outline for what value could be achieved through working capital optimisations, including how to measure and track them.

With our Rapid Working Capital Diagnostic, we provide actionable recommendations through data analytics within two weeks.

The opportunity

Most companies experience leakage in their accounts receivable and accounts payable. Therefore, these are the first areas to be investigated to identify quick wins and long-term structural improvements.

- **Accounts receivable:** Improving customer collections and strengthening processes and policies for issuing credit and recovering debt.
- **Accounts payable:** Aligning payment strategies, streamlining business processes by reducing complexity, and enhancing contract compliance.

10-12 working days

Rapid Working Capital Diagnostic

- Gain **quick insights** into the business's current AR and AP performance and main areas of cash lost
- Obtain an **initial approach to capture opportunities** to improve working capital rapidly during a workshop
- **Understand the possibilities** of using analytics in improving working capital with an insightful dashboard

Possible subsequent steps

Working Capital Improvement Programme

- Receive a **prioritised, actionable, and detailed roadmap** for improvement opportunities for the full cash conversion cycle
- Get a **customised comprehensive dashboard** to track and measure working capital performance, which can be embedded and implemented in an existing business' operations
- **Optimise and implement processes and operations** for structural working capital improvements

Our approach

Your company provides 2-3 years of historical company AR and AP data on invoice level, and when available, customer/vendor master data for further analytical insights. Using data analytics, we are able to rapidly structure and analyse the details of your data and provide you with actionable insights via our rapid working capital dashboard.

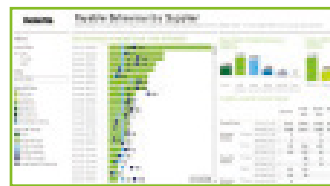
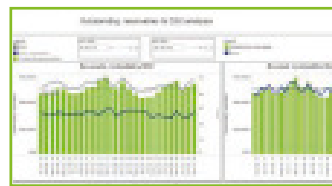
The analysis and insights will be presented in an (online) workshop where we discuss with management the findings and recommendations, as well as a possible roadmap and next steps.

The dashboard is available for you for further own analysis. It can be extended with additional areas and analyses, and it can also be updated on recurring basis to keep track of the progress.

Rapid Working Capital Diagnostic areas

The Rapid Working Capital Diagnostics analysis will answer questions such as:

- Which customers are structurally paying late?
- What is the overall trend on the payment terms and actual and recent changes in customer payment behaviour?
- Do we see a specific area, category or group of customers showing specific payment behaviour?
- Which supplier invoices are paid early on a structural basis?
- What is the spread of the vendor payment terms for the major customers and suppliers?
- What are the major invoices to be paid which need to be tracked in the upcoming weeks? Which invoices could be paid later?



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