Cash Flow Forecasting and Liquidity Management

Key Modules:

- Cash flow management overview
- Causes of cash flow problems and bleeding
- Strategies for cash flow improvement
- Corresponding cash flow cautions in an environment of uncertainty
- Techniques and tools for effective cash flow management
- Implementing cash flow management and liquidity scenario forecasting

Who should attend this program: CFOs, Directors of Finance, Controllers, business owners, AR/AP analysts and clerks, FP&A analysts

Program Level: Basic, Intermediate

CPE Credits: 8.0 Total (6.0 Finance, 2.0 Accounting)

Delivery Method

Group Live or
Group Internet Based
Duration: One (1.0) Full Day

Program Description

Now more than ever, a thorough understanding of company cash flow and working capital is essential to financial health and prosperity. In addition, it's vital to understand causes of cash bleeding and remedies for working capital improvement. In this program, attendees will discover the various causes of cash flow constraint and how to address them.

Learning Objectives

Attendees will learn:

- Causes of longer cash conversion cycles and poor working capital planning
- Strategies for cash flow improvement and corresponding cautions in environments of uncertainty
- Modeling techniques and software solutions for more effective cash flow forecasts and management
- Scenario forecasting and tangible actions to be taken to solve cash flow problems.

Prerequisites

Participants should possess intermediate financial acumen and a general understanding of Microsoft Excel and general business concepts.

Advance Preparation

Access to a laptop with Microsoft Excel 2013 or later and program files provided.

773.359.3646
SeidmanFinancial.com

Cash Flow Forecasting and Liquidity Management

Detailed Curriculum:

Cash Flow Management Overview

- Key elements and mindset of cash flow forecasting
- Warning signs and remedies for strained cash flow
- Digital connectivity and integration for efficient cash flow forecasting and reforecasting
- Differences between cash flow forecasting in an uncertain environment versus normal times

Causes of Cash Flow Problems and Bleeding

- Causes of Cash Flow Problems and Bleeding
- Longer cash conversion cycle and poor working capital planning
- Slower debtor (receivable) collections and increased aging
- On-demand and large payments to creditors (suppliers)
- Growing inventory balances due to slow moving stock
- Growing inventory balances due to build up for order completion
- Excessive or poorly justified spending
- Exposure to substantial fixed costs
- Lack of expense prudence and lax spending attitudes
- Process and operating inefficiencies
- Impractical investment and maintenance capex
- Improper debt-to-equity balance
- Inflexible long-term contracts or supplier agreements
- Increasing materials/commodity prices and labor costs ◢

773.359.3646
SeidmanFinancial.com

Cash Flow Forecasting and Liquidity Management

Strategies for Cash Flow Improvement and Corresponding Cautions in an Environment of Uncertainty

- Steps taken to stop the bleeding including: renegotiation of collection and payment terms, deferment of maintenance capex, flexing payroll/labor and movement to mixed fixed/variable compensation model, reduction of owners' drawings, issuing or refinancing lines-of-credit or term loans, application for government grants and subsidies
- Steps taken to improve future cash flow sustainability including: optimization of near-term and mid-term working capital, rolling forecasts and scenario planning

Techniques and Tools for Effective Cash Flow Management

- Utilizing 13-week cash flow forecasting
- Forecasting using the direct and indirect cash flow methods
- Planning for various cash flow scenarios

Implementing Cash Flow Management and Scenario Forecasting

- Reforecasting sales reduction and growth opportunities at different levels of granularity and significance
- Identifying what level of revenue and EBITDA is needed to fund cash outflows
- Evaluating costs as fixed and variable, controllable and non-controllable, vendors as critical and non-critical, and what can be done to mitigate exposure
- Calculating what level of days sales outstanding (DSO) and days payable outstanding (DPO) achieve a reasonable level of working capital and renegotiating collection and payment terms accordingly
- Assessing what level of days inventory outstanding (DIO) achieves a reasonable level of stock and working capital and identifying related solutions
- Measuring the impact of reorganization on cash flow

* * *

773.359.3646
SeidmanFinancial.com