



TREASURY ACUMEN: TREASURY MANAGEMENT SERIES

Working Capital Management

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COURSE LENGTH

Two 2-Hour Virtual Sessions or
One Half-Day In Person

DESCRIPTION

Cash flow resulting from changes in working capital is the lifeblood of the company. Positive working capital allows the company to meet obligations, to grow and to weather financial fluctuations. Cash flow from working capital is the most important measure of financial performance for any company.

In this forward-looking session, attendees learn how to become a strategic business partner through the management of global working capital, best practices in the management of working capital and how to integrate the management of global working capital with cash management and forecasting.

LEARNING OBJECTIVES

- Learn the concepts and structures for the management of global working capital
- Integrate the management of global cash with that of working capital
- Use knowledge of working capital and cash to improve cash forecasting
- Become a strategic partner through the effective management of global working capital

AGENDA

- Working capital management essentials
- General cash flows
 - Operating cash flows
 - Cash flow timeline and float
 - Cash conversion of a business
 - Current investment strategy
- Alternative current asset financing policies
 - Financing accounts receivable
 - Elements of basic inventory policy
 - Just-in-time inventory management
 - Disbursement system considerations
- Cash conversion cycle
 - Calculation of the cash conversion cycle
- Liquidity and working capital: liquidity sources and uses
- Working capital measures (metrics)
 - Current ratio
 - Quick ratio
 - Cash flow to total debt ratio
 - Cash conversion cycle
- Relationship between treasury and credit management

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Working Capital Management

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- Days' receivables (day sales outstanding)
 - Aging schedule
 - Day's payable
 - Accounts payable metrics
 - Value add metrics
- Establish the program
 - Pathways
 - Metrics
 - AR and AP
 - Outsourcing
 - Monitor
- Influence working capital outcome
 - Straight through processing
 - Customer contract
 - Vendor contract
 - AP processing
 - Payment matrix
 - Impact inventory
 - Discounting
 - Receivable financing
- Global cash management
 - Global cash environment
 - Restricted cash countries
 - Concentration alternatives
 - Physical cash concentration
 - National pooling
 - In-house bank
 - Types of netting
 - Cash management best practices
 - Interest optimization
- Cash flow forecasting
 - Forecasting horizons
 - Cash flow forecasting components
 - Degrees of certainty
 - Data identification and organization
 - Forecasting methods
 - Receipts and disbursement forecasts
 - Statistical forecasting
 - Statement of changes
 - Direct cash forecast method