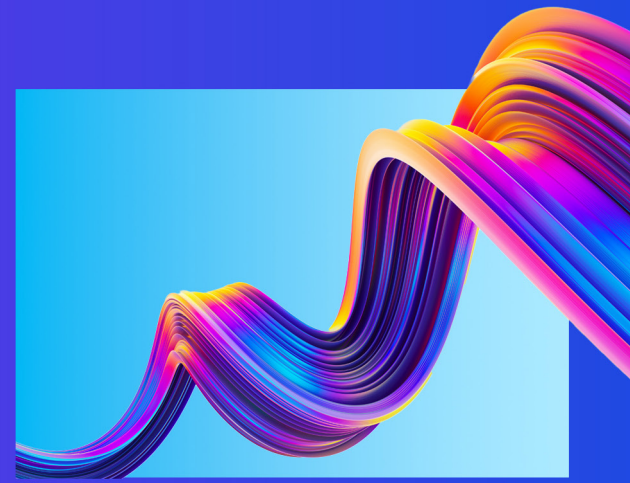




Working capital

A rapid diagnostic opportunity for portfolio companies



KPMG offers a diagnostic process to help your organization quickly identify opportunities to release cash from working capital.

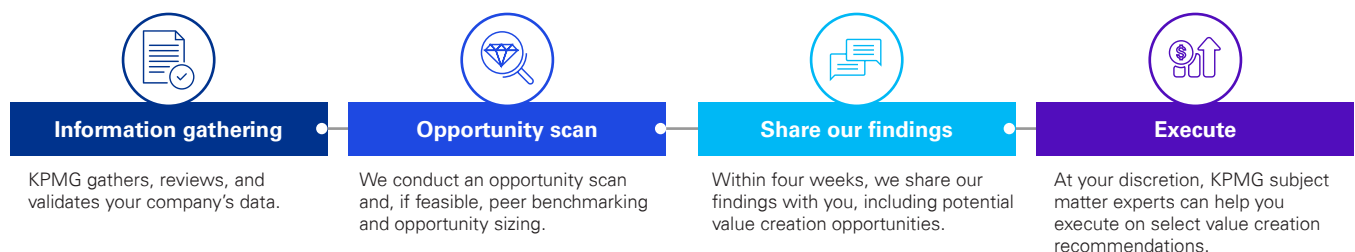
Unlocking the value of working capital

In complex businesses, it is often challenging to identify opportunities to release cash from working capital. Understanding where the opportunities lie and unlocking that value can bring countless benefits, from better cash flow to more funds for investment or debt reduction.

KPMG's approach to working capital strategy begins by analyzing which operational components of working capital drive the largest potential impact to cash management. Our diagnostic will also uncover opportunities for capital improvement that can have a tangible impact on profitability.

Our approach

Through an initial diagnostic exercise, which is a light-touch process on your part, we quickly identify potential opportunities to advance your working capital strategy. Then, at your discretion, senior KPMG working capital experts can further guide you through the execution of select value creation opportunities that have been identified.



Deliverables from the working capital diagnostic include:

- Key observations and challenges identified during the rapid assessment
- Perspective on current state maturity versus leading practices
- High-level quantification of potential value creation opportunities
- Prioritized list of initiatives and preliminary roadmap
- Considerations and next steps

Mapping the working capital landscape

Our approach toward developing a working capital strategy begins by determining which of these operational components of working capital drive the largest potential impact to cash management:

Accounts Receivable

Optimize contract terms offered, offer quality service, bill timely and accurately, and facilitate timely payment by customers

Inventory

Align supply chain processes with demand, product segmentation, and profitability-driven strategies supported by network optimization

Accounts Payable

Agree optimal terms with suppliers; execution of contracts/orders, including management of payment triggers; schedules and overall AP processes

Cash Forecasting

Assess key underlying issues impacting the forecast accuracy, then update and realign process

Case study: Enhancing working capital position for a global media analytics company



The challenge

Recent market changes resulted in slow growth, leading to a desired plan to go private. In addition, recent misses in cash guidance resulted in increased pressure to refine free cash flow, cash visibility, and planning.



What KPMG did

- KPMG prepared performance assessments for all working capital areas of the business globally, from procurement to back office (AR/AP), with focus on improving processes and the overall cash conversion cycle
- Guided the ground-up development of an integrated, global short-term and long-term cash forecasting and planning process, as well as an executive reporting package
- Identified performance drivers and included targeted hypotheses, with “fact books” presented to management and team leads



Results:

- \$129M in improvements identified, evidenced from benchmarks and data analysis, linked to specific initiatives
- Delivered \$61M improvement in working capital requirement within four months of the implementation effort

Contact us

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