

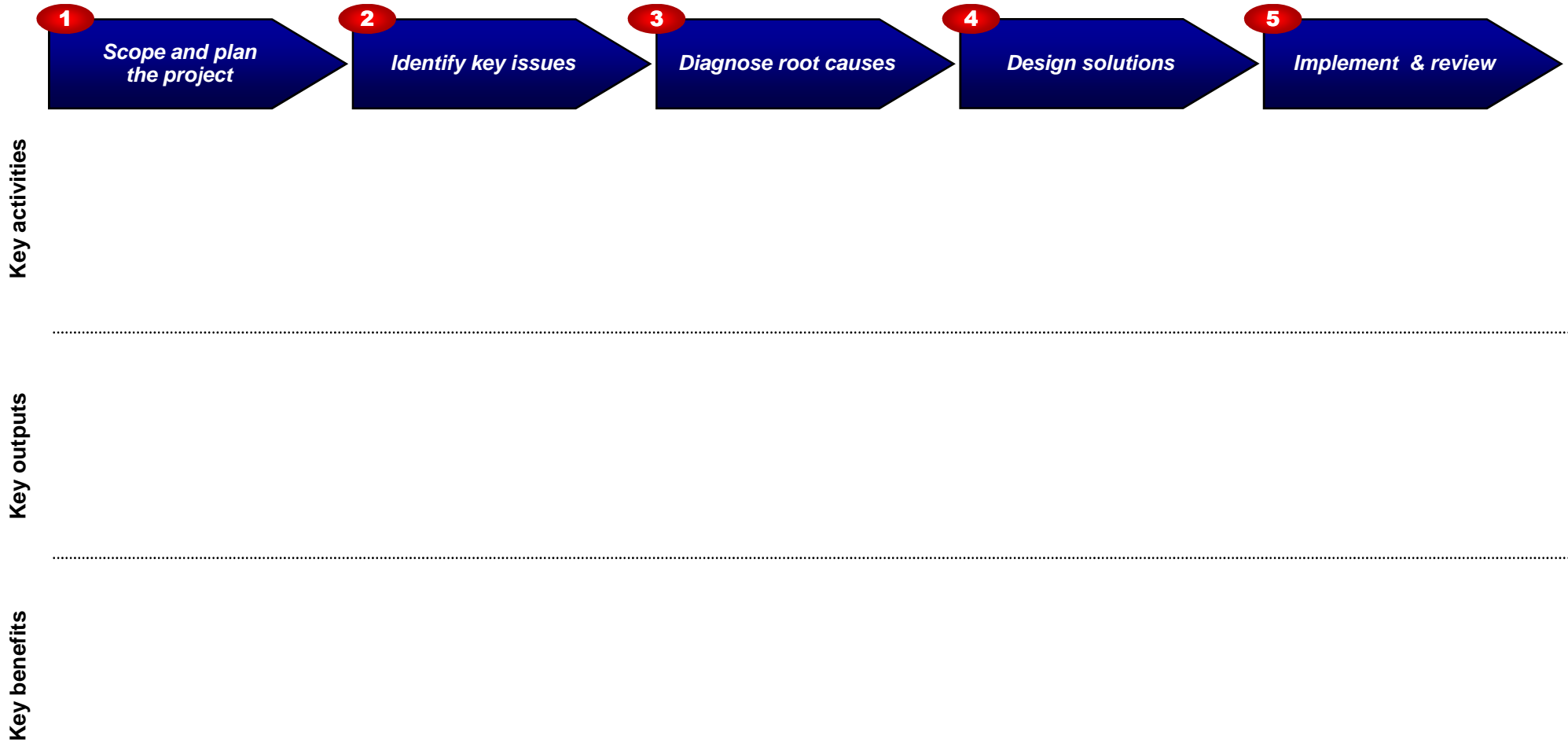
Practical tools for cash flow analysis and action

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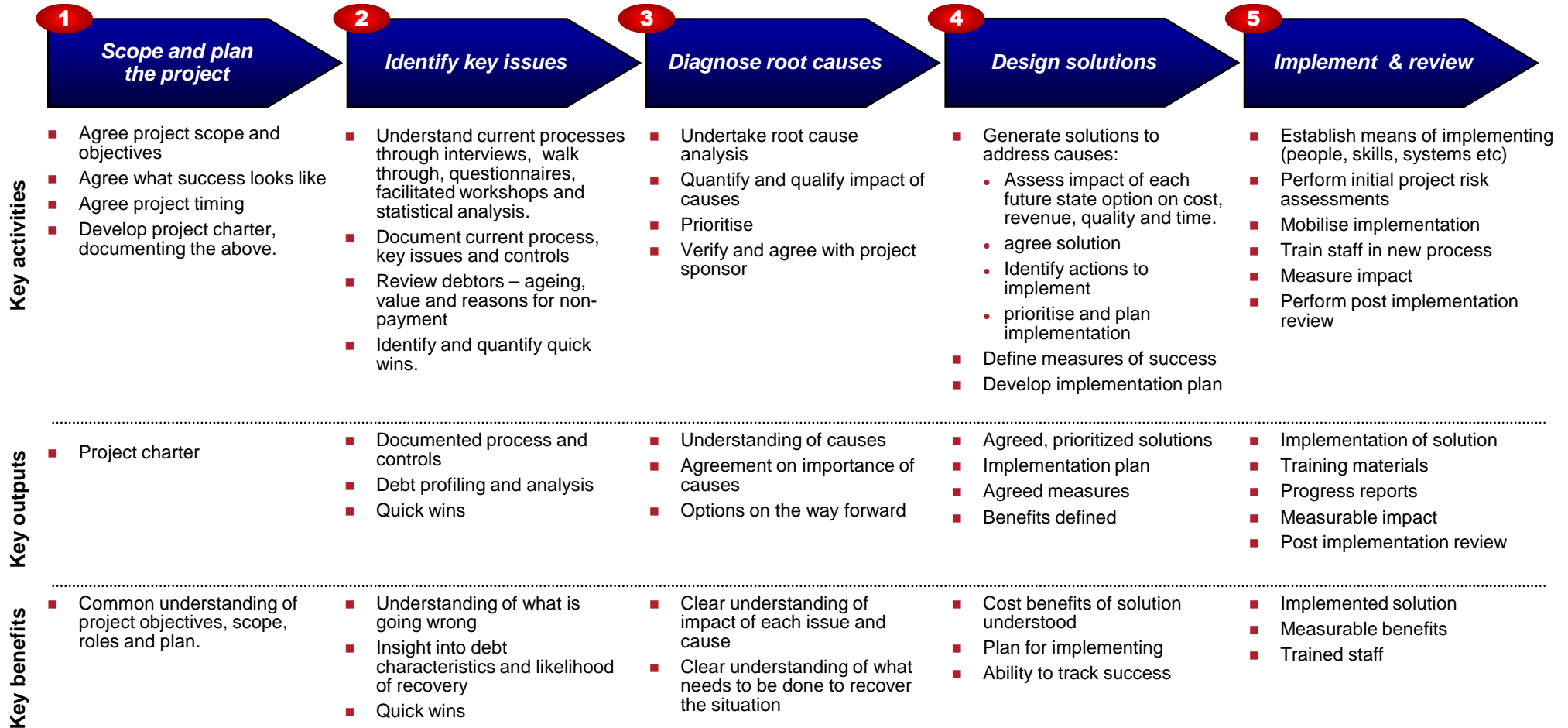
The overall approach

We have developed a practical approach that works and addresses clients' specific needs.



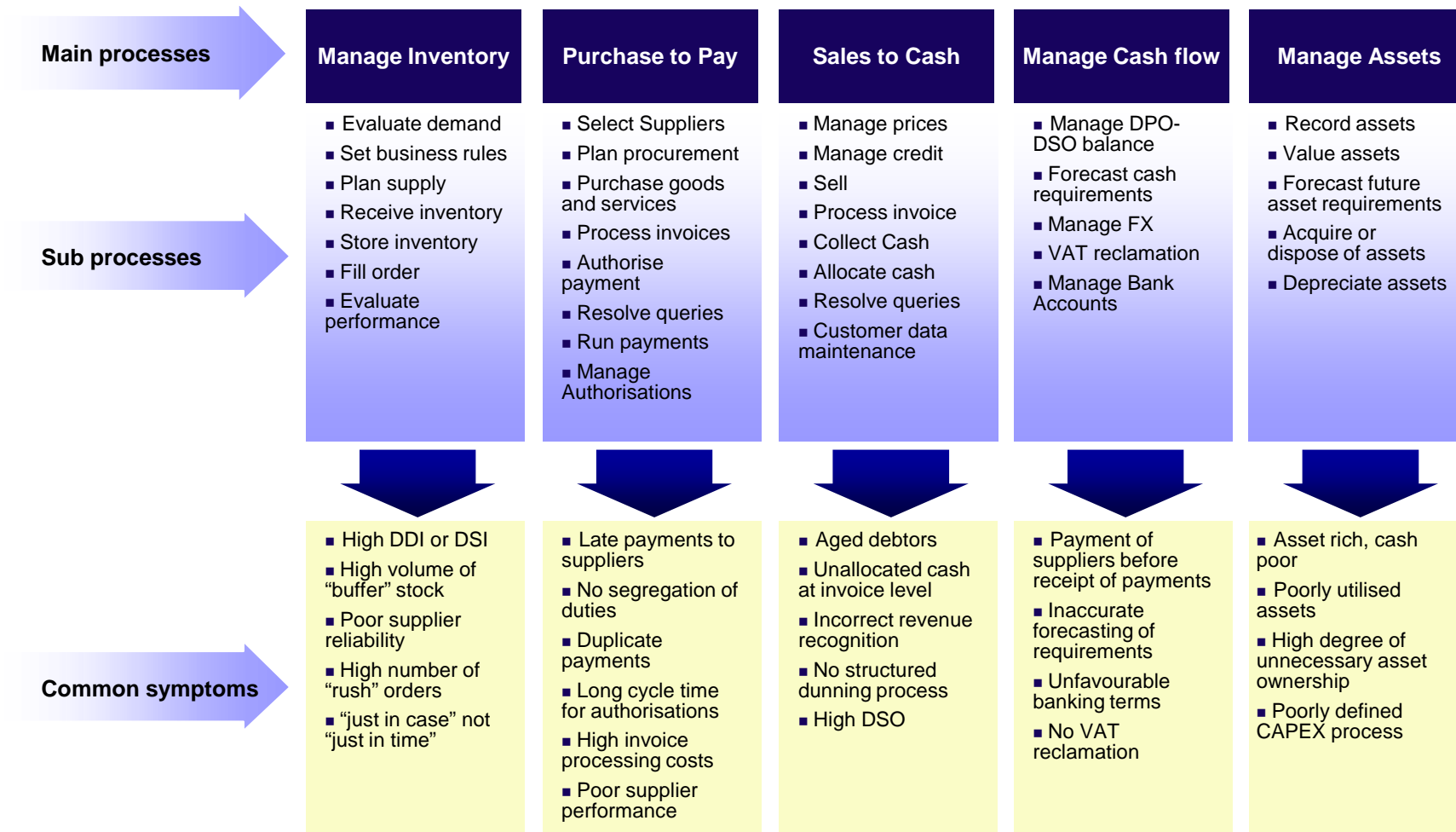
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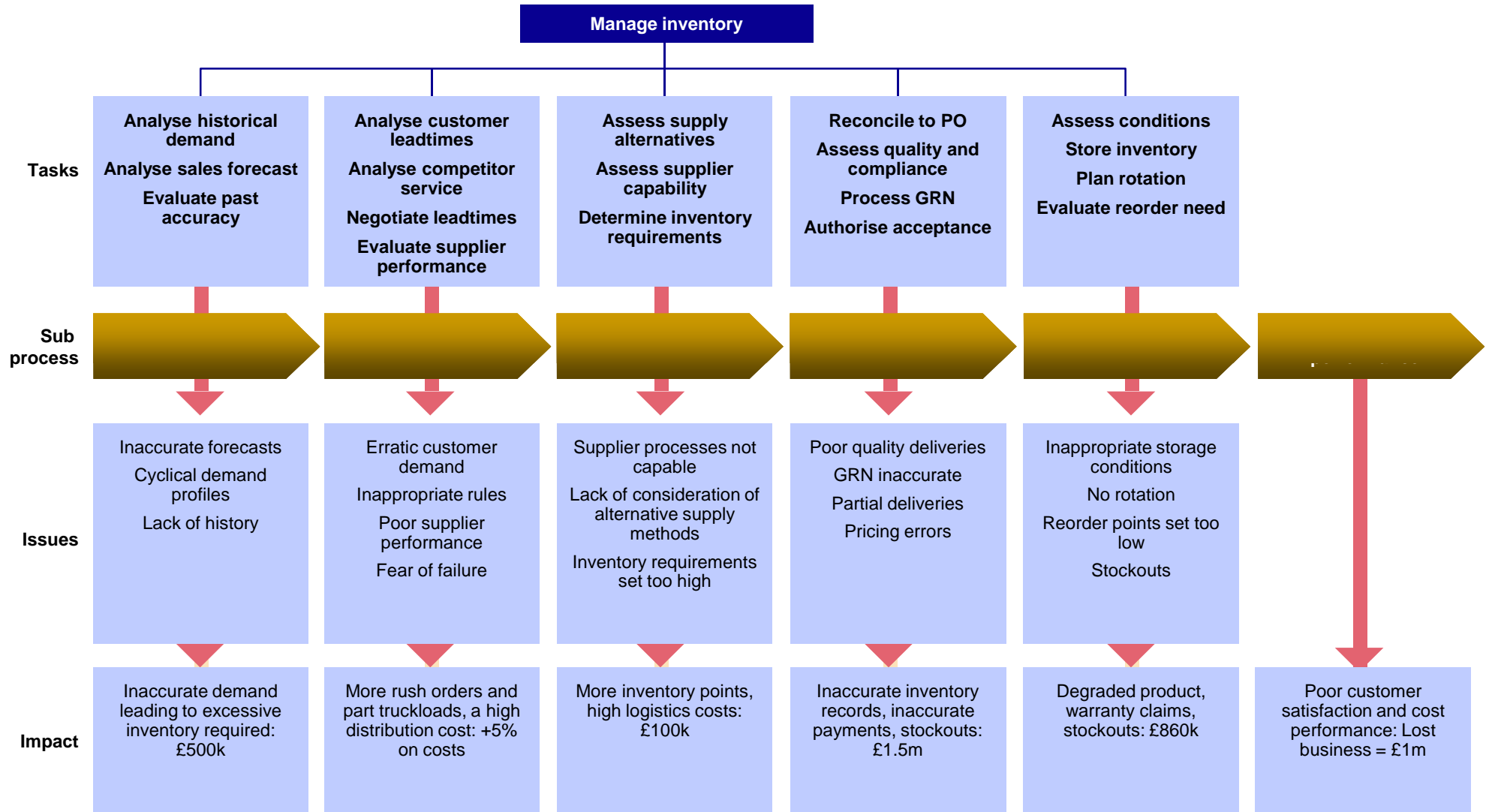
Planning & scoping example

Walk through the client process and controls to identify the issues...



Identify key issues example

Assess the impact of the issue and drill down to the root causes...



Identify key issues example

A simple way to assess the size of the prize and where the hot spots are...

e-mel LLP

DIAGNOSTIC MODEL

Identify key issues and root causes

From the work done, use SWOT analysis to identify causes to address...

Strengths	Weaknesses
<ul style="list-style-type: none"> N Purchasing authorisation is well controlled 	<ul style="list-style-type: none"> N Inaccurate GRN data leads to duplicate payments N Lack of responsibility for tasks N Lack of right first time principle
<ul style="list-style-type: none"> N Strong management information in some business groups. However, this is not leveraged across business units 	<ul style="list-style-type: none"> N Poor debtor management
<ul style="list-style-type: none"> N Hands on management N Performance orientated culture encourages maximisation of direct profitability 	<ul style="list-style-type: none"> N Software and databases poorly maintained N No coherent working capital management programme N Lack of sustained effort
Opportunities	Threats
<ul style="list-style-type: none"> N Establishment of business service standards N Supplier performance management N Stronger alignment of Supply Chain KPIs to business needs 	<ul style="list-style-type: none"> N No further loan facilities available due to high wc requirement N Excessive interest rates and interest payments N Inability to engage in M&A activity N Meeting customer needs at high cost that reduces profitability
<ul style="list-style-type: none"> N Standardisation of processes 	

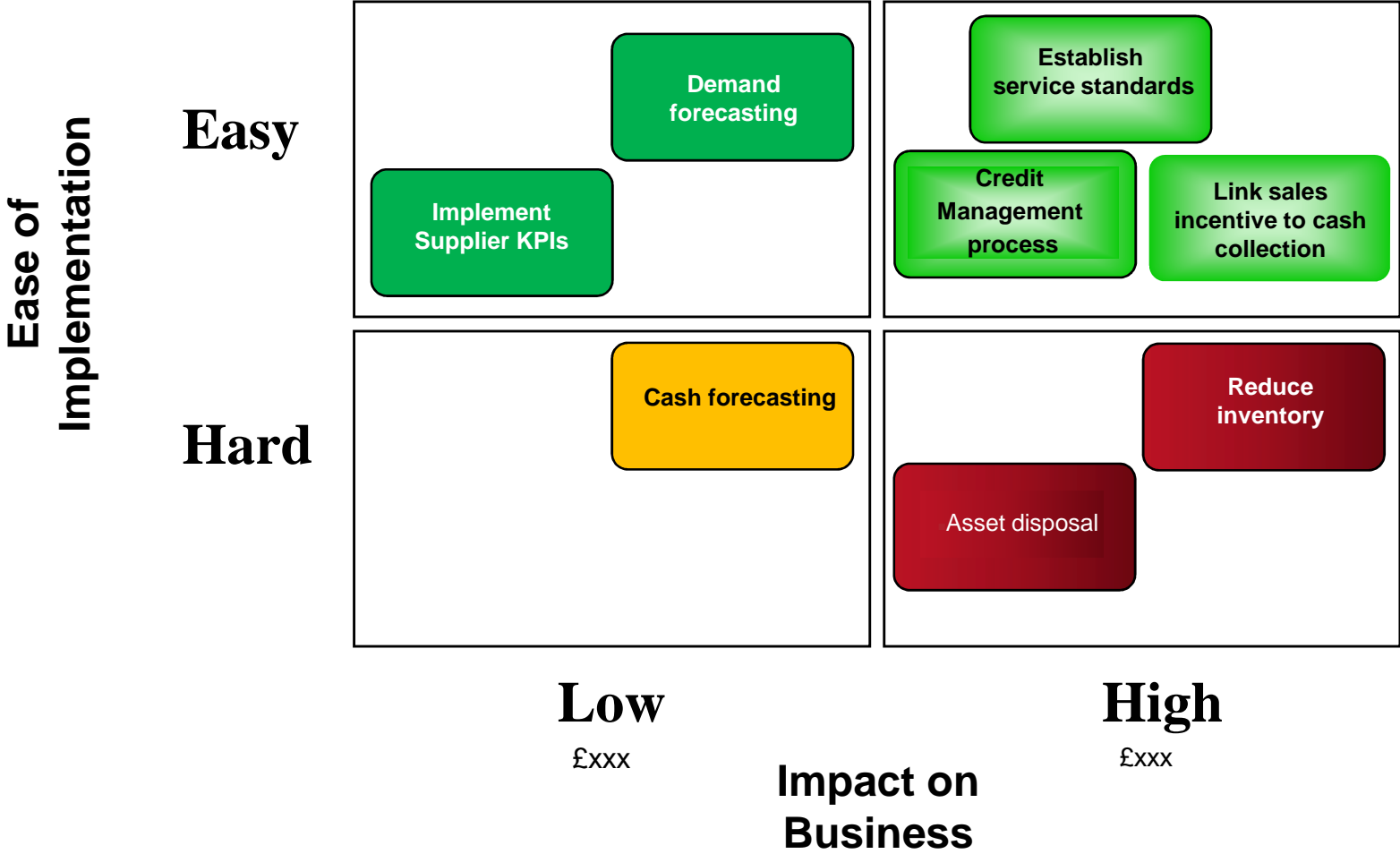
Design solutions

Evaluate possible solutions in terms of client benefits

Issue	Improvement ideas	Value impact
<ul style="list-style-type: none"> N Establishment of business service standards 	<ul style="list-style-type: none"> N Establish business service standards that meet customer needs and reduce supply chain costs N Align own processes to meet customer demand 	<ul style="list-style-type: none"> N 20% reduction on supply chain costs. N Reduction of 20% on cost of quality.
<ul style="list-style-type: none"> N Inaccurate GRN data leads to duplicate payments 	<ul style="list-style-type: none"> N Electronic scanning N Management review of GRN accuracy N All payments checked to PO and GRN 	<ul style="list-style-type: none"> N Processing cycle reduced to 2hours N Contribution of £230k to cash flow by eliminating duplicate payments.
<ul style="list-style-type: none"> N Poor debtor management 	<ul style="list-style-type: none"> N Establishment of dunning process N Sales incentives linked to cash collection N Establishment of credit management process 	<ul style="list-style-type: none"> N DSO improvement of 20 days N £2M cash collected over usual monthly income. N Improved DPO-DSO balance.
<ul style="list-style-type: none"> N Supplier performance management 	<ul style="list-style-type: none"> N Set rigorous supplier performance criteria N Align business share to performance 	<ul style="list-style-type: none"> N Improved supplier leadtimes and reliability N Lower inventory by £1M per year N Improved customer satisfaction ratings

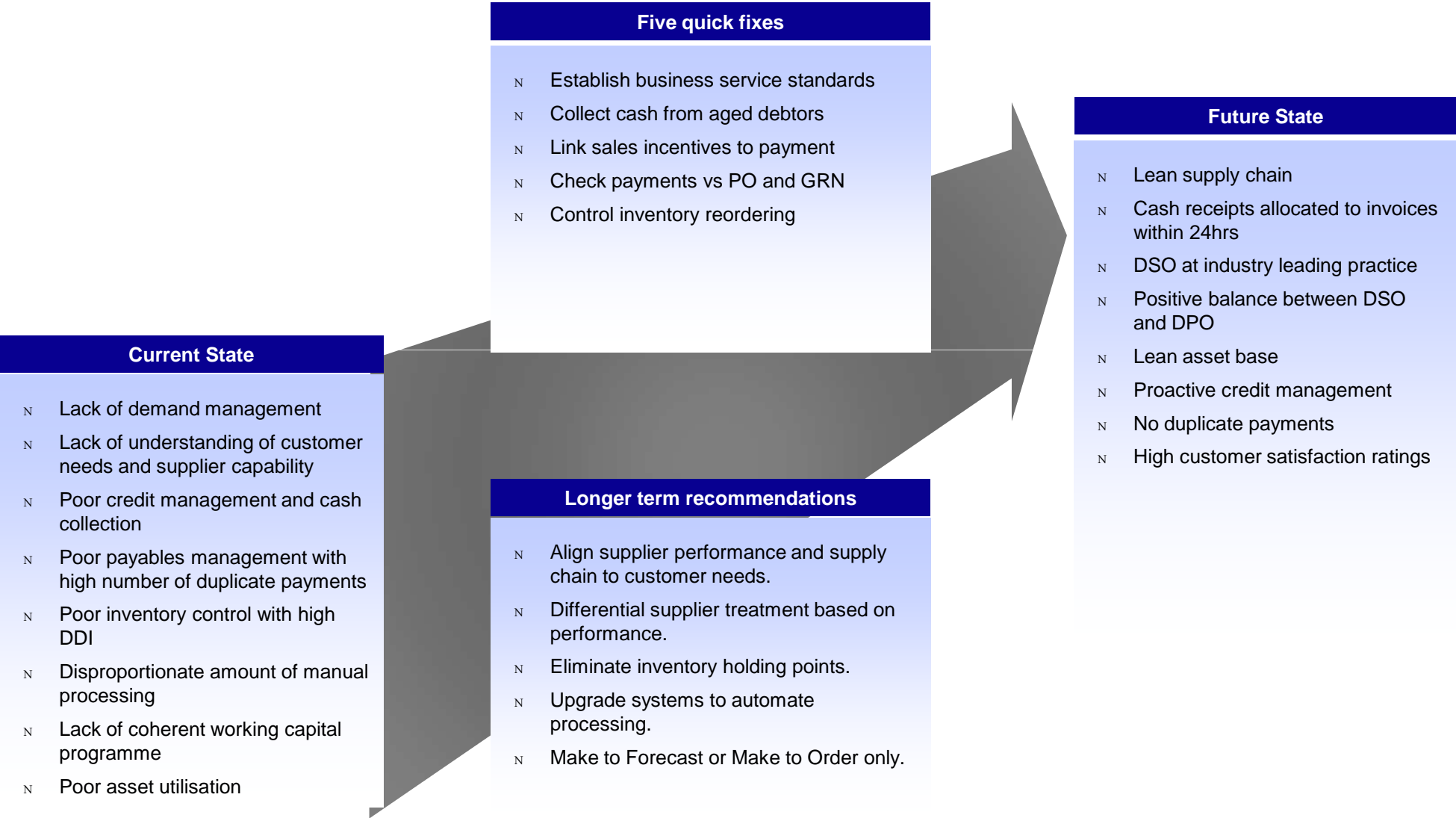
Design solutions

Go for the solutions with maximum benefit & ease of implementation...



Implement

Plan implementation – start by painting the vision...



What, where?	Benefit?
<i>Truck manufacturer</i> : Review of operating assets – working capital plus property.	£5m reduction due to debtors alone. Joined up management of working capital.
<i>Security company</i> : Review of debtors	Debtors reduced by 73% and bad debt identified. Sales process redesigned.
<i>Media company</i> : £250k of duplicate payments identified	85% of duplicate payments recovered. Vendor database cleansed.
<i>Aerospace company</i> : Procurement review & inventory review	Inventory reduced by £5m and controls put in place to prevent future build up (Process design, controls implementation & staff up-skilling)

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