

The background of the slide features a dark blue, textured surface. In the center, there is a large, bright, circular opening that resembles a keyhole. This opening is framed by a series of concentric, glowing rings in shades of blue and green. The rings are more densely packed on the left side, creating a sense of depth and light emanating from the center. The overall effect is one of mystery and discovery, with the light from the keyhole illuminating the surrounding area.

Deloitte.

**Unlocking hidden
cash: enhancing
profitability and
financial agility**

Use working
capital and liquidity
management to
build long term
financial health

When it comes to business—it's cash in the bank that matters

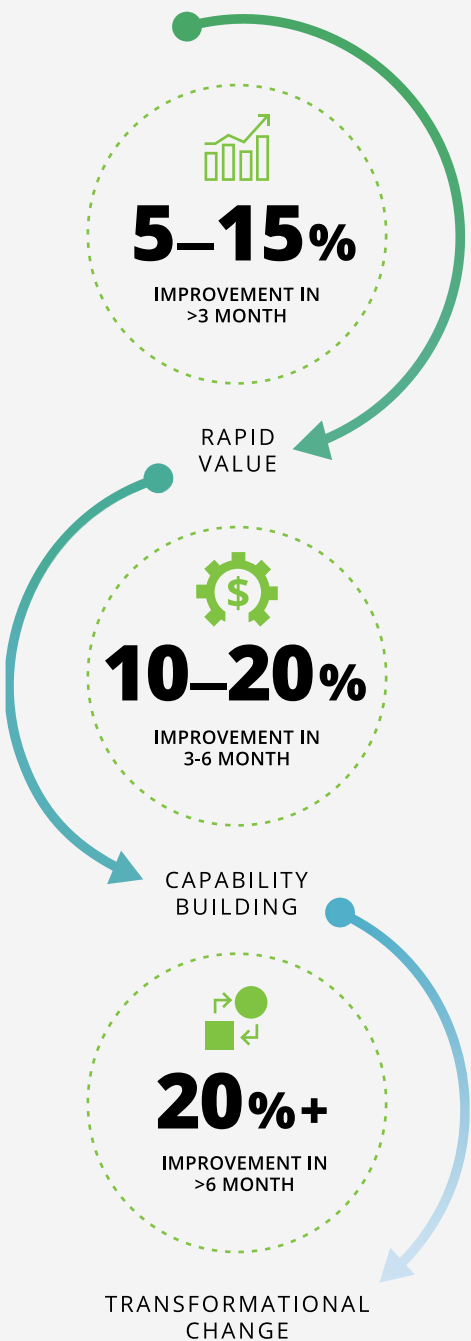
Creating and accelerating sustainable value through working capital improvements and a cash-focused culture

Optimizing working capital and maximizing cash flow in a disruptive market

As boards of directors and executive leadership teams continue to grapple with increasing interest rates, high inflation, supply-chain challenges, tight labour markets, reduced funding access, and changing international economic landscape, measures are needed to build a cash-focused culture.

Whether your company is thriving, under pressure, or going through a transformational event, your business can benefit from a review of your working capital and cash management practices. A disciplined, structured approach can drive operational efficiencies, free up cash, and encourage performance-oriented behaviours.

Optimize working capital investment with Deloitte



Turn good practices into unbreakable habits

Free up between 10 to 20% of your invested working capital by setting a strategy, assigning ownership, communicating the way forward, and developing a robust execution plan

Warning signs and execution

Leadership teams typically focus on growth and profitability yet fail to establish the necessary controls and processes to minimize cash leakage. A strategic approach to working capital requires an enterprise-wide strategy, collaboration and input across all business units and functions, and clearly defined key metrics aligned to your enterprise's overall objectives.

Signals that leakage exists in your business

- Complex and decentralized structure
- Continued failure to achieve working capital targets
- Working capital metrics not aligned with industry norms
- Potential/actual covenant breaches
- Increased use of external financing to support day-to-day operations
- Multiple and outdated contractual terms across customers and vendors
- Weak process and control environment leading to lost vendor discounts
- Issues with demand forecasting and inventory management

Deloitte Working Capital & Liquidity Advisory can help

STEP 1



Maturity assessment and leakage analysis

- Use industry benchmarks and proprietary data to identify gaps relative to industry peers.
- Conduct a maturity assessment of policies and processes to identify where best practices are not being followed.

STEP 2



Strategy and roadmap development

- Develop a working capital strategy, which mitigates enterprise risk and reduces cash conversion cycles.
- Build execution playbooks with clear targets and accountability, supported by dynamic reporting tools, and a governance structure to support your strategy.
- Define specific and measurable financial and operational key performance indicators and incentive plans to monitor results.

STEP 3



Execution and change management

- Assign and align your working capital ownership and governance structures.
- Update and document your new policies, processes and procedures.
- Apply change management strategies to secure cultural engagement so savings stick.

Faster insights lead to more decisive action

Unlocking \$230M in trapped cash for a global retailer



ISSUE

We were engaged by a multi-billion dollar retailer to assess their level of working capital investment and the maturity of their policies and processes relative to their Accounts Receivable, Accounts Payable and Inventory Management.



ACTION

Leveraging our proprietary data analytical tools, our transaction-level assessment helped management to identify financial leakage in their working capital cycles as well as gaps in policies and processes compared to leading practices.



OUTCOMES

Over a six-month period, we partnered with the client to implement a revised working capital strategy, associated operating model, necessary KPIs, and dashboards, releasing \$230M of trapped cash and increasing EBITDA by \$32M.



Expansion opportunities that don't rely on external funding

Reducing a company's reliance on credit



ISSUE

After years of significant growth through acquisitions, this client engaged Deloitte to optimize their working capital across their diverse group of companies to free up cash flow and increase operational excellence.



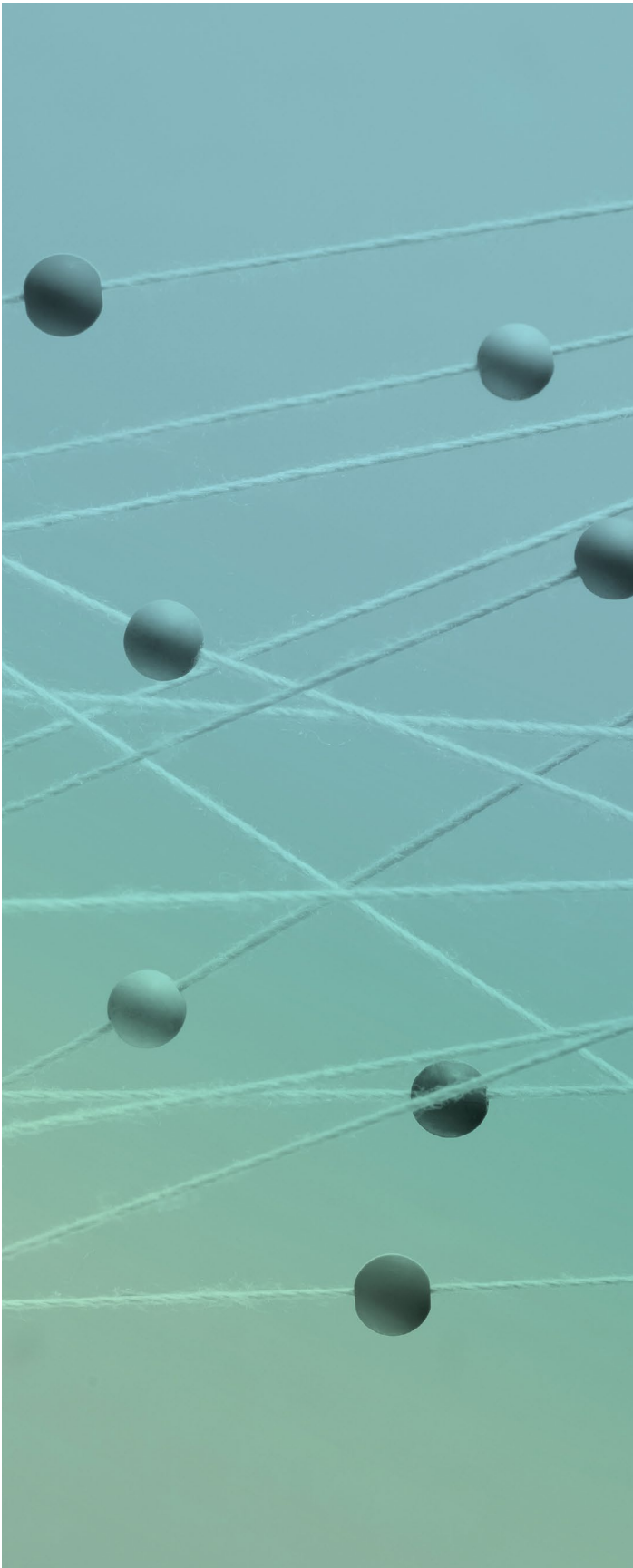
ACTION

By analyzing transactional data across multiple enterprise resource plans, entities and countries, our team identified the root cause of issues in their Accounts Receivable and Accounts Payable functions.



OUTCOMES

Our efforts lead to a 20% reduction in the use of their credit facility, 30% increase in standardization of policies and processes across the varied group of companies, and a significant cultural shift to improve performance.



Plugging the holes to stop your cash leakage

Optimizing integration and cash conversion efficiencies across multiple business units



ISSUE

Following a failed sales process, Deloitte was engaged by the Private Equity Fund whose portfolio company is one of Canada’s largest independent surgical partners, to support with the performance improvement opportunities in working capital management.



ACTION

By conducting gap analysis in working capital and cash management processes, our team identified the leakages and financial control risks in accounts payables, accounts receivables and cash flow forecasting.



OUTCOMES

Our efforts led to reconciling vendor spends, capturing backlogged invoices and helping clear vendor holds and developing payment prioritization methodology. We supported the client to design management tools and reporting to increase visibility of actual vs planned results.



THE BOTTOM LINE:

Engage Deloitte's Working Capital & Liquidity Advisory team for:

- Global scope and local solutions
- Proprietary data and analytical tools for accelerated speed to value
- Financial and operational performance and efficiencies
- Cross-organizational change to create a cash culture and mindset
- Cash and liquidity constraints navigated through internal resources versus external sources

Contact us

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