

WORKING CAPITAL MANAGEMENT: VISIBILITY AND INSIGHTS



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WHAT

A macro view of improving working capital and liquidity management through comprehensive visibility, common goals, consistent metrics and a unified approach.



WHEN

Tuesday, July 26, 2022
11:00 AM – 12:00 PM EDT



WHERE

Live online presentation
Replays at StrategicTreasurer.com



FP&A

Certified Corporate
Financial Planning &
Analysis Professional



This presentation is provided by Strategic Treasurer and TIS.

ABOUT THE SPEAKERS

GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



CRAIG JEFFERY

Craig Jeffery formed Strategic Treasurer in 2004 to provide corporate, educational and government entities direct access to comprehensive and current assistance with their treasury and financial process needs.

His 30+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.



JONATHAN PAQUETTE

Jon Paquette is Vice President of Solutions with TIS. In his role, he assists clients and prospective clients in finding the best use of the technology that TIS offers to solve their organizational challenges. Prior to joining TIS, Jon held various Finance and Treasury positions in U.S.-based organizations. Most recently, Jon held the role of Senior Director, Treasury for a large health care organization. Jon holds a BA in Economics from Merrimack College and an MBA from the Carroll School of Management at Boston College.

TOPICS OF DISCUSSION

KEY AREAS OF FOCUS &
ANALYSIS



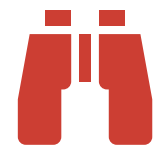
WORKING CAPITAL

DEFINING THE TERMS



CASH CONVERSION CYCLE

EFFICIENCY AND LIQUIDITY



VISIBILITY

FOR FORECASTING



UNIFIED VIEW

SOLUTIONS FOR WORKING
CAPITAL MANAGEMENT



METRICS

MEASUREMENTS FOR
SUCCESS



KEY TAKEAWAYS

AND FINAL THOUGHTS

WORKING CAPITAL

DISTINCT FORMULAS



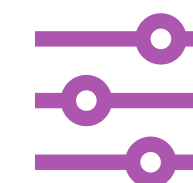
WORKING CAPITAL (WC)

Accounting | Bank

Current assets (includes cash)
- Current liabilities

WC

↑
Ability to meet obligations as they come to you.



NET ADJUSTED WORKING CAPITAL (NAWC)

Treasury

Accounts receivable
+ Inventory
- Accounts payable

} (doesn't include cash)

NAWC

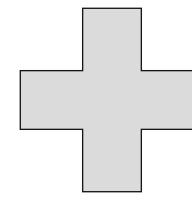
↑
Cash in cash conversion cycle (CCC)

MEASURE OF EFFICIENCY

CASH CONVERSION CYCLE



AR: **Days** Sales Outstanding (DSO)



Inventory: **Days** Inventory Outstanding (DIO)



AP: **Days** Payable Outstanding (DPO)

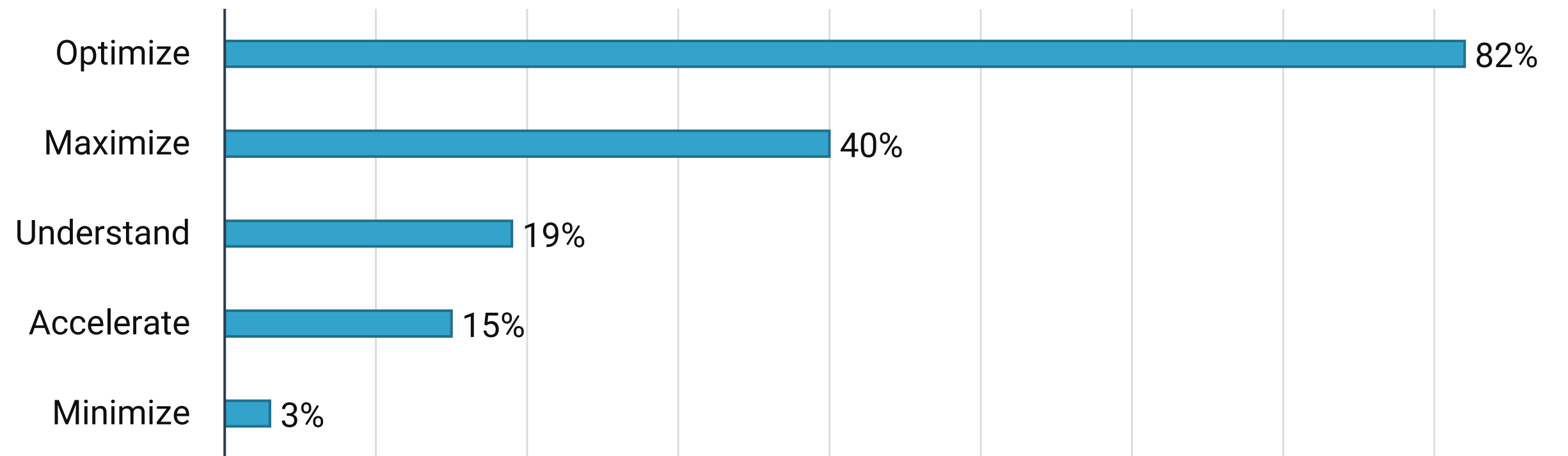
Measure of Process Efficiency

in

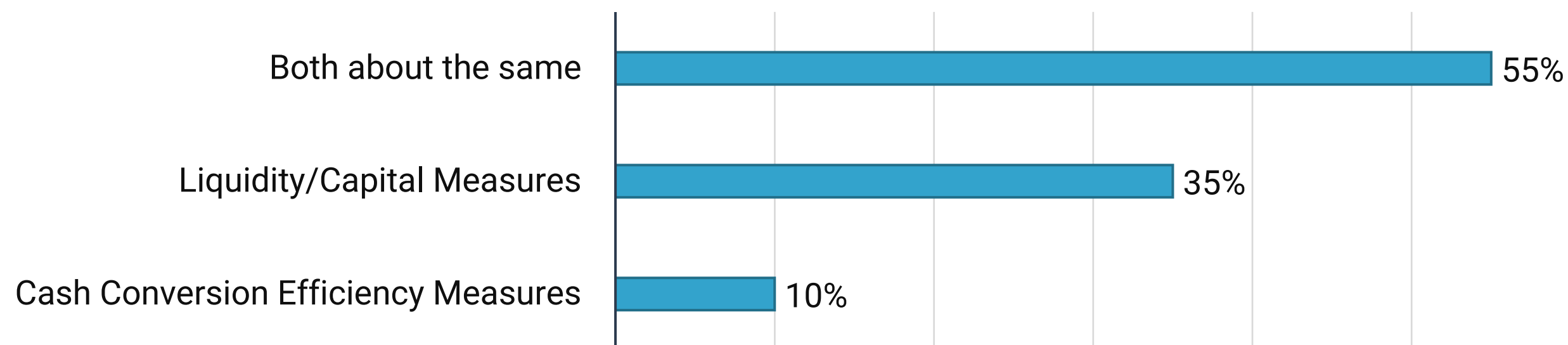
→ **DAYS** ←

POLL QUESTION

We want to _____ working capital? (All that apply)

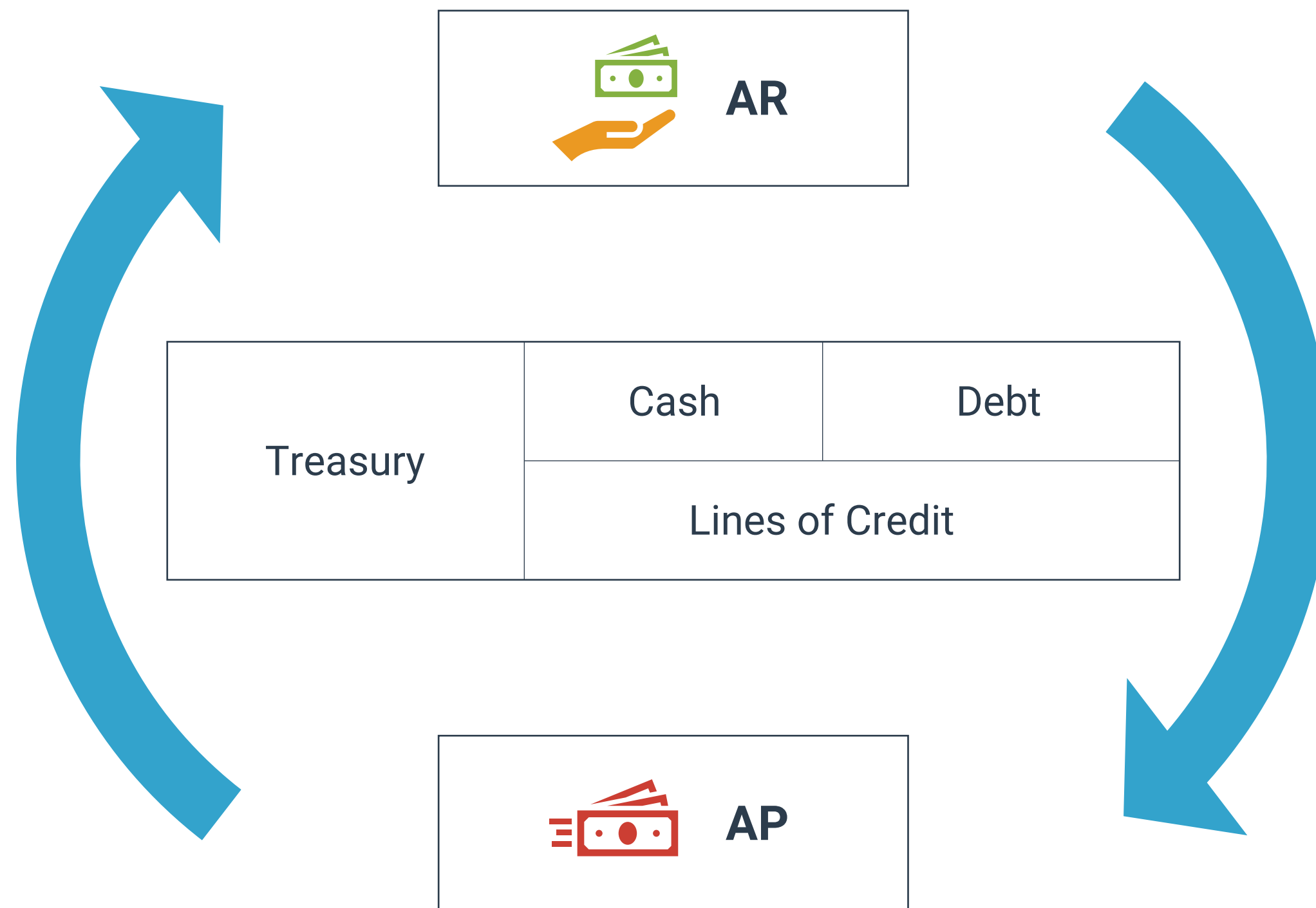


Our company is focused mainly on:



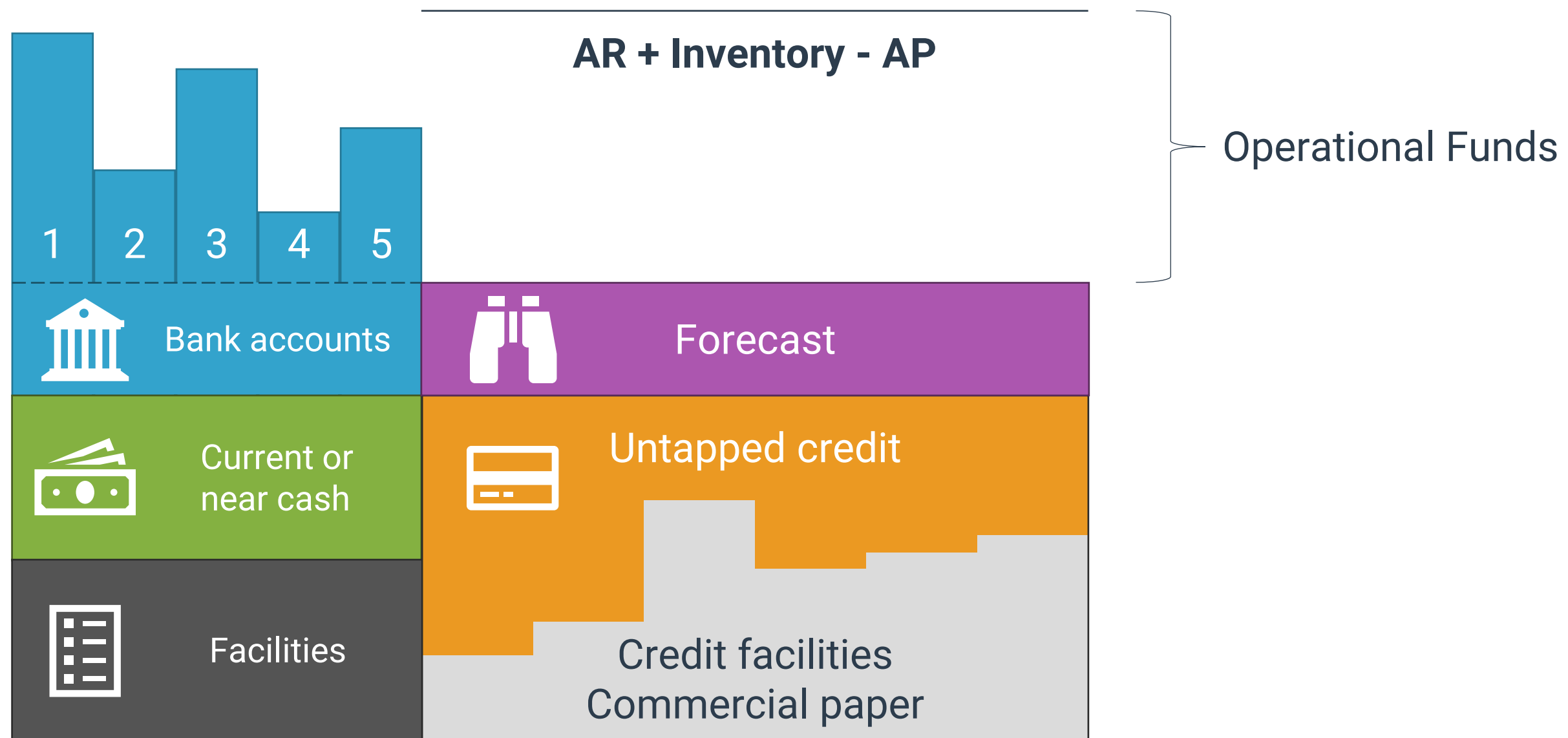
CASH CONVERSION CYCLE

SEEING LIQUIDITY



CURRENT AND FUTURE

VIEWING CASH AND CREDIT



VISIBILITY

TO BANKS AND ACCOUNTS FOR FORECASTING



- All banks
- All accounts
- Credit facilities
- Commercial paper

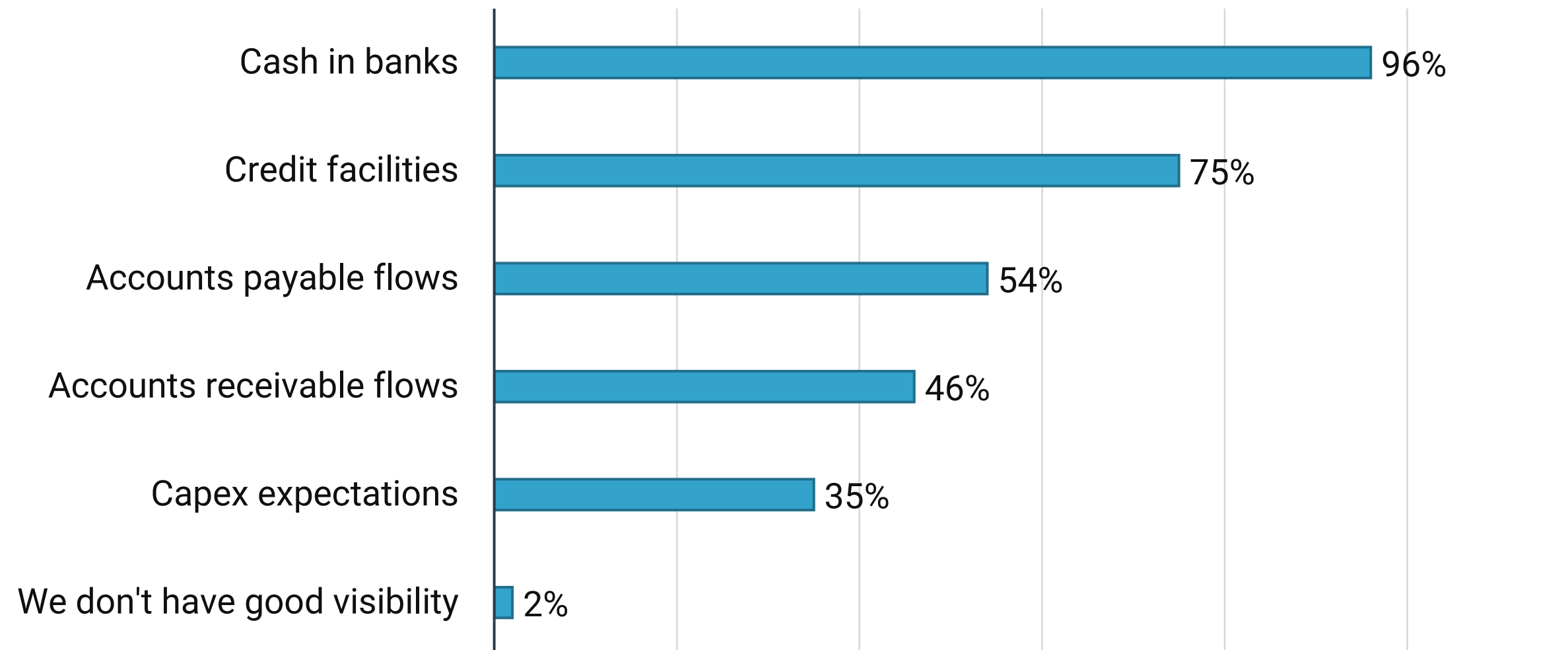
Current liquidity snapshot



I need to know this

POLL QUESTION

We have good visibility to: (All that apply)



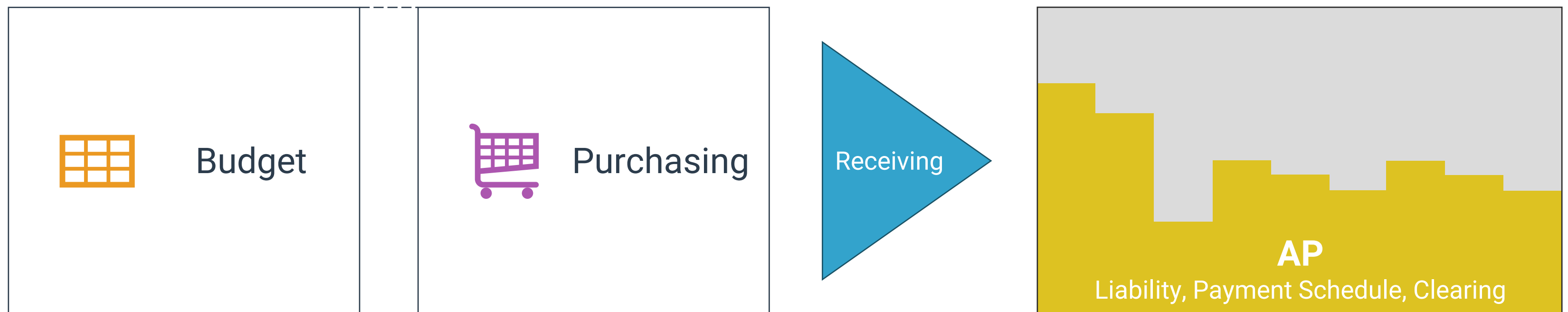
VIEW TO ACCOUNTS RECEIVABLE

SALES TO AR



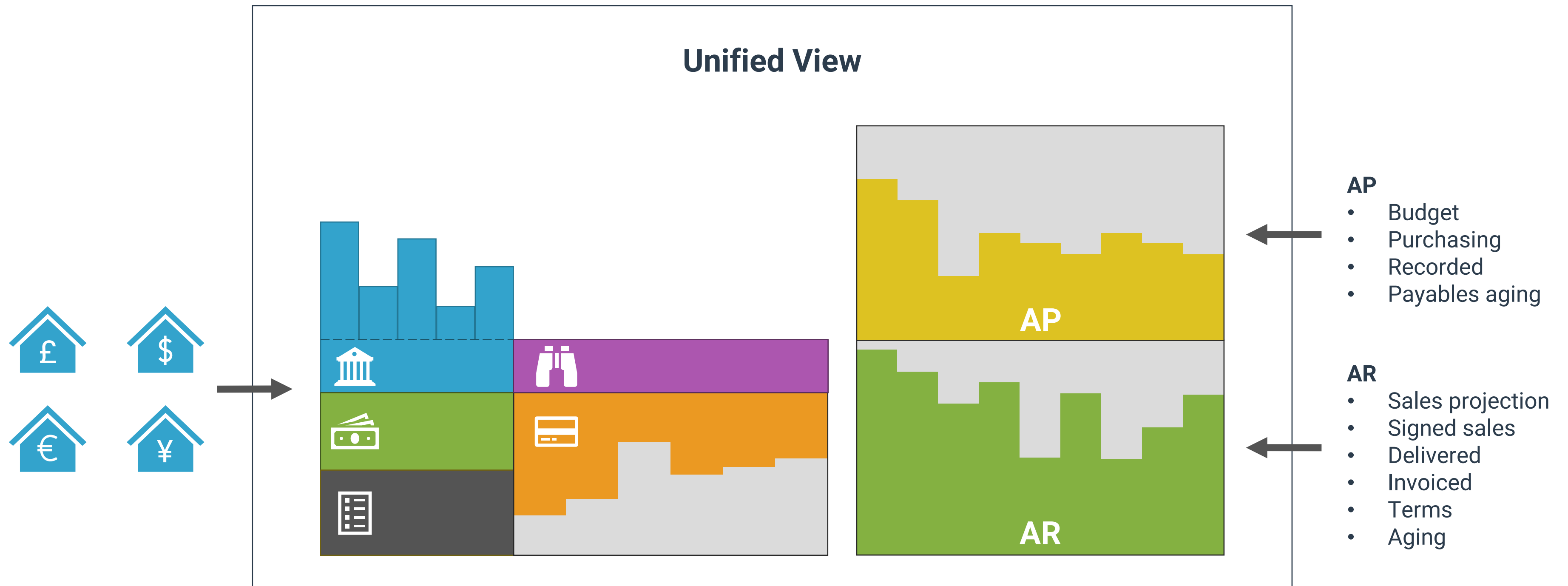
VIEW TO ACCOUNTS PAYABLE

PURCHASING AND AP



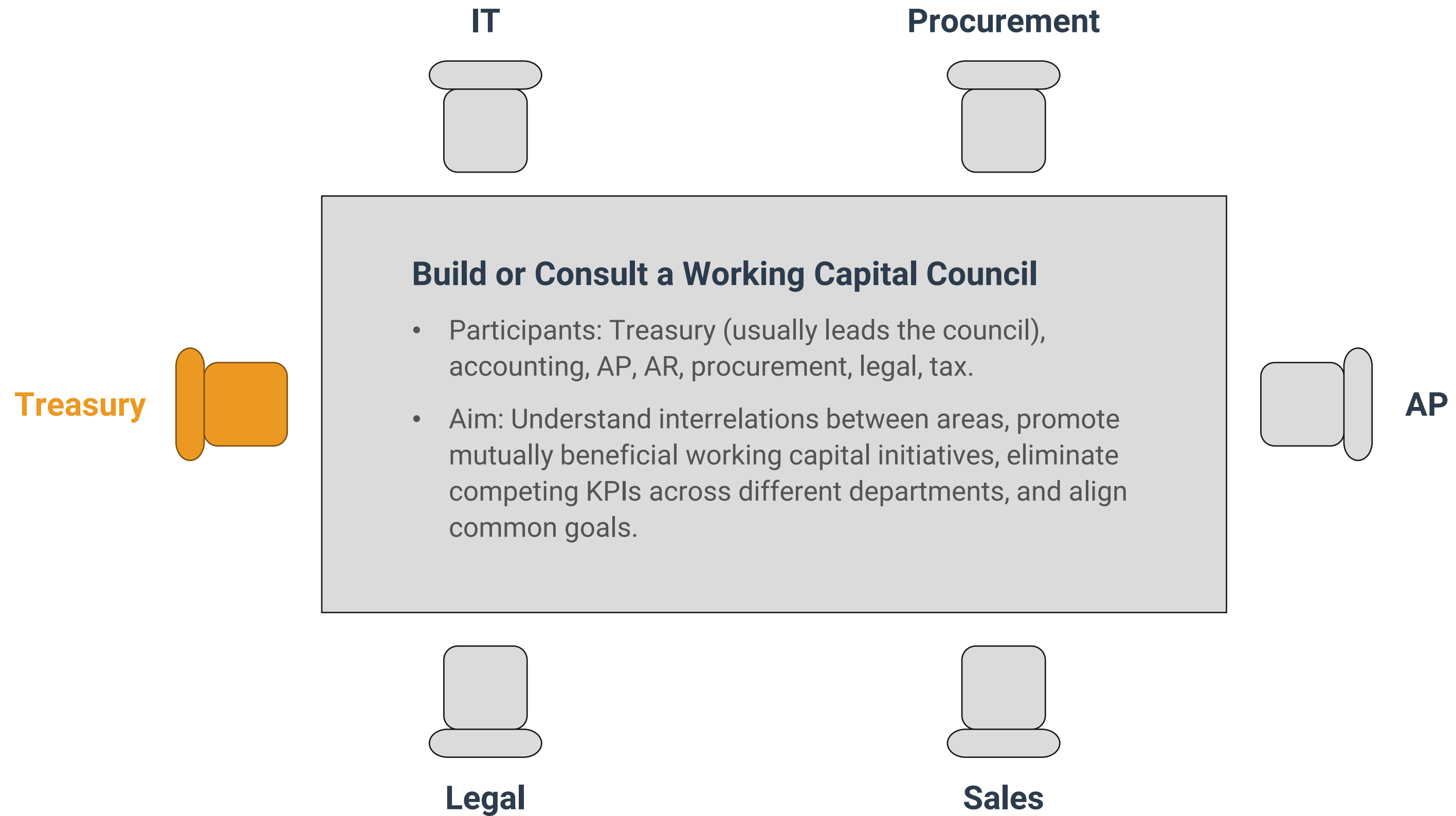
HOW DOES THIS WORK?

BRINGING IT ALL TOGETHER



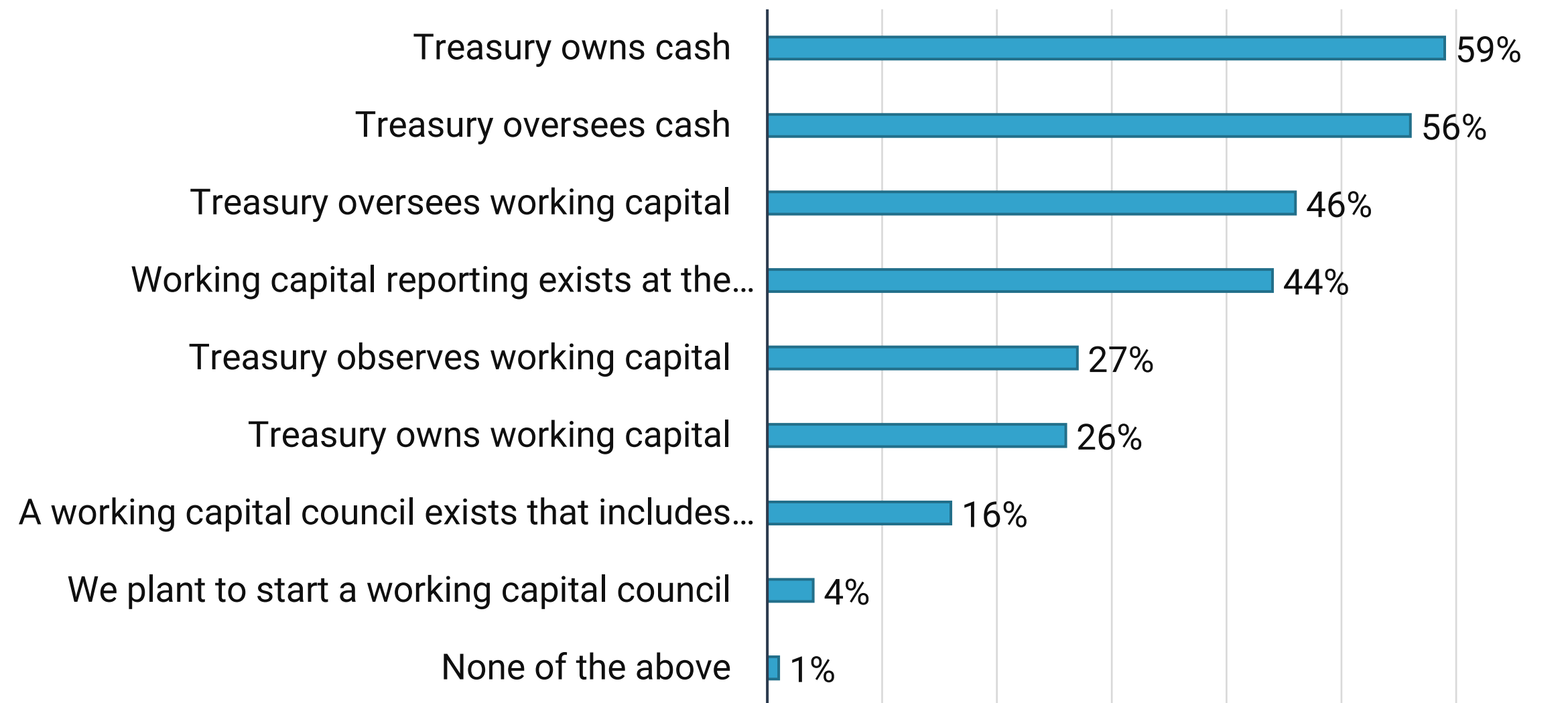
WORKING CAPITAL COUNCIL

PROMOTING UNIFIED INITIATIVES AND METRICS



POLL QUESTION

From a Working Capital Management perspective, the following is true/mostly true: (All that apply)



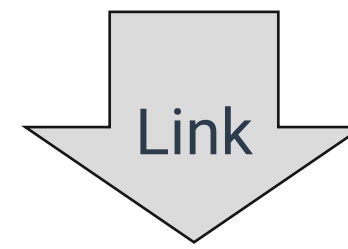
METRICS

WHAT TO MEASURE



Efficiency

- Days



Capital & Liquidity

- How will a change in my business model, type of customers, etc. provide or require cash?



Working Capital

- Distinct from
 - AR, AP, inventory
 - Cash

KEY TAKEAWAYS

IDEAS AND POINTS TO BRING BACK TO THE OFFICE



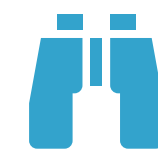
ALIGN KPIs

- Avoid competing KPIs
- Understand the process



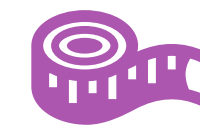
EQUIVOCATION OF TERMS

- Working capital
 - Ability to meet obligations as they come due
- Working capital
 - Capital tied up in AR, inventory, AP



VISIBILITY

- Can't manage what you can't see well
- Start and expand



METRICS

- Understand the different purposes
- More working capital or less?
- Business management
 - Great working capital management
 - Efficient processes
 - Excellent capital usage – to support the business

LET'S CONNECT

DON'T LET THE LEARNING END HERE...
CONTACT US WITH ANY FUTURE QUESTIONS

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.



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Episode 208: TIS Acquires Cashforce

This recent acquisition of Cashforce is good news for investors and for the products offered by TIS. Paul and Craig of Strategic Treasurer discuss some of their thoughts on this change.

[Click here to listen](#)