

# CASH AND WORKING CAPITAL

In some ways, managing cash flow and managing the company's working capital is the most important job of a CFO. While there are numerous ways to free up working capital, in this module we take a deep dive in the four core strategies to optimize working capital: accounts receivable, accounts payable, inventory and cash management.

THIS MODULE CAN BE FOLLOWED **STAND ALONE** AND IS A MANDATORY MODULE OF **THE EXECUTIVE MASTER IN FINANCE**

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# Learning objective



**C**ash is king. Certainly for companies that require cash to remain competitive, maintain financial flexibility and pursue potential growth opportunities. Companies primarily focused on accessing that financing externally, however, may be overlooking a large, hidden source of capital: their own balance sheets.

To be sure, accessing that cash requires organization-wide financial discipline and a clear working capital optimization strategy. On some level, most companies understand this. However, understanding is not the same as actively implementing strategies for improving your cash flow. If you don't have a formal working capital strategy, have not adopted appropriate drivers and metrics or simply have not communicated clear policies across the organization, you may be missing out on opportunities to hit your free-cash targets, reduce costs, increase shareholder returns and fund growth.

In this module you will

- Assess areas within your organisation where working capital improvements can be translated to the bottom line
- Improve cash flow and liquidity by following a process of working capital assessment
- Develop a rigorous working capital plan to take your organisation forward in the current economic environment
- Interpret cash flow statements and ratios, and identify positive and negative corporate performance
- Appreciate why cash flow analysis is more important than balance sheet and income statement analysis
- Evaluate free cash flow and the ability of companies to meet their financial commitments
- Understand and apply the new concept of supply chain finance



## JEAN-PHILIPPE MICHAUX

Jean-Philippe Michaux graduated as a commercial engineer from the Solvay Brussels School. He worked for ten years at PWC focusing on international groups and for various transactions such as mergers, divisions, IFRS conversions, ... In November 2010 he made the switch to Puratos where he works in the internal audit department. From January 2013 he held various positions within the financial team and in April 2014 he became CFO of the group. He is also a teacher at Solvay Brussels School (Master and Executive Education)

# Content

## DAY 1

### Cash Management

- Cash management and liquidity
- Managing cash flow
- Financing working capital

### Working Capital

- Fundamentals of working capital
- Why working capital
- Ratios used in working capital

### Identifying Cash Flow Problems

- The benefits of up to date forecasting
- Watching the market closely for changes
- How to avoid cash flow problems

### Accounts Receivable

- Receivable Management
- Receivable cycle – ratios
- Ageing receivables
- Credit reporting - Signs that your customers are in difficulty
- Financing sales
- Terms of credit - Collection processes

### Inventory Management

- Managing inventory
- Inventory cycle management
- Purchasing
- Minimum order quantities (MOQ)
- Financing inventory
- Just-in-time (JIT)
- Inventory systems

### Payables Management

- The payables processes management
- Payables management
- Accounts payable department – functions
- Outsourcing payables

## DAY 2

### Debt Capacity

- Establishing debt horizons
- Total debt capacity
- Additional debt capacity
- Capital structure implications

### Liquidity

- Operational liquidity:  
Revenue volatility, Cash conversion cycle, Cost structures, Working investment
- Free Cash Flow (FCF) and effect on liquidity
- Non-operational liquidity
- Measuring total liquidity
- Key issues
- The need for liquidity planning

### Analysing Complex Cash Flows

- Looking at cash flows in consolidated companies
- Understanding different businesses typical cash flows
- Spotting creative accounting situations
- Cash flows in groups (inter-company trading)
- Taxation, including net operating losses
- Provisions (restructuring, environmental, deferred taxation), effects on income statement and cashflow

### The Operating Cycle of a Business

- An overview designed to stimulate participants into thinking how a business cycle works and how it is financed
- Exercise: Looking at the business risks, financial statements and management issues relating to an assigned case study company. Participants will critique these factors and the implications for lending

### Supply Chain Finance

- Off balance sheet
- Receivable purchase, Invoice discounting, Factoring
- Other Supply Chain Finance
- Related finance techniques

INSPIRATION FROM PRACTICE

**PURATOS**



# Practicalities

## TIP

- A good understanding of module “Understanding the Company” and “Financing and Investment Decisions” is necessary prior to attending this module.
- Combine this module with module 4 (Growth)



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## PRICING

**1.650 euro, excl VAT**

Also check our other price formulas:

### ► EMF

This module is a mandatory part of the Executive Master in Finance program. The program contains 15 modules and prepares participants to take a leading finance function in their company.

- in 1 period (15 months): € 16.000

- spread over a period of 3 years:

€ 18.000

### ► Five Module package

7.500 euro / 5x2 modules of your choice

### ► Incompany

This training personalized as part of your in company: good idea! Call us .

## VENUE

**Solvay Brussels School  
Franklin Rooseveltlaan 42  
1050 Brussels**

The Solvay building is located in the green heart of Brussels, on the edge of the beautiful Ter Kameren forest and a 15-minute walk (or 5 minutes by public transport) from the bustling center of Brussels.

If desired, there are numerous accommodation options (hotels and (air) bnb) in the neighborhood and in the center of the city.

**Need help?**

**Do not hesitate to contact us.**