

Cash and Working Capital Checklist

Cash Management

Ensure clear visibility of cash across all bank accounts on an organisation wide basis, broken out by currency and legal entity

Gain a good understanding on how quickly cash can be accessed and utilised centrally or in another part of the organisation

Is there any trapped cash and are there options available to release this cash

Consider the cashflow impact of hedging i.e. derivative realised loss

Working Capital

Determine potential suppliers for short-term sourcing if an alternative supply is required due to supply chain disruption

See what payment terms can be reached with suppliers. Be mindful of their financial position & avoid jeopardising valuable relationships!

Consider the frequency of payment runs and how this can be optimised

Receivables – look at what can be done to accelerate receipts. Consider short term payment discounts to generate cash more quickly

Revise the inventory management strategy - Consider minimum order quantities, frequency of orders and match to stock turnover levels

Consider slow moving obsolete stock – can this be realised quickly to generate a cash benefit

Liquidity Planning

Determine the extent and timing of any cash shortfalls so that suitable responses can be planned to provide additional funds if required

Identify sources of risk along with the impact and likelihood of occurrence (e.g. operational cashflow or ability to access cashflow)

Perform a granular cashflow forecast for the short term e.g. daily for first 4 weeks and weekly beyond 4 weeks

An actual versus forecast analysis should be conducted daily or weekly basis (dependent on circumstances) to understand the variances

Conduct a regular dialogue with the internal stakeholders to understand and reflect any changes to cashflow (i.e. timing or permanent)

Conduct stress testing (sensitivity and scenario analysis) of short and long term forecasting and factor revenue and supply chain issues

Prepare contingency plans based on stress testing results

Consider non ERP/TMS cashflows and factors (capex, dividends, disposal proceeds, seasonality, new or ceased business line etc)

Promote a cash culture within the organisation to ensure there is a common “cash goal”

Credit Availability

Assess what credit facilities are currently available for use and distinguish between committed and uncommitted facilities

Keep an open dialogue with financiers to ensure there is continued commitment to providing sufficient credit

Clarify the drawdown notice period for any Revolving Credit Facility (RCF) that may be in place

Liaise with finance providers and seek independent professional advice if there is a concern servicing current debt obligations

Other Considerations

Consider all COVID-19 Government supports available

Investigate alternative funding solutions such as supply chain financing, purchasing cards and sale and leaseback

Pay particular attention to current debt covenants which may result in an event of default

A successful cyber attack directly or indirectly can result in significant loss of cash. Remain vigilant!