

## Statement

### Liquidity a key indicator to underlying business strength in testing times

The latest figures from the Insolvency Service – issued at 9.30am today – show a sizeable increase on the last quarter's compulsory liquidations and creditor's voluntary liquidations and a massive rise on the same quarter last year.

Commenting, **Dereck Clow, Managing Director UK, Celerant Consulting**, said:

"These rising numbers are no surprise with everyone, including the Prime Minister and Governor of the Bank of England, acknowledging that we are now entering into a recession. Key to any firm's financial health is its level of liquidity. Cash has always been king and these figures illustrate this fact in stark terms.

"Although it is now too late for the firms that have already gone to the wall, the real measure of a company's successful exploitation and optimisation of liquidity is more to do with a culture which starts at the top and is driven typically by the CEO, COO and CFO. It is this culture which enables the right strategic partnerships with clients and suppliers, the right investment in management and processes.

"As finances get tighter over the coming months, businesses should be mindful of freeing up spare cash to improve their prospects for surviving the credit crunch. Those that ignore liquidity levels may pay the ultimate price."

Celerant has produced a simple five point plan on how a company can improve its liquidity by unleashing capital locked up in its balance sheet:

1. Encourage operational staff to have the same focus on working capital as they do on efficiency.
2. Prioritise accurate planning to support effective procurement, leading to reduced lead times and reduced costs per unit.
3. Build positive relationships with suppliers through effective inventory management, aiming for deferred payments or lower payment costs.
4. Reduce production costs and lead times through efficient production activities, controls and bottleneck reductions.
5. Increase revenue by collecting cash from customers, through improved payment terms, debt collection and order management.

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*For more information or interviews please contact Enda Joyce at hanover on 020 7400 4480 or Charles Carr at Celerant on 07887 628 985.*

### **Notes to Editors:**

#### **1. About the Insolvency Service**

The Insolvency Service administers the insolvency regime. It investigates all compulsory liquidations and individual insolvencies (bankruptcies) to establish the causes of failure. To find out more visit [www.insolvency.gov.uk](http://www.insolvency.gov.uk)

It's latest figures show there were 4,001 compulsory liquidations and creditors' voluntary liquidations in total in England and Wales in the third quarter of 2008 (on a seasonably adjusted basis). This was an increase of 10.5% on the previous quarter and an increase of 26.3% on the same period a year ago.

#### **2. About Celerant Consulting**

Celerant is the largest independent global firm working in the operations management sector of the consulting market. It delivers operational transformation and helps leading companies worldwide achieve and sustain world class performance from their business operations.

Celerant's difference is simple: it believes that once it has fixed a problem for a client, it should stay fixed. The essence of Celerant's approach is that its consultants work side-by-side with people in the front lines of business – from the boardroom to the shop floor – to ensure the delivery of sustainable and measurable benefits. Celerant embeds long-term behavioural change into the culture of its clients' organisations – the key to sustainable change – a unique approach called Closework®.

Last year Celerant delivered over €600m/\$1bn in annualised sustainable savings to its clients and over the last 20 years it has become the largest independent firm of business operations consultants, with annual revenues of over €110/\$170m in 2007.

For more information visit [www.celerantconsulting.com](http://www.celerantconsulting.com)