

# PREPARING YOUR CASH FORECASTING STRATEGY FOR MARKET UNCERTAINTY



## KEVIN BELL

Director of Solutions, Trovata

## CRAIG JEFFERY

Founder & Managing Partner, Strategic Treasurer



## WHAT

Consider leading practices for creating a strong cash forecasting strategy to handle whatever turbulence lies ahead.



## WHEN

Thursday, September 22, 2022  
2:00 – 3:00 PM EDT



## WHERE

Live online presentation  
Replays at [StrategicTreasurer.com](https://StrategicTreasurer.com)



**FP&A**

Certified Corporate  
Financial Planning &  
Analysis Professional



This presentation is provided by Strategic Treasurer and Trovata

# ABOUT THE SPEAKERS

## GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



### KEVIN BELL

Kevin has spent over a decade learning and exploring possibilities with tech solutions ranging from public cloud infrastructure to the latest SaaS applications. At Salesforce, he focused on bringing innovative sales, service, and marketing solutions to organizations in the process of digital transformation.

Now with Trovata, he's helping finance and treasury teams understand how advanced technology can be applied to overcome traditional challenges and achieve maximum benefit for their organizations.



### 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.

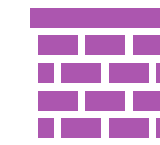
# TOPICS OF DISCUSSION

KEY AREAS OF FOCUS &  
ANALYSIS



## FORECASTING CHALLENGES

POSITIONING THE SITUATION



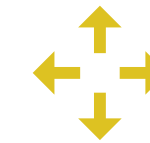
## SUCCESSFUL FORECASTING

BUILDING BLOCKS



## SOUND RESPONSE

MOVING FORWARD



## BECOMING BETTER PREPARED

CHANGING THE APPROACH



## KEY TAKEAWAYS

AND FINAL THOUGHTS

# THE CHALLENGES OF FORECASTING

ACROSS VARIOUS AREAS



## Economic

### Economic disruption

- Seasonal/monthly

### Geopolitical events

- Ever-shifting



## Business

### Business cycles

- Cyclicity/seasonality

### Business shifts

- Geographic/business mix

### Competitive shifts

- Changing market



## Data

### Lack of data

- Historical
- Future oriented

### Bad data

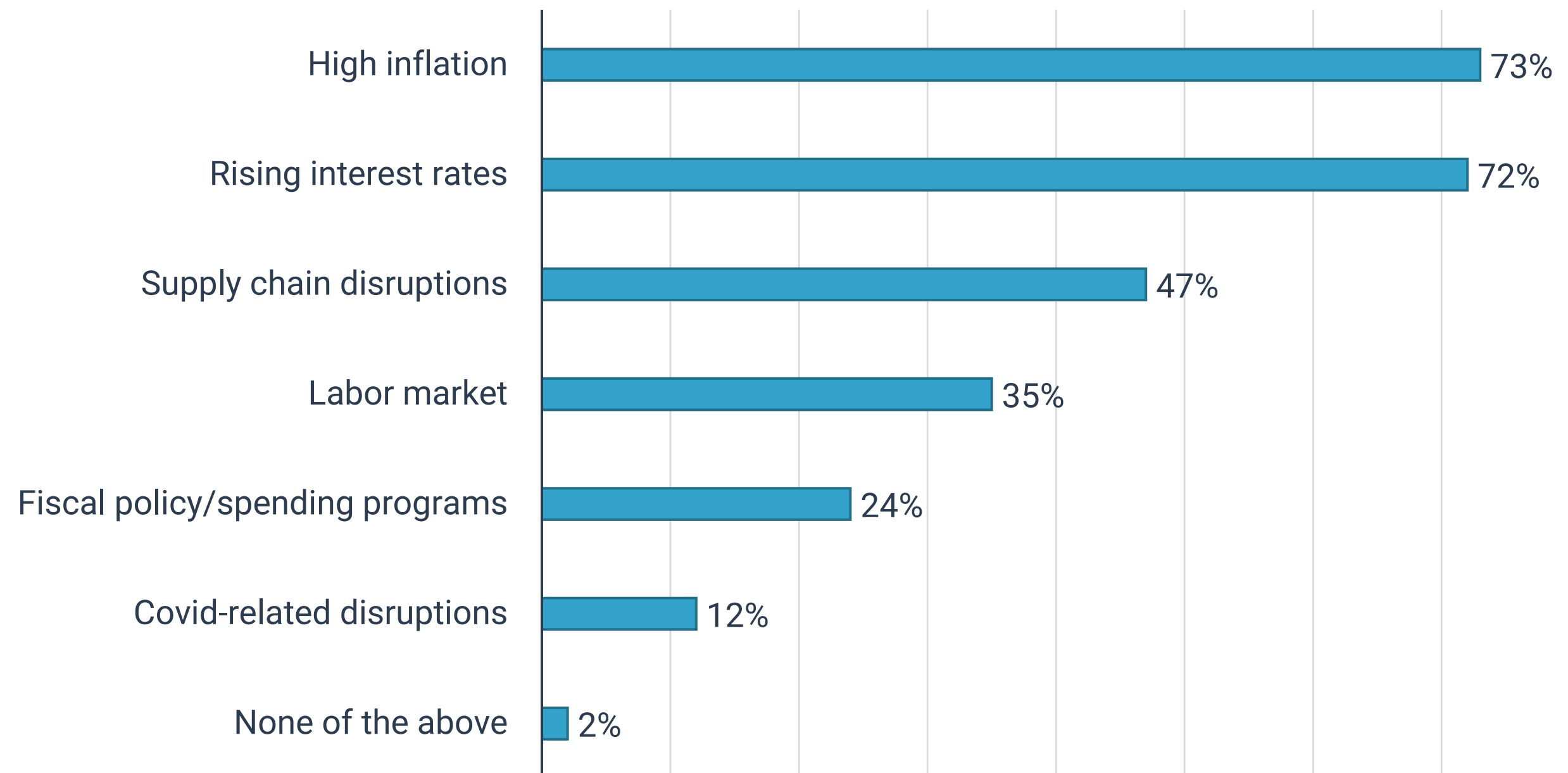
- Incorrect

### Challenging data

- Hard to access
- Slow to access
- In someone's head

# POLL QUESTION

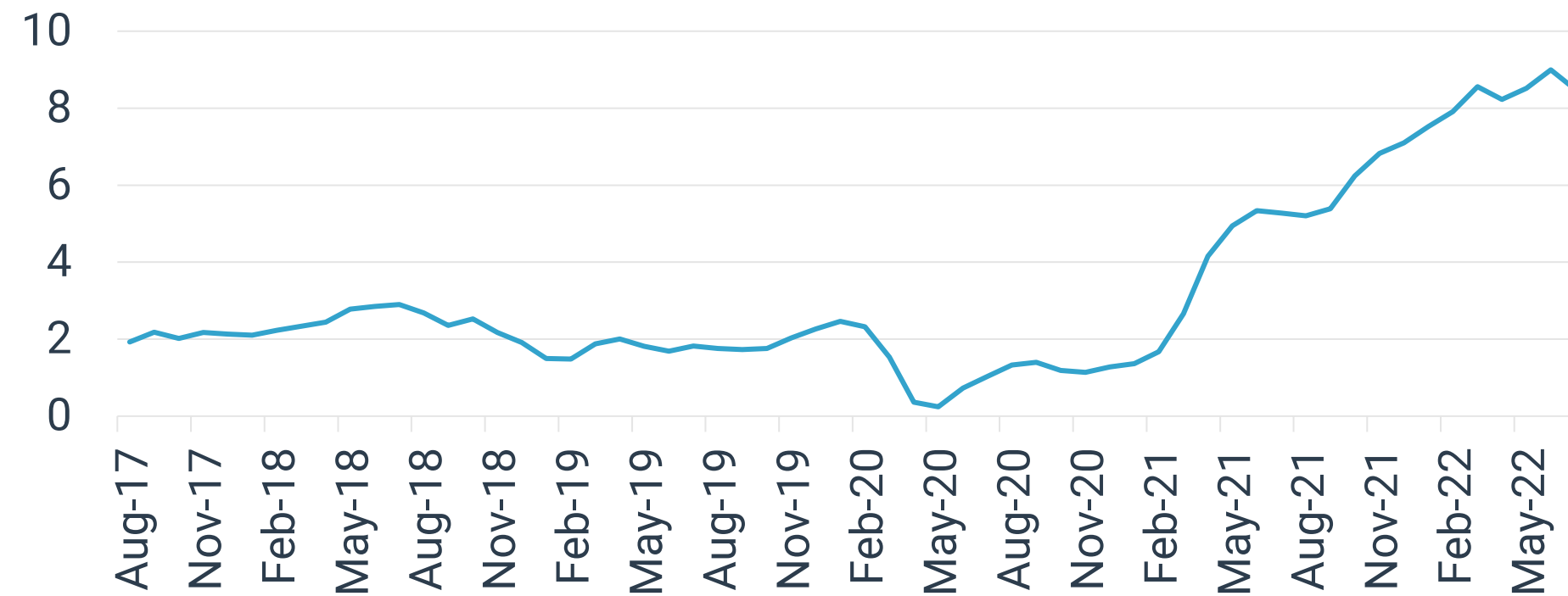
**Which of the following situations cause you moderate to great concerns?**



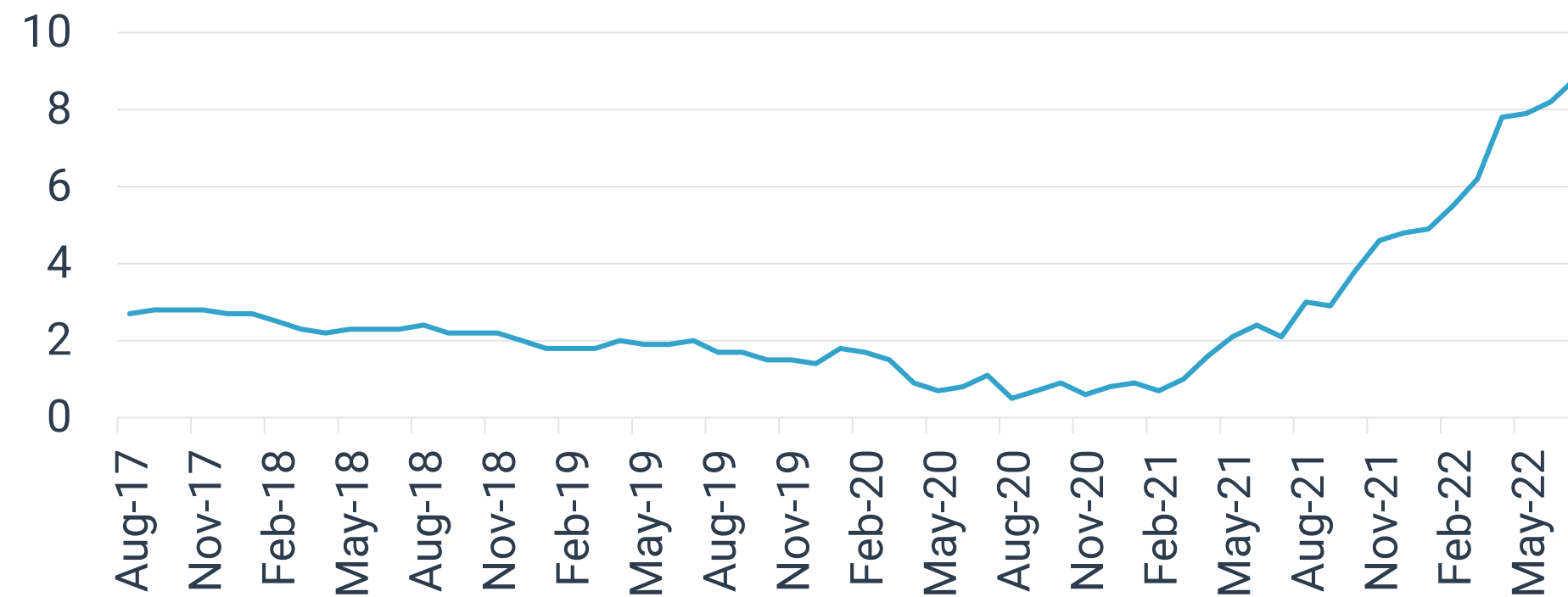
# ECONOMIC CHALLENGES I

## INFLATION

**US Inflation (percent change from year ago)**



**UK Inflation (percent change from year ago)**



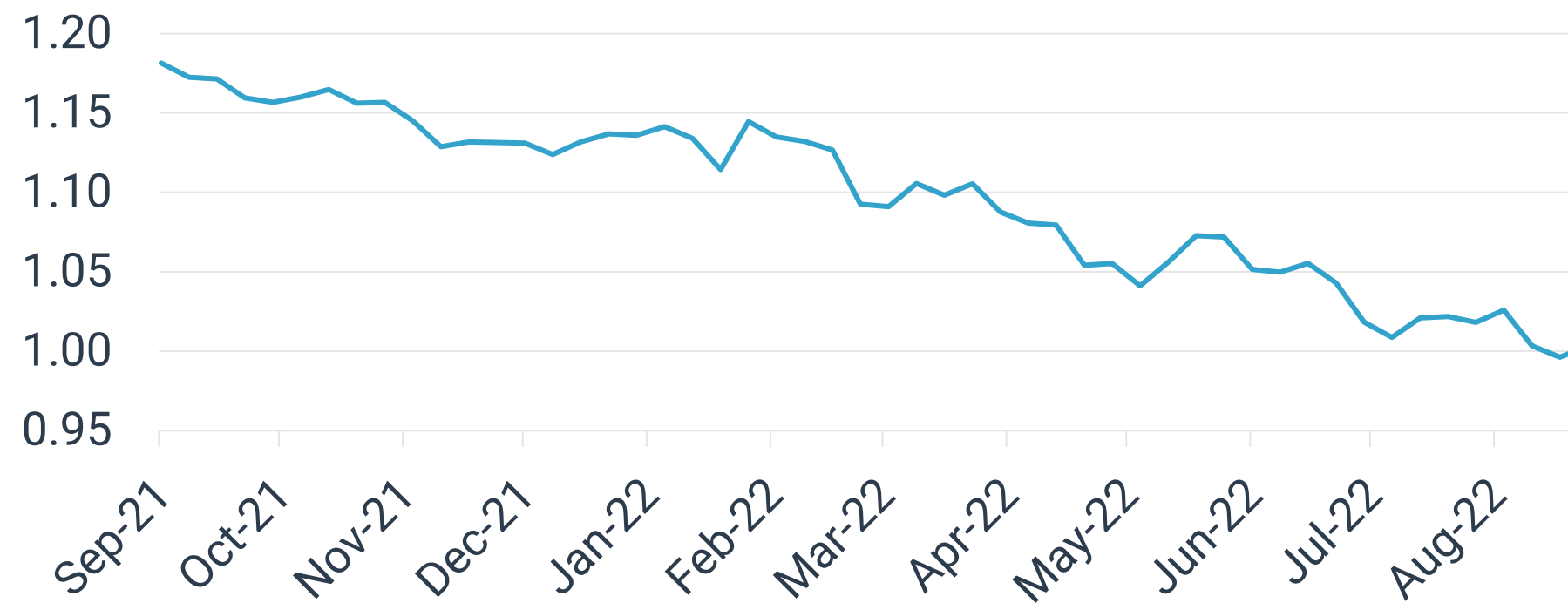
# ECONOMIC CHALLENGES II

## FOREIGN EXCHANGE

### GBP/USD

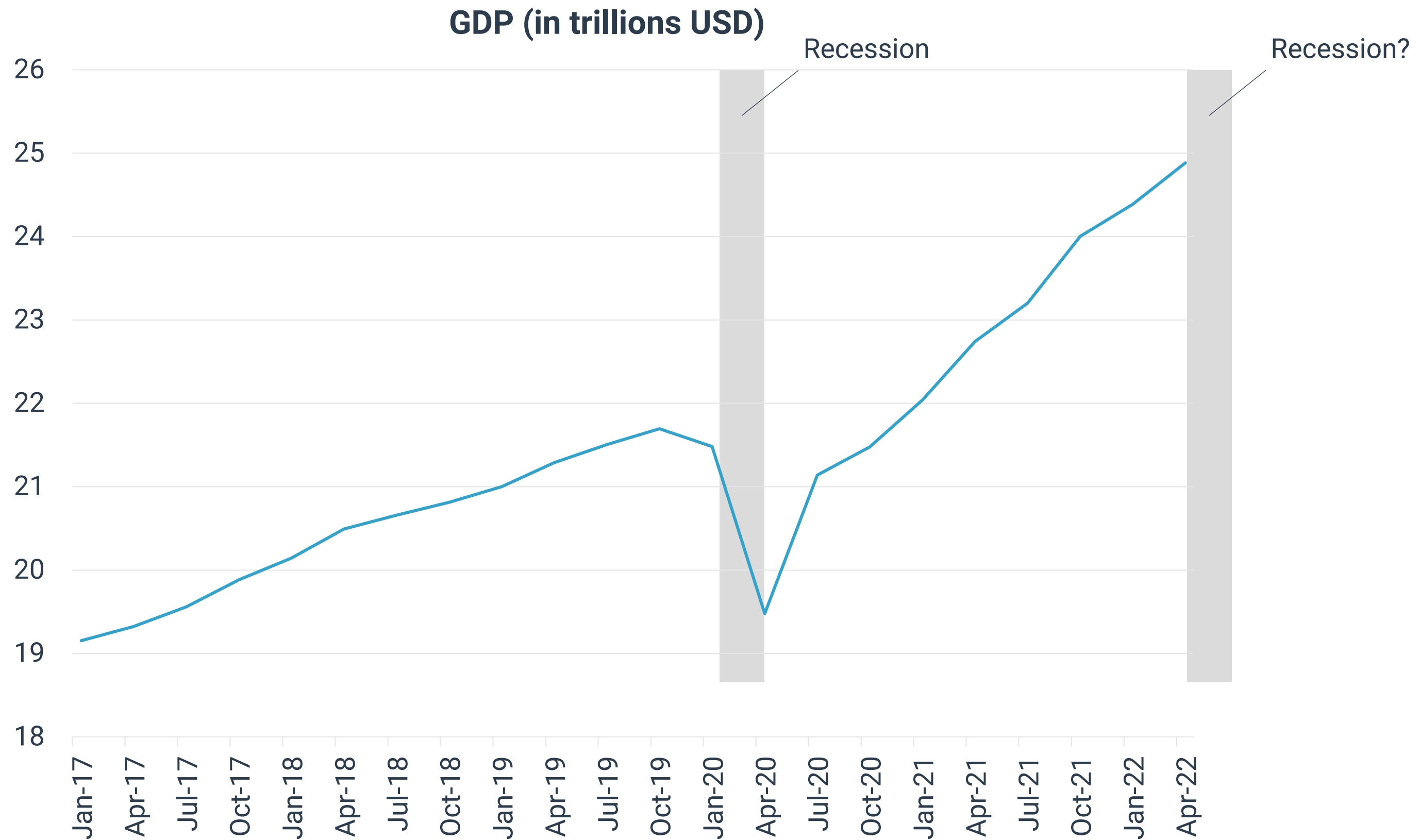


### EUR/USD



# ECONOMIC CHALLENGES III

## US GROSS DOMESTIC PRODUCT





# MASSIVE US PROGRAMS

RELATED TO FISCAL POLICY



**Build Back Better - \$1.7T**



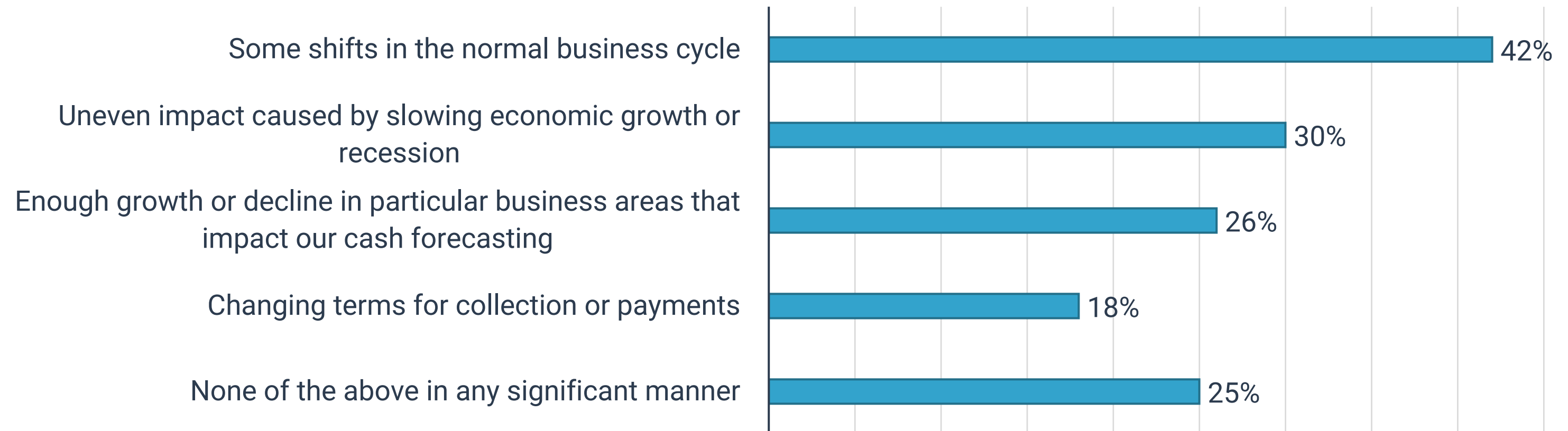
**Student Loan Debt Forgiveness Plan - \$300B – \$500B**



**Inflation Reduction Act - \$670B – \$1.13T**

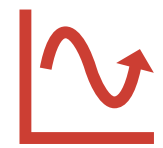
# POLL QUESTION

## Our business is undergoing the following:

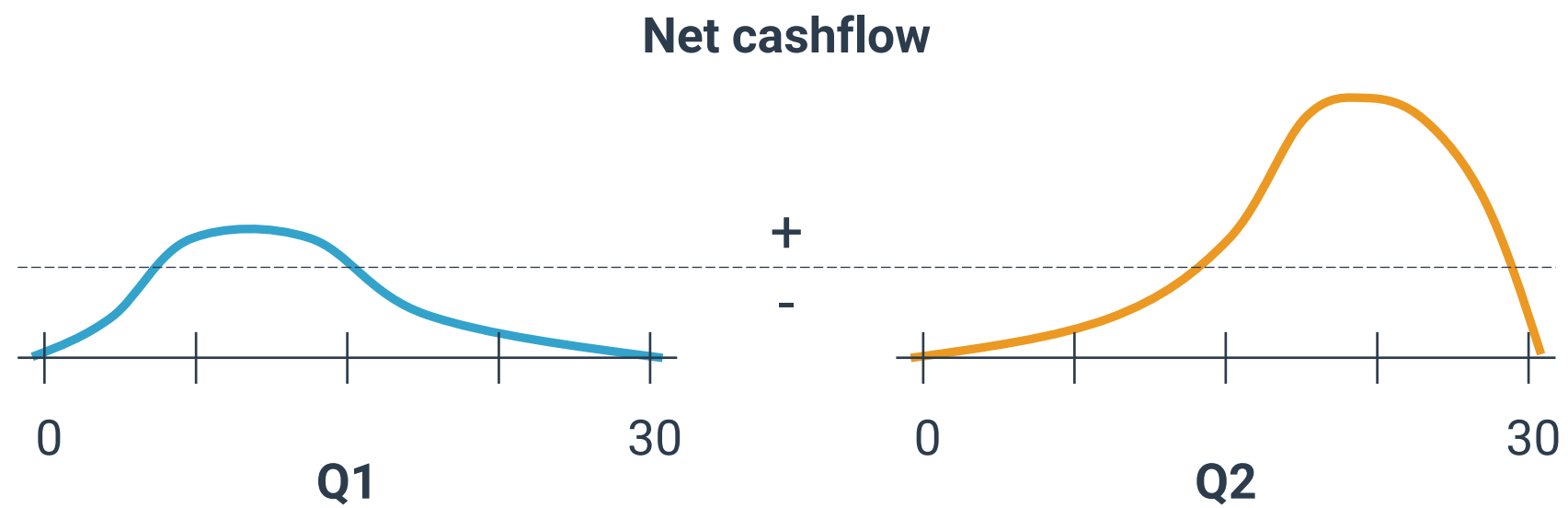


# BUSINESS CHALLENGES

## FROM CHANGING CIRCUMSTANCES



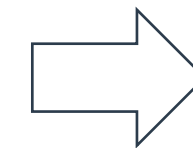
**Business cycles**



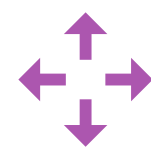
**Business shifts**

Growth in billing

Expanding sales to government



- Impacts DSO > Cash
- Impacts working capital
- 30-day terms
- Heavy requirements before payout
- Net average 55 days



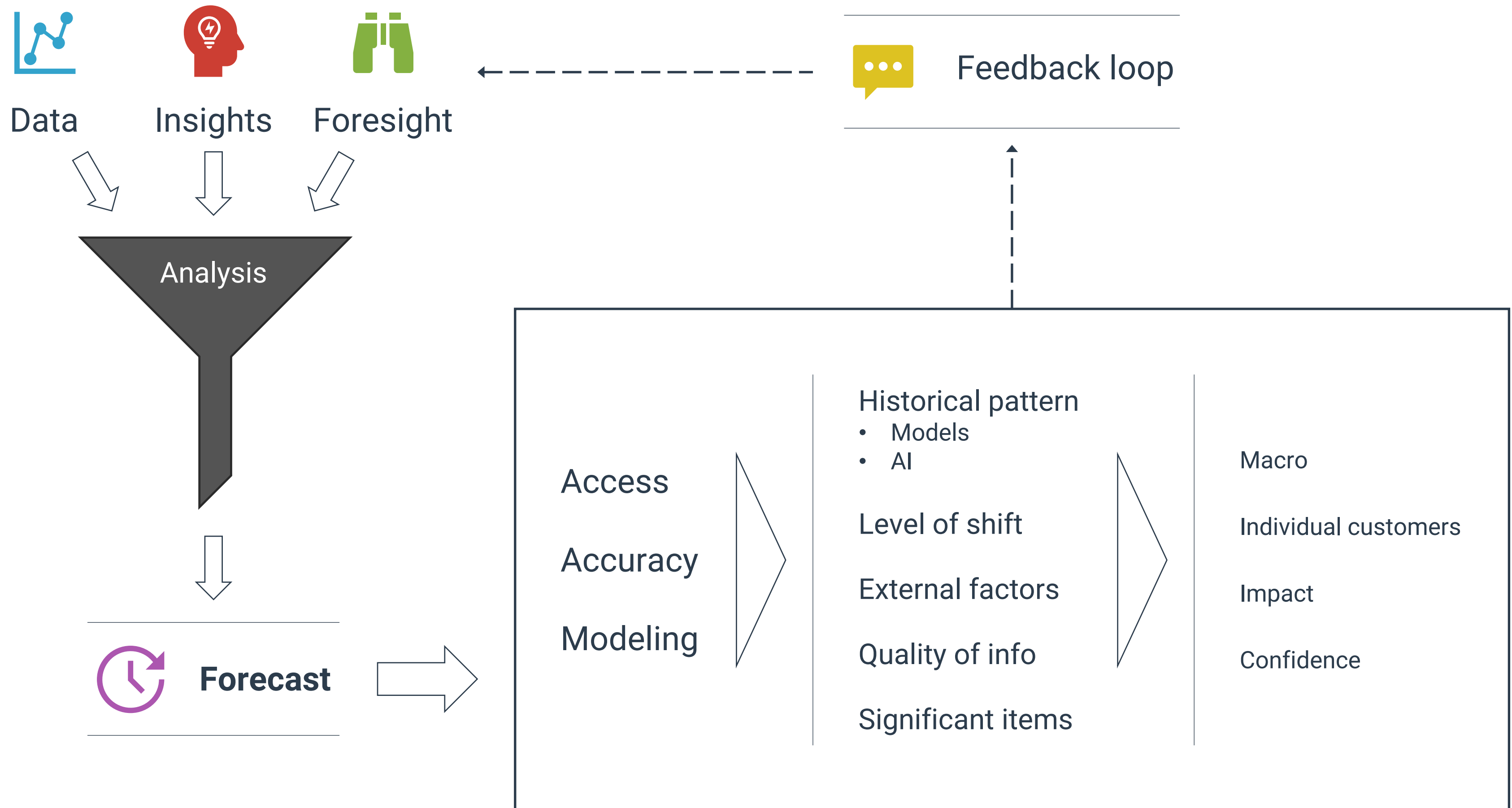
**Competitive shifts**

Moving from 10% international to 40% international in 3 years

Larger foreign exchange exposure

# DATA CHALLENGES

## AND OPPORTUNITIES FOR IMPROVEMENT



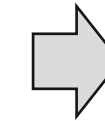
# BUILDING BLOCKS OF FORECASTING

BRINGING IT ALL TOGETHER



## Business understanding

- Understand business cycles/mix
- Understand shifts and drivers

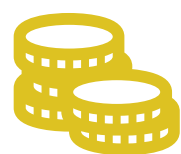


- Cycles, size
- Prior issues and change
- Stability/rate of change
- Dependent/independent variables
- Competitive shifts



## Learning cycle

- Variables
- Variance analysis
- Learning (human and machine)




## Economic environment

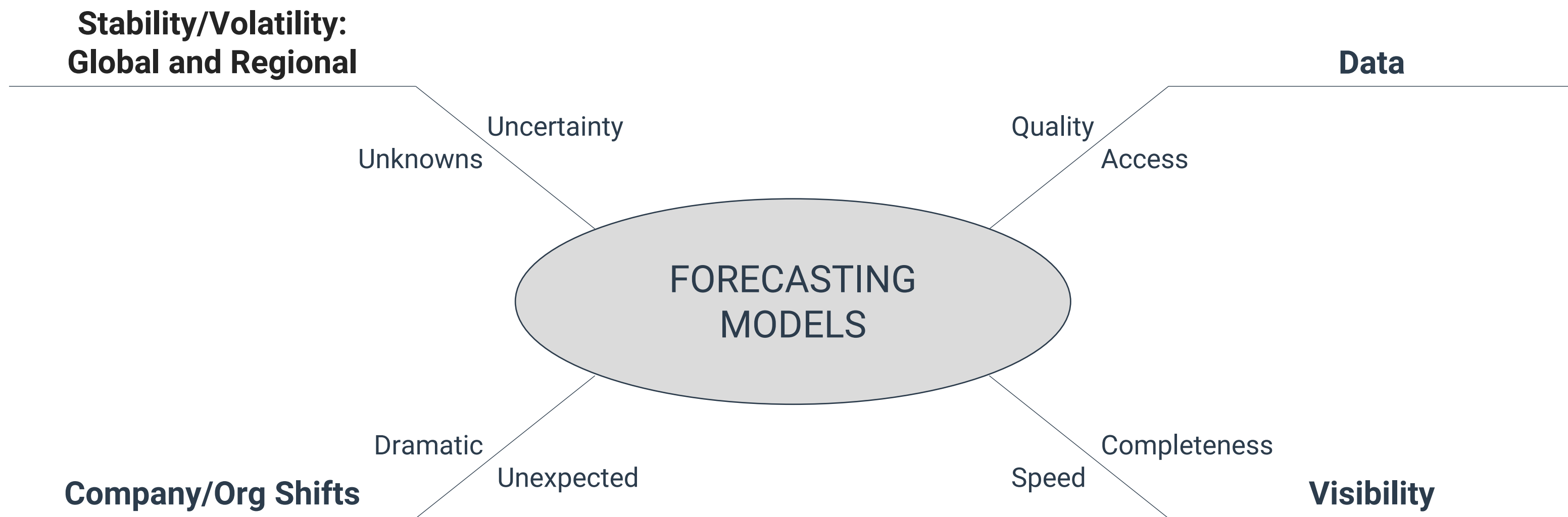
- FX volatility
- Cost of financial instruments
- Recession
- Interest rate shifts
- Customer payment shifts
- Inflation
- Supply chain disruption

# MOVING FORWARD

## CONSIDERING THE FULL PICTURE

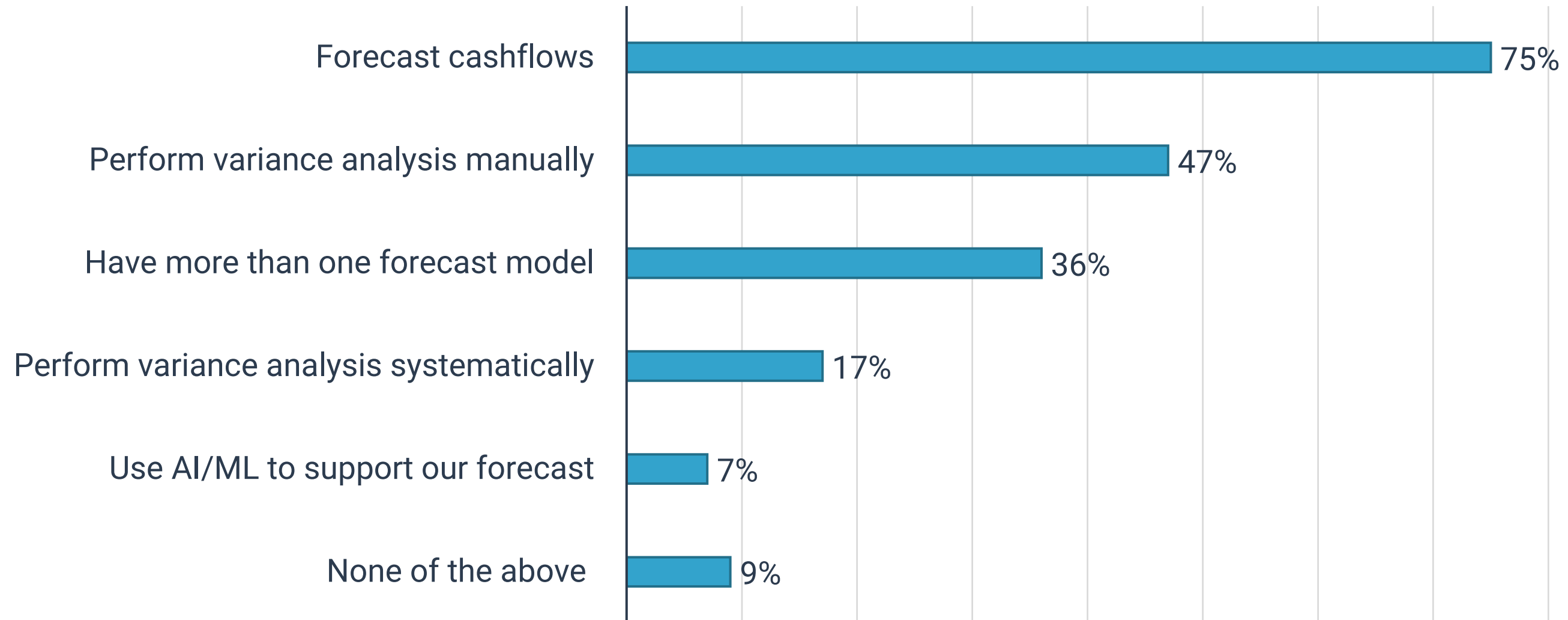


What is happening?  
What do we do?



# POLL QUESTION

**The following is true or mostly true of our organization's forecasting.  
We ...**



# WHAT NEEDS TO BE CHANGED?

BEING BETTER PREPARED FOR UNCERTAINTY



## Variance analysis

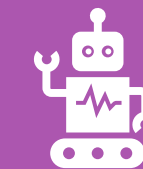
- General human insights

➔ “Legal isn’t sending their big items over.”



## Run forecast models

- More confident borrowing and investment decisions
- Frees up working capital



## Use AI/ML

- Assists and improves
- Continual learning
- Detailed and continual insights

➔ “24% of customers have shifted paying from 30-35 days to 40-45 days.”



# KEY TAKEAWAYS

IDEAS AND POINTS TO BRING BACK TO THE OFFICE



## BUILD YOUR UNDERSTANDING

- Business mix
- Business cycles
- Dependent and independent variables



## MONITOR EXTERNALS

- Economic
- Geopolitical
- External data



## FEEDBACK LOOP

- Human learning
- Machine learning



## ACCESS AND VISIBILITY

- Data quality
- Data access
- Ability to explore

# 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.



## STRATEGIC TREASURER

Craig A. Jeffery,  
*Managing Partner*

✉ [craig@strategictreasurer.com](mailto:craig@strategictreasurer.com)

🎧 [The Treasury Update Podcast](#)

💻 [linkedin.com/in/strategictreasurer/](https://www.linkedin.com/in/strategictreasurer/)



## TROVATA

Kevin Bell,  
*Director of Solutions*

💻 [linkedin.com/company/trovata-io/](https://www.linkedin.com/company/trovata-io/)

💻 <https://www.trovata.io/demo/>



## Listen to Episode 217

*Recent Volatility and Crosswinds: Treasury's Response*

[bit.ly/3RHLTxQ](https://bit.ly/3RHLTxQ)



[Listen now](#)