

# Rapid Cash Release

## Are you fit for survival?

In the current recessionary climate, access to capital is extremely limited. Cash has become the top priority, with many companies suffering from a poor cash position. Given the time lag between taking action and releasing cash, the time to act is now.

With a consensus to prepare for 10-30% revenue reductions, do you have the expertise to unlock the cash in your business to survive?

## Rapid Cash Release Programme



- Rapid Cash Release is a direct response to our clients' stated requirements
  - However, it's nothing new, at Celerant we've been doing it for the last 21 years
  - It's a fundamental of good business practice
- Links Operations explicitly to Cash Generation
  - Frees up trapped cash in your business operations
- Helps "recession proof" your business
- Instills a cash mentality within your company's operations
- Is self-funding within the project lifetime
- Combines Analysis and Implementation from day one



## Recent Rapid Cash Release Projects

### Consumer Electronics

Align inventory levels more closely with customer demand and increase focus on cash:

- \$200m of working capital freed by reducing inventories
- Significant and early payback – results visible in 12 weeks
- Shared planning and forecasting with suppliers to reduce inventory and lead times
- KPIs and Cash MCRS® installed; WCAP process owners fully trained

### Global Oil Giant

Program to achieve excellence in cash flow management on worldwide basis:

- \$38M in cash flow management savings in 13 weeks
- Further \$37M in cash savings due to improvements in accounts receivable
- 35% reduction in DSO (Days Sales Outstanding)



## Contact Us

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## INDICATIVE SAVINGS

AREA	ILLUSTRATIVE QUICK WINS/ACTIONS	SAVING
Accounts Receivable (% of total ac. receivable)	<ul style="list-style-type: none"> <li>Establish control with credit management office</li> <li>Use Pareto approach to recover large account</li> <li>Factoring</li> <li>Fast track to fix 'order to cash in the bank' process</li> </ul>	10% - 25%
Inventory (% of total inventory)	<ul style="list-style-type: none"> <li>Sale off immediately slow moving and obsolete stock</li> <li>Stock finance</li> <li>Return inventory to suppliers when possible</li> <li>Basic boost of productivity to reduce WIP &amp; create FGI</li> </ul>	10 - 35%
Accounts Payable (% of total ac. payable)	<ul style="list-style-type: none"> <li>Establish control with payable management office</li> <li>Use Pareto approach to review/delay/stop payments</li> <li>Financing from supplier (stock financing)</li> <li>Renegotiate existing debt and payment terms</li> </ul>	10 - 25%
Pricing (% of total revenue)	<ul style="list-style-type: none"> <li>Improvement of low profitable SKUs &amp; customers</li> <li>Eliminate low performing customer or SKUs</li> <li>Limit and control sales process affecting gross margin</li> </ul>	5 - 10%
CAPEX/Asset Management (% of total unsecured assets)	<ul style="list-style-type: none"> <li>Quick assessment of asset value and level of utilization</li> <li>Stop capex &amp; dispose non-core assets, whenever possible</li> <li>Operational consolidation to free more assets</li> </ul>	10 - 20%
OPEX (% of total costs)	<ul style="list-style-type: none"> <li>Use 'what if scenario' to cut costs wherever possible</li> <li>Stop all discretionary and non-core costs</li> <li>Suspend all external parties in non core areas</li> <li>Workforce rationalization</li> </ul>	10 - 15%

## Integrated Performance Management

Where there is not a critical solvency issue, but the business needs to free up cash, we have the Rapid Cash Release programme, which can form the initial phase of our overall performance improvement framework.

- Analysis & immediate action
- Wider implementation
- Strategic change, growth and renewal

## Strategic Cash Improvement Programmes

### Global Chemicals Giant

Implemented world wide programme to respond to an initial cash crisis and ensure the company maintained long term sustainable positive cashflows:

- Overall cost reduction target of \$108m plus **\$55m reduction in WCAP**
- Pilot delivered annualised benefits of over \$40m with additional **\$15.5m in cash release**
- Organisational restructuring and **supplier consolidation** (700 to 50 in one department)

### Specialty Chemicals Leader

Global programme across 10 countries to rightsize inventory and rationalise suppliers:

- Over **\$70m in cost benefits**
- \$37m in cash benefits**
- Results more than double initial targets
- Improved customer service levels
- Direct customers and product portfolio rationalised

**Analysis & Immediate Action**

Days 1 - 30

**Wider Implementation**

Days 31 - 180

**Strategic Change, Growth & Renewal**

Rapid Cash Release