

WORKING CAPITAL: LEVERS TO SUPPORT CASH PERFORMANCE



ALEX WEISS

Fintech Business Development Manager, Esker

BRIAN RIEBER

VP of Working Capital Solutions, LSQ

CRAIG JEFFERY

Founder & Managing Partner, Strategic Treasurer



WHAT

Considering ways of leveraging technology and using efficient organizational strategies to manage working capital effectively even with limited human resources.



WHEN

Thursday, May 11, 2023
2:00 PM – 3:00 PM EDT



WHERE

Live online presentation
Replays at StrategicTreasurer.com



This presentation is provided by Strategic Treasurer, Esker and LSQ.

ABOUT THE SPEAKERS

GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



ALEX WEISS

Alex Weiss is part of the Esker Alliance team. In his experience as a B2B trade finance specialist, he's worked with customers small and large to optimize their working capital and payments. Alex channels his experience in building online factory and supply chain finance platforms to help integrate digital financial service partners into the Esker ecosystem.



BRIAN RIEBER

Brian Rieber serves as the Vice President of Working Capital Solutions at LSQ. Rieber has more than 20 years experience in the industry. He started his career in accounts payable at IBM. From there, he spent nearly a decade at American Express selling B2B payment solutions, and then at several fintechs and treasury management companies doing working capital management – predominantly AP automation and finance. At LSQ, he focuses on helping companies create supply chain finance programs to meet their liquidity needs.



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



CONTEXT

ECONOMIC ENVIRONMENT



CASH CONVERSION CYCLE

AND MEASURING EFFICIENCY



WORKING CAPITAL

DEFINITIONS



SUPPLY CHAIN FINANCE

GAINING LIQUIDITY



SOLUTIONS

MOVING FROM MANUAL TO
AUTOMATED



KEY TAKEAWAYS

AND FINAL THOUGHTS

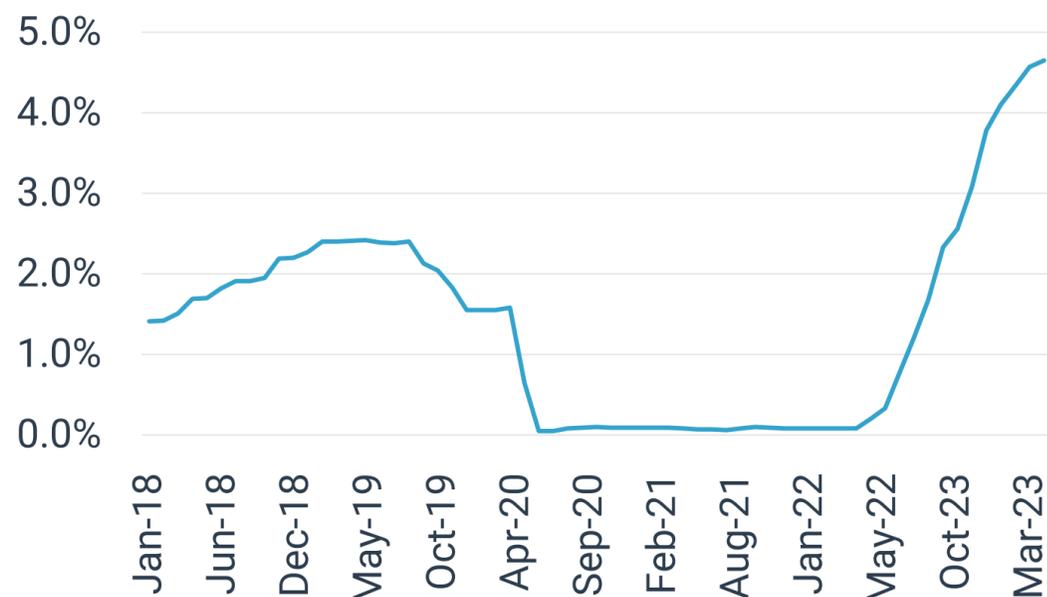
INTEREST RATES

STEMMING INFLATION

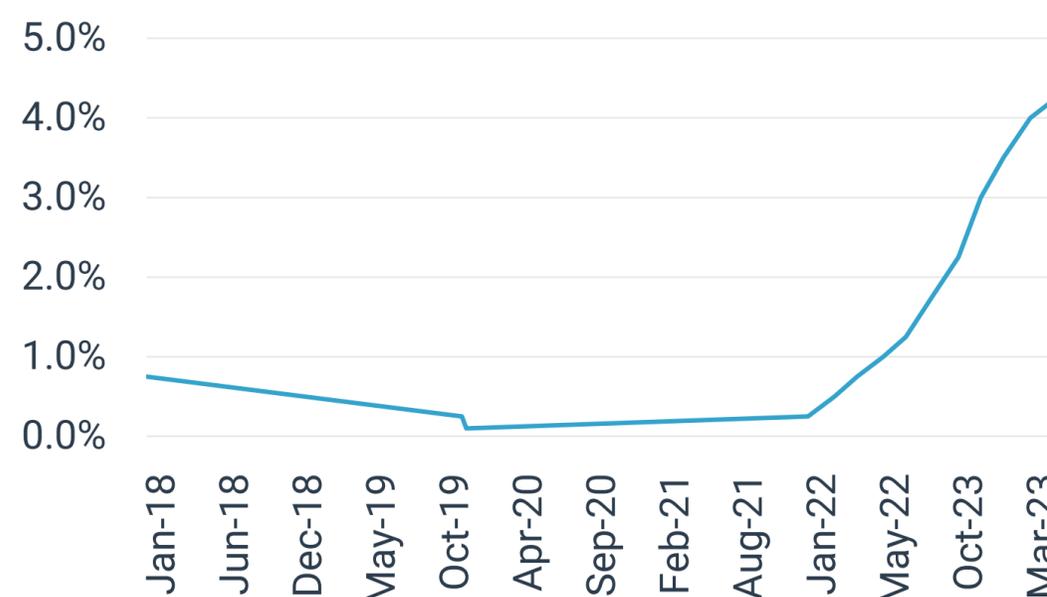
US

UK

Interest rate



Interest rate



Inflation



Inflation

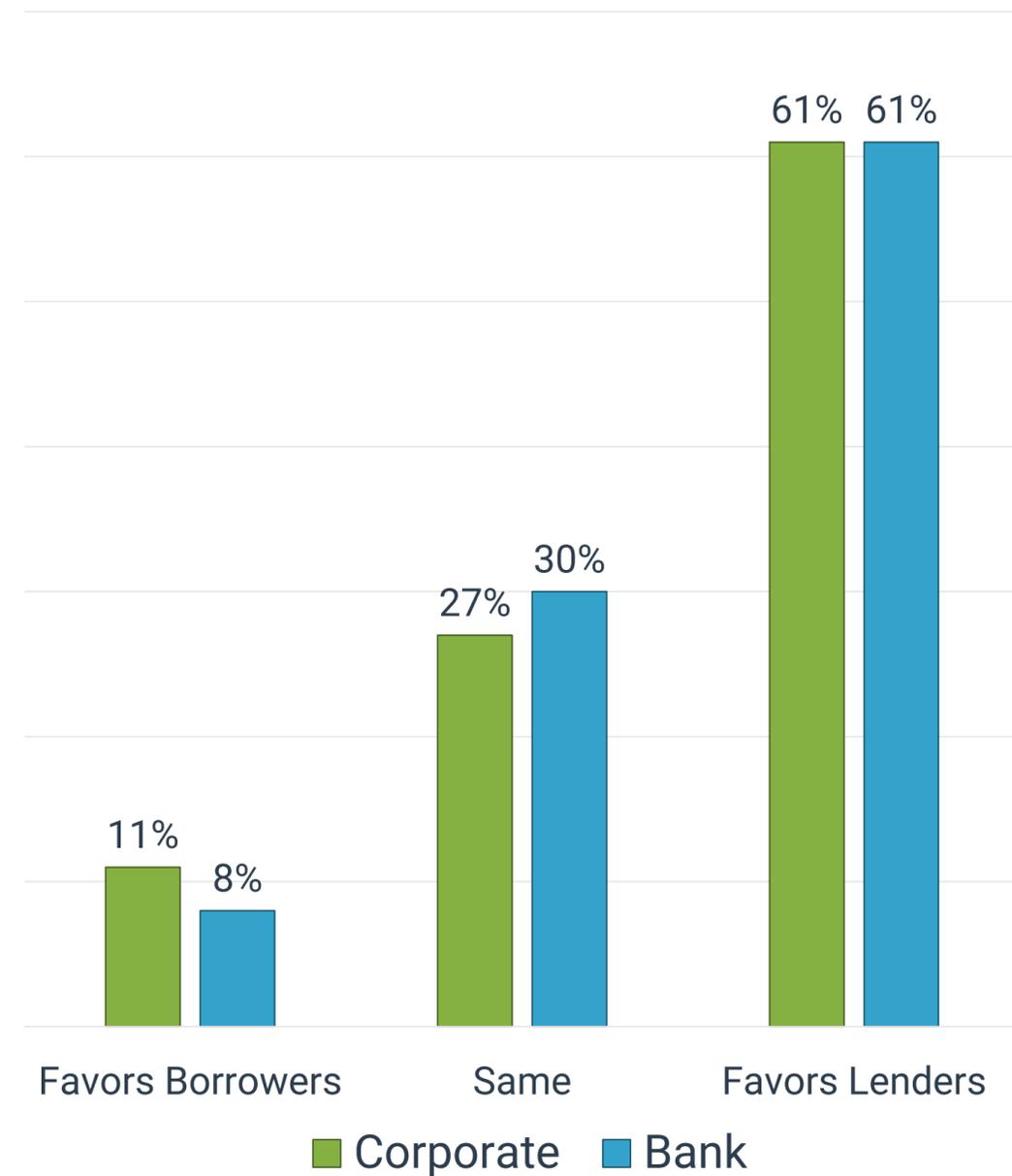
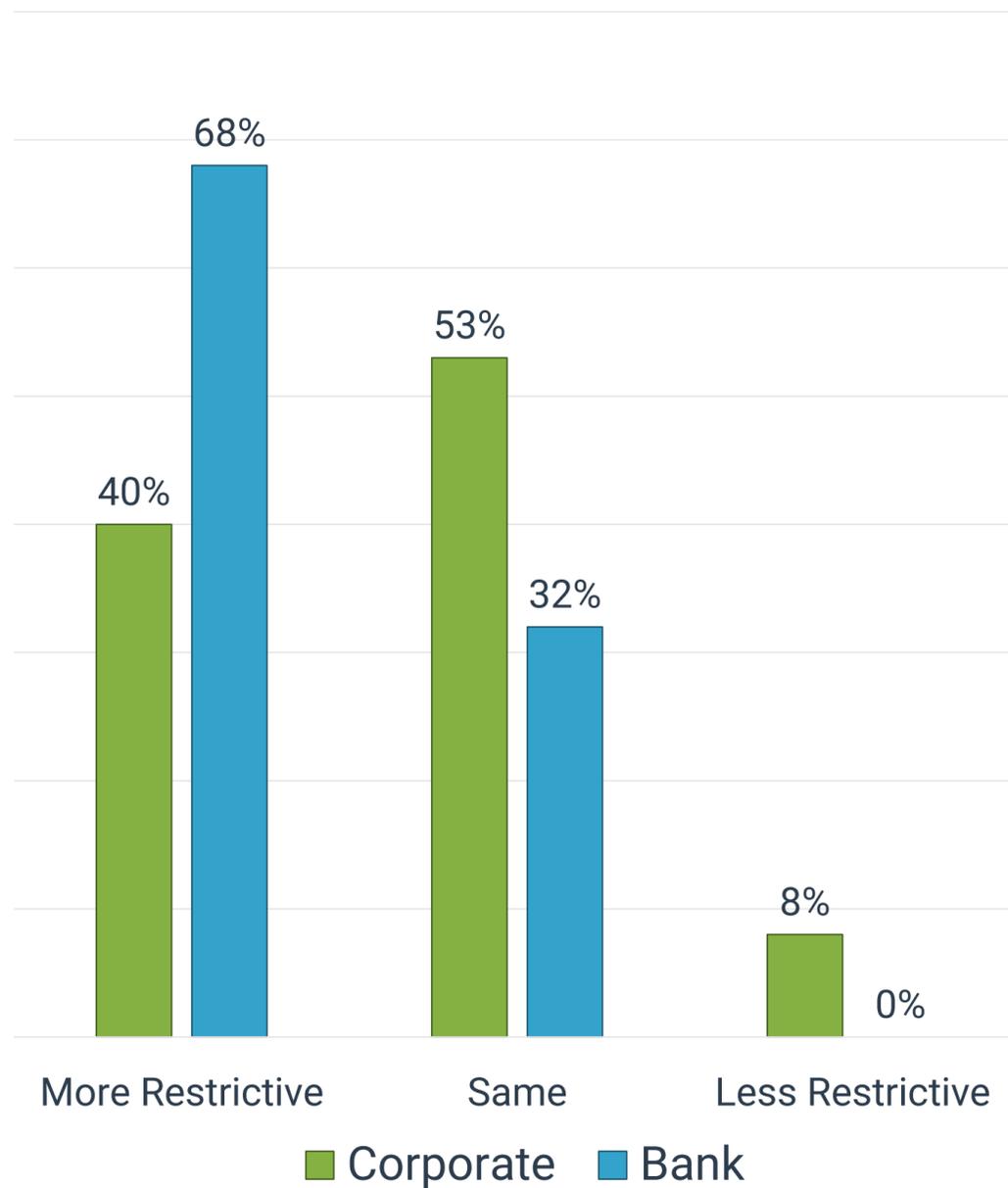


ACCESS TO CAPITAL

MORE RESTRICTIVE LOAN COVENANTS EXPECTED

» We expect loan covenants and restrictions will become:

» We expect loans over the next year to favor:



BANK FAILURES

AND OTHER CREDIT-RELATED CONCERNS



3 failures

- Silicon Valley Bank
- Signature Bank
- First Republic Bank



1 forced merger

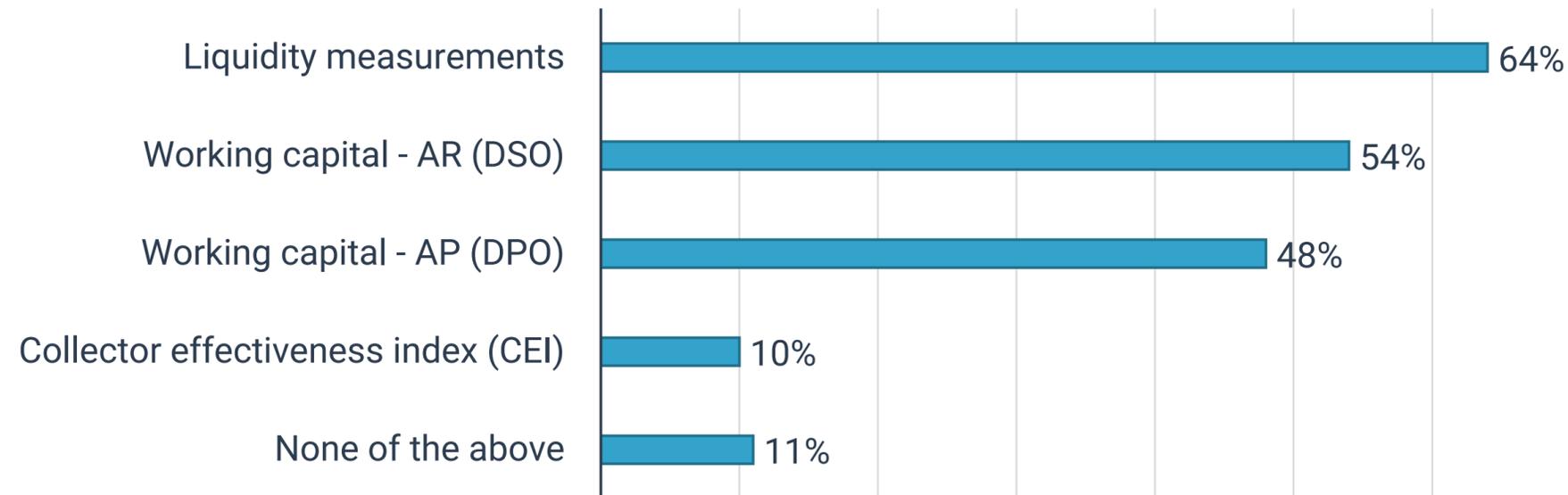
- Credit Suisse



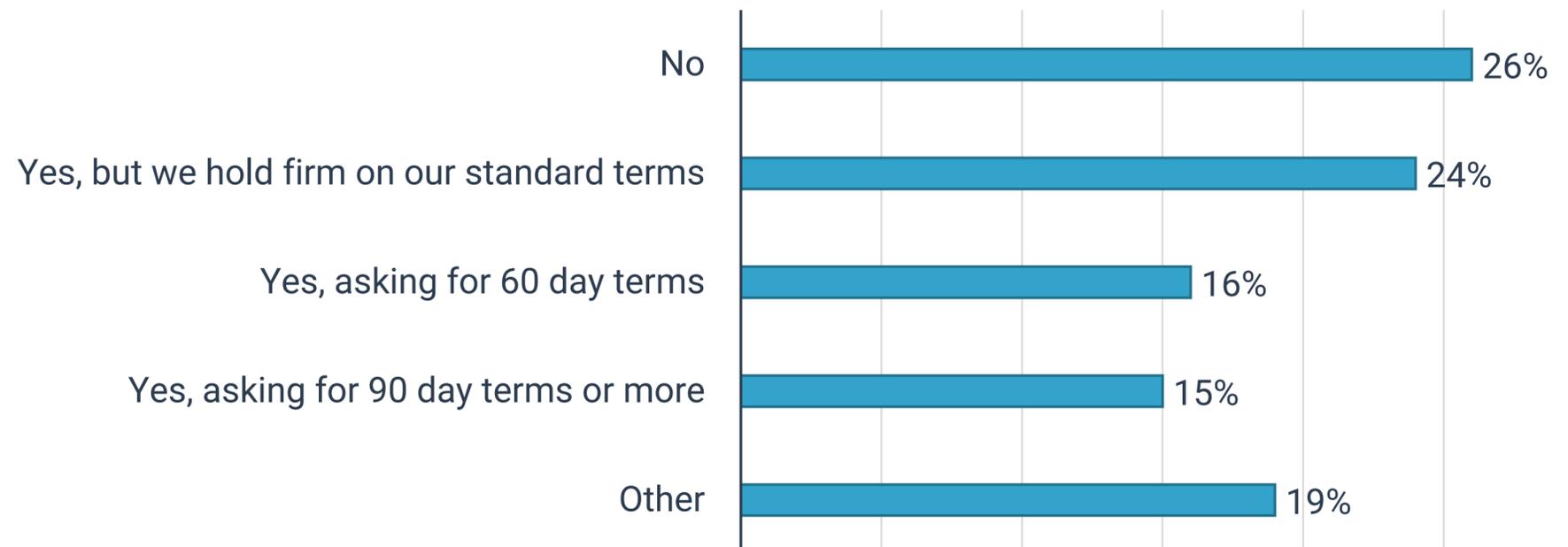
Other concerns with bank and Fed support

POLL QUESTION

Poll 1 - We focus on the following metrics: (all that apply)

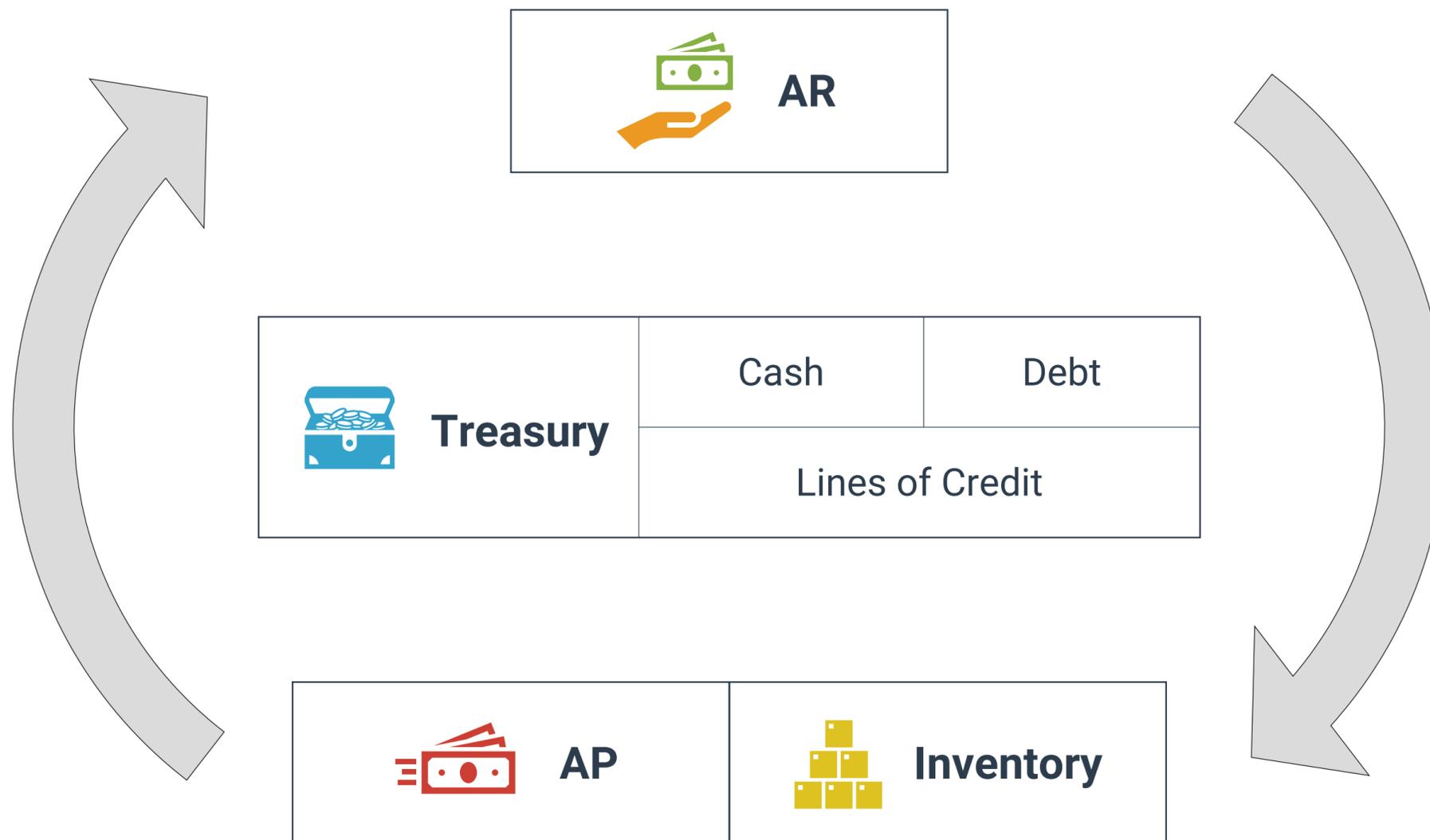


Poll 2 - In general, are your customers asking to pay you later?



CASH CONVERSION CYCLE

VISIBILITY TO LIQUIDITY

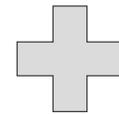


MEASURE OF EFFICIENCY

CASH CONVERSION CYCLE



Inventory: Days Inventory Outstanding (DIO)



AR: Days Sales Outstanding (DSO)



AP: Days Payable Outstanding (DPO)



CCC: Measure of process efficiency in **days**



Measuring: Tracking

- Like a thermometer



Improving: Making changes

- Like a thermostat

WORKING CAPITAL

TWO DEFINITIONS AND A QUESTION



WORKING CAPITAL (WC)

Accounting | Bank

Current assets (includes cash)
- Current liabilities

WC

Ability to meet obligations as they come due.



NET ADJUSTED WORKING CAPITAL (NAWC)

Treasury

Accounts receivable
+ Inventory
- Accounts payable

} (doesn't include cash)

NAWC

Cash in cash conversion cycle (CCC)

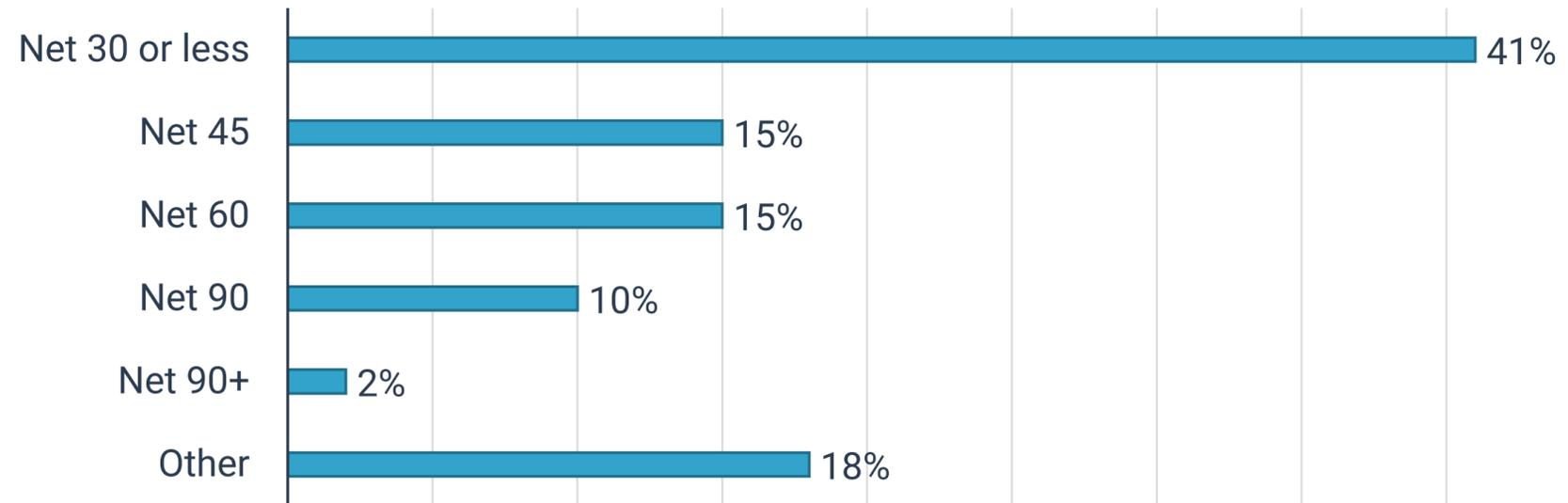
How much working capital: More or less?



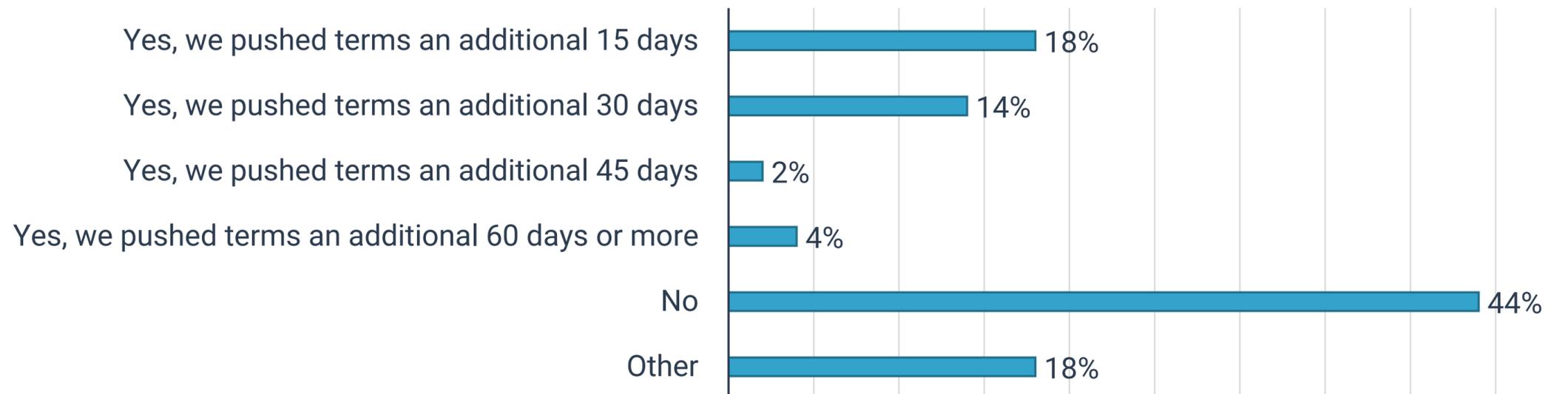
Optimize, don't maximize or minimize.

POLL QUESTION

Poll 3 - What are your standard payment terms?

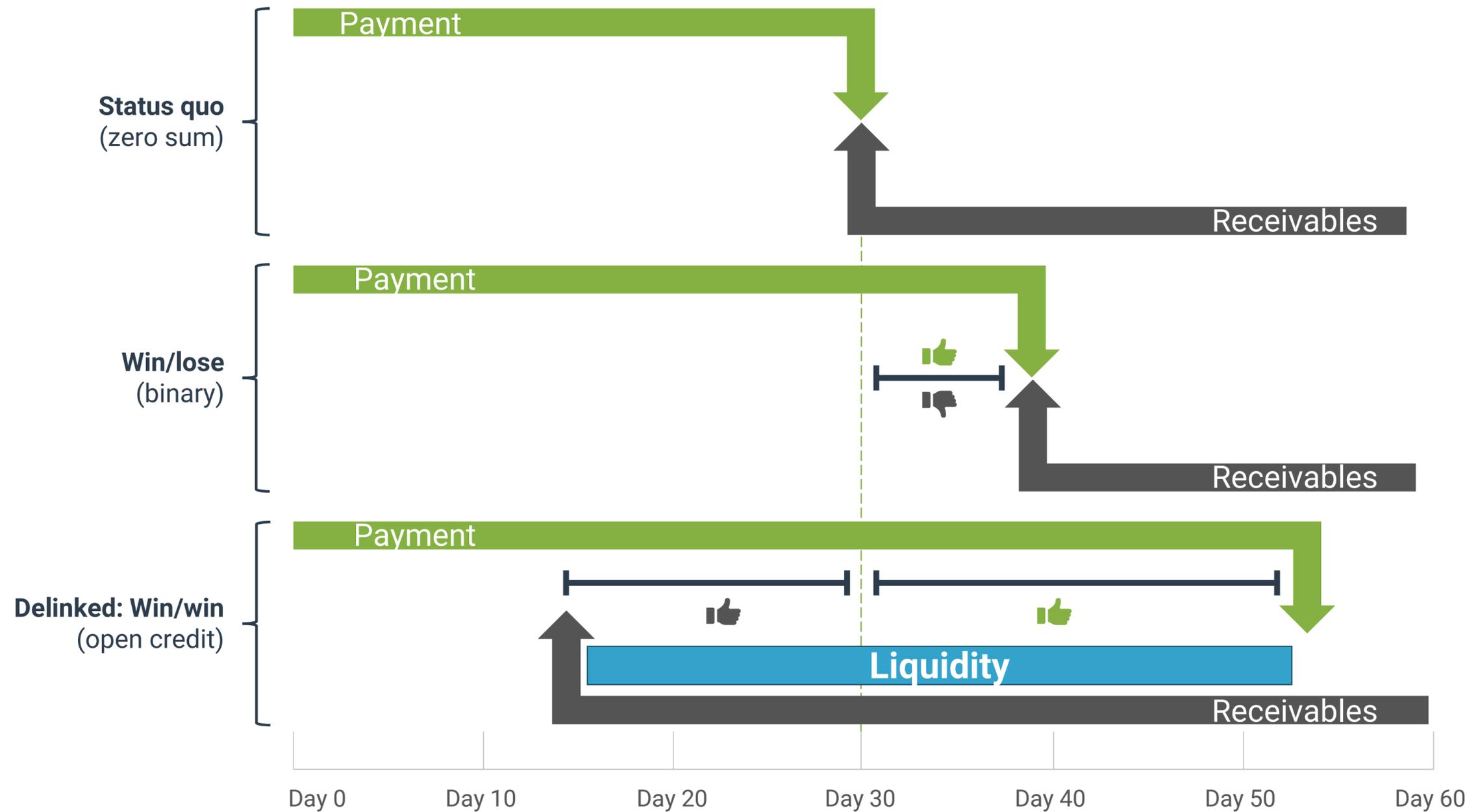


Poll 4 - Have you extended payment terms on your suppliers in the past year?



SUPPLY CHAIN FINANCE

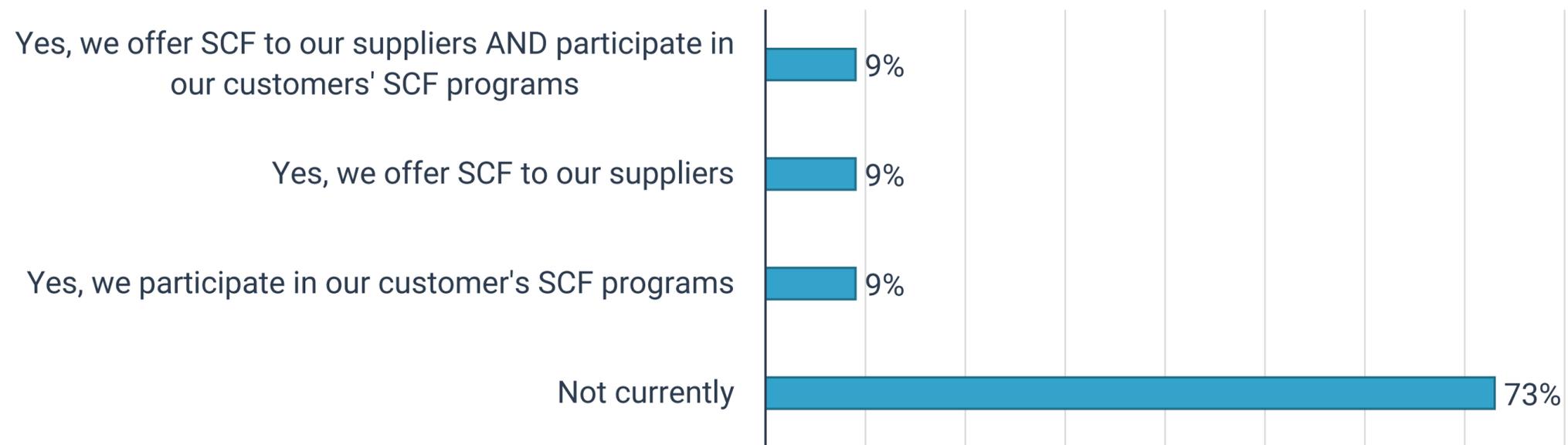
DELINKING TO ACHIEVE WIN/WIN AND GAIN LIQUIDITY



- Aided by tech
- Access to others' capital

POLL QUESTION

Poll 5 - Do you currently use supply chain financing?



CHALLENGES

TO TRACKING AND IMPROVING LIQUIDITY



Lack of information/insight



Incomplete use of service/balance sheet

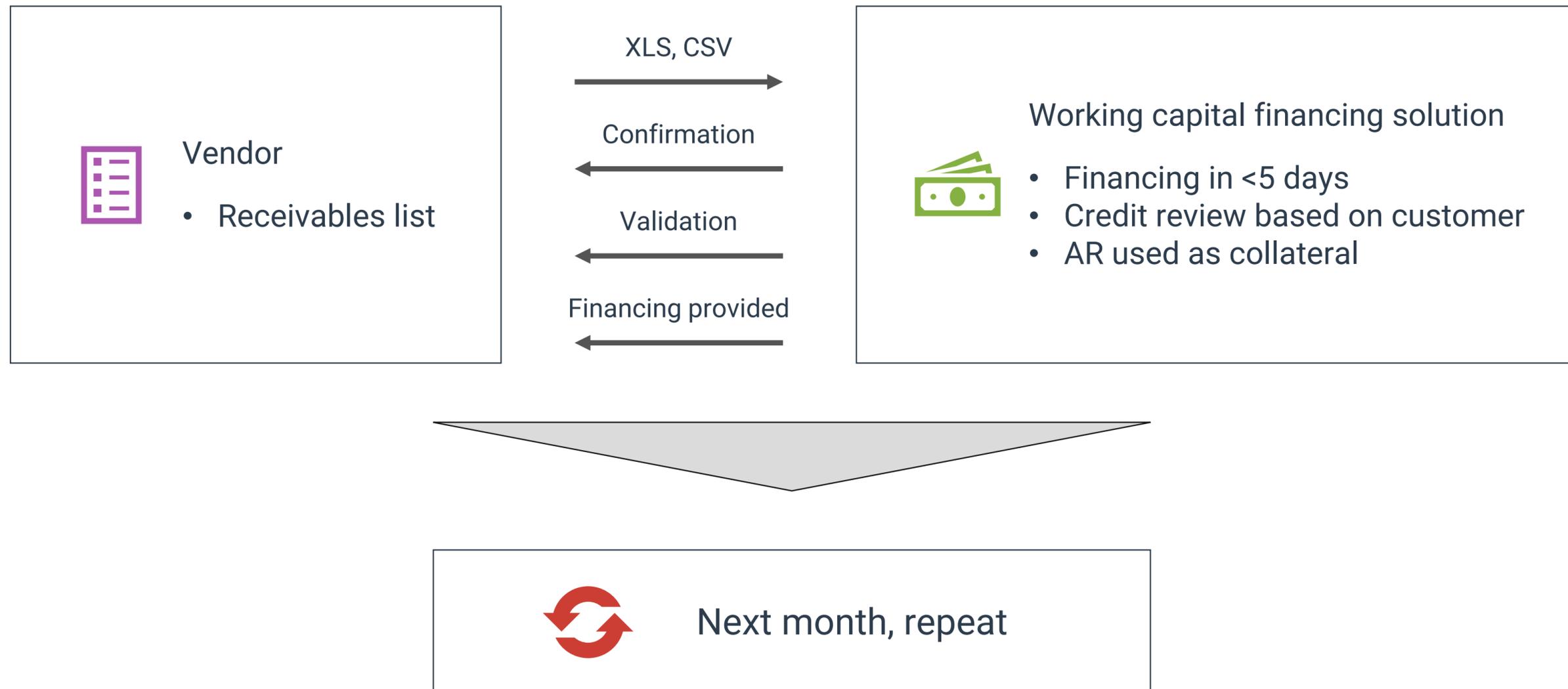


Manual nature of servicing/financing

AR EXAMPLE

MANUAL PROCESS

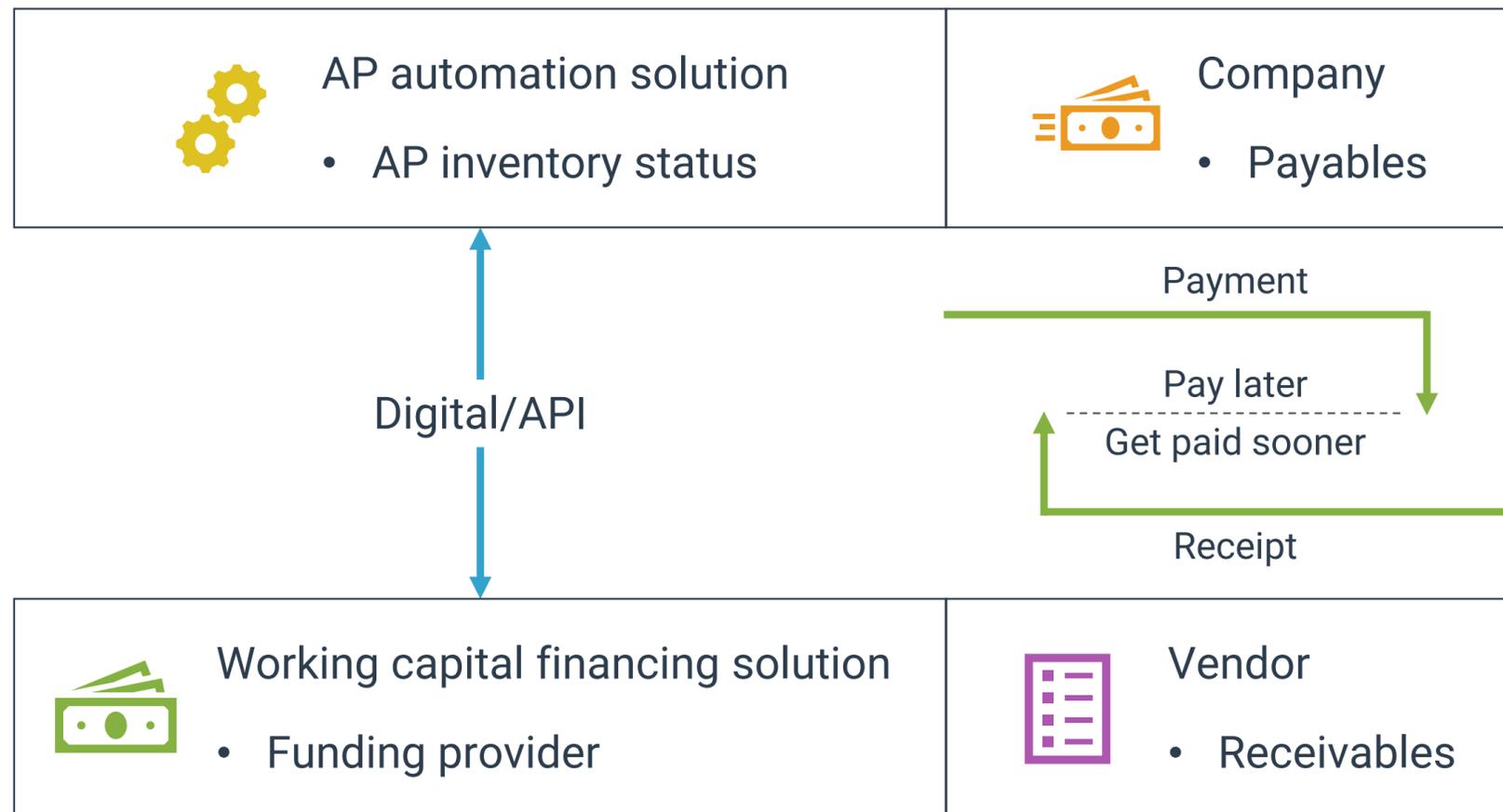
AR financing solutions



AP EXAMPLE

AUTOMATED PROCESS

Benefits of joint solutions



INCREASING FLEXIBILITY

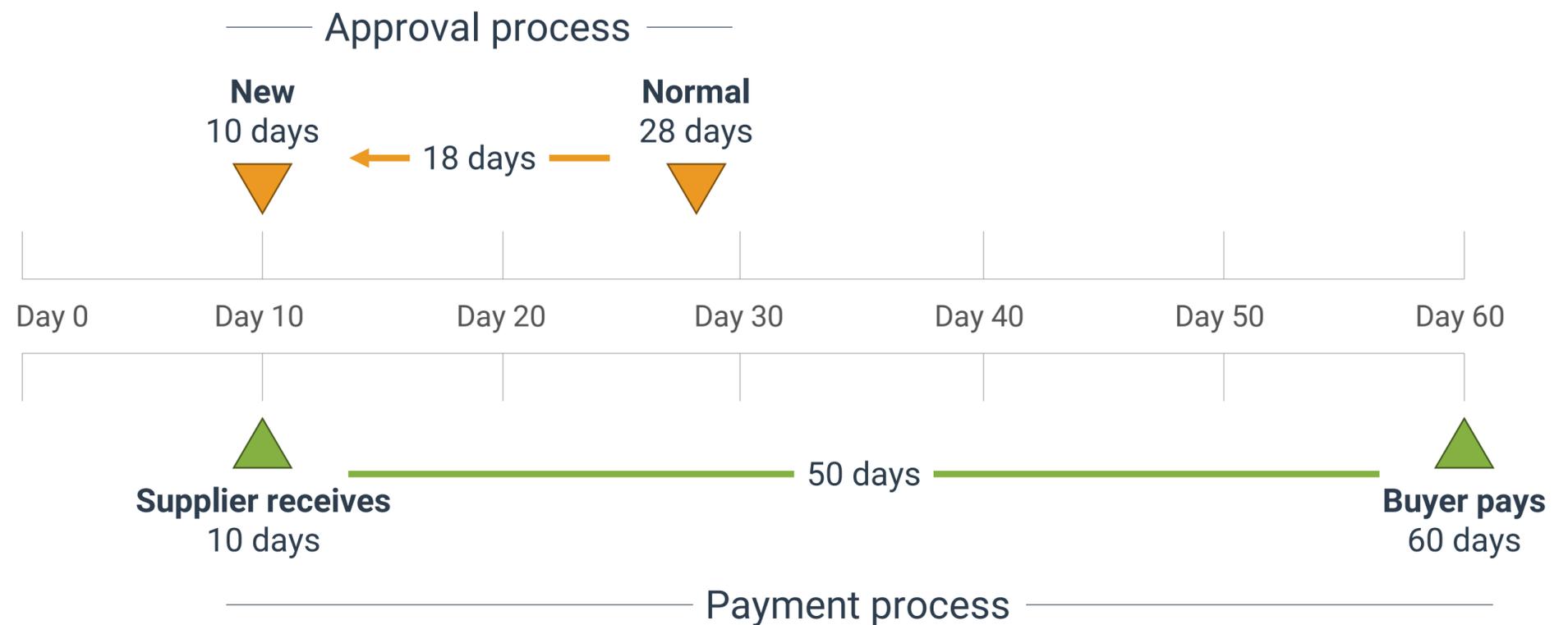
VIA COLLABORATION BETWEEN JOINT SOLUTIONS



AP automation expands the value timeline



Working capital financing expands the value timeline



TAKEAWAYS

IDEAS AND POINTS TO BRING BACK TO THE OFFICE



SHORT-TERM FUNDING

- Crucial in current environment of high borrowing costs and uncertain working capital



VISIBILITY

- Key to optimizing working capital
- Tools to get real-time visibility and detailed analytics



LEVERS

- AR and AP funding
- Digital solutions and integrated working capital provide more value from short-term funding opportunities

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 250
Working Capital: Thriving in Uncertain Times
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