

# Invigorating the “working” in Working Capital

## Working Capital Barriers

### self-test

- Cash flow not being managed up to your expectations?
- More tormented by your statement of cash flow than your income statement?
- Weighted Average Cost of Capital (WACC) stagnant /moving in the wrong direction?
- Frustrated by an absence of billing and collections performance visibility?
- Dissatisfied with using financial engineering to make each quarter?
- Escalating days sales outstanding from past due balances?
- Accounts payable practices not in sync with your cash plan?
- Frustrated customers trying to navigate your firm’s misaligned internal practices?
- Dust-covered inventory darkening your warehouses?
- Internal continuous improvement teams preoccupied with operations and not integrating finance, accounting and inventory management controls?
- Shareholders asking for a better way to fund your future growth plans?

## Cash is King

Efficient management of working capital directly affects shareholder value. For instance, a reduction of days sales outstanding, days in inventory and days payable outstanding can free up cash thereby reducing leverage and creating opportunities for investment in the business.

Financial engineering is a short term solution. However, **sustainable working capital improvements require changed behaviors and changed processes.**

Our clients are opening up a new world of opportunity by partnering with Alexander Proudfoot’s Working Capital practice. We are installing tools, processes and behaviors within leading firms faced with daunting challenges in accounts receivable, accounts payable and inventory control.

“ **We wanted our employees and leadership to be masters of their own destiny. This is what Proudfoot promised and delivered. Our employees owned and created the change themselves.** ”

– **Chief Executive Officer  
Insurance Company**

## Recent Results

up to  
**5%** increased  
Cash Flow

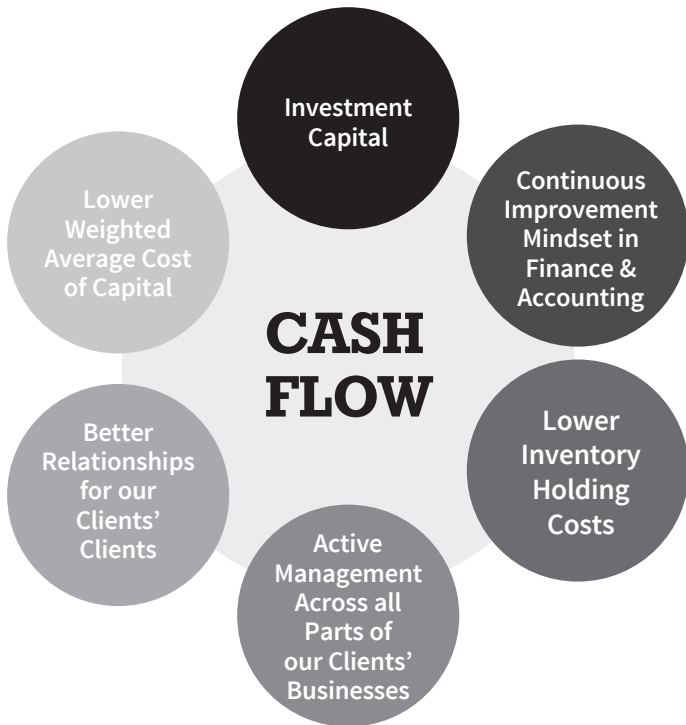
**>5%** improved  
Statement  
of Cash Flow

- Reduced payment mistakes by 50% to 75%
- Reduced past due accounts by 15% to 25%
- Reduced inventory 10% to 30%
- Increased inventory turns & accuracy of cycle counts
- Reduced days on hand by 10% to 40%
- Reduced obsolete inventory 20% to 40%
- Reduced number of vendors 30% to 50%
- Increased discount utilization 5% to 20%
- Improved negotiation skills to reduce prices 10% to 30%
- Improved order payment process 30% to 60%
- Reduced General & Administrative costs by 10% to 20%
- Reduced process cycle times 40% to 50%
- Improved productivity and accuracy 10% to 40%
- Reduced accounts receivables by 10% to 25%
- Increased customer satisfaction 30% to 40%

## Our Approach

Alexander Proudfoot is the pioneer in implementing operational improvement programs. For more than 65 years, we have partnered with companies to execute their business strategies by improving management effectiveness and embedding the changes in behaviors required to ensure sustainable change. These efforts deliver cultural shifts as well as substantial measurable financial and operational improvements—helping companies achieve their goals at a speed never thought possible.

Through custom-designed programs tailored to a company's unique challenges, we work alongside our clients' front-line supervisors and management team members to ensure disciplined execution at all levels of an operation. By balancing costs, improving productivity, enhancing the customer experience and meeting consumer demands better, we help organizations achieve increased revenues, enhanced flexibility and sustained behavior change.



“ The constructive and results-oriented approach was crucial in helping us achieve our objectives. We highly recommend Alexander Proudfoot as a business partner. ”

– Chief Executive Officer,  
Manufacturing Company



# The Offering

## THE OFFERING

Finance-based Key Performance Indicators

Working Capital Benefits Evaluation

Balance Sheet and Statement of Cash Flow Reconciliation

**A behavior-based, pragmatic partnership focused on freeing up cash across our clients' Balance Sheet and Statement of Cash Flow through heightened visibility, disciplined actions and sustainable control.**

### PRIMARY ELEMENTS

- Accounts Receivable (A/R)  
**Management Operating System**
- Accounts Payable (A/P)  
**Management Operating System**
- Inventory Control  
**Management Operating System**
- **Continuous Process Improvement Knowledge Transference** for Finance and Accounting

### KEY BENEFITS

- Maximizes cash flow
- Identifies and corrects operational constraints that restrict cash flow
- Resonates with Wall Street
- Complements other projects
- Contributes to self-funding expectations of our project (ROI)

## Areas of Installation

### ACCOUNTS RECEIVABLE

Your Co-Developed Management Operating System (MOS) installation may call for:

- Process Re-Engineering / Eliminating Constraints
- 7 Active Management Behaviors
- Strict Past Due Definition
- Pareto Analysis with Reason Codes
- Daily Schedule Controls
- Past Due / Coming Due / Billing / Unbilled Reports
- Past Due Review Meetings
- Collections Toolkit
- Collections Skills Programs
- Receipt and Cash Application Controls
- Cash Flow Scorecards
- Finance / Operations / Sales Responsibility Summaries
- Escalation Process
- Resource Capacity Planner
- Skills Flexibility Matrices
- Work Flow Improvements
- Service Level Agreements
- Updated Procedures
- Behavioral Compliance Audits
- Business Acumen and Supervisory Training

### ACCOUNTS PAYABLE

Your Co-Developed Management Operating System (MOS) installation may call for:

- Process Re-Engineering / Eliminating Constraints
- 7 Active Management Behaviors
- Payment Parameters Definition
- Invoice Accuracy
- Simplified Approval Process
- Daily Schedule Controls
- Payables Reporting
- Payables Review Meetings / Huddles
- Cash Flow Scorecards
- Roles and Responsibilities Summaries
- Escalation Process
- Resource Capacity Planner
- Work Flow Improvements
- Skills Flexibility / Training
- Service Level Agreements
- Updated Procedures
- Behavioral Compliance Audits
- Business Acumen and Supervisory Training

### INVENTORY MANAGEMENT

Your Co-Developed Management Operating System Installation (MOS) may call for:

- Forecasting and Planning Development
- Sales and Operations Planning (S&OP)
- Process Re-Engineering
- 7 Active Management Behaviors
- Visual Management Floor Controls
- Inventory Risks to Operation Definition
- Pareto Analysis
- Daily Schedule Controls
- Inventory Reporting
- Vendor Scorecards
- 5S Program
- Service Level Agreements
- Contract Negotiations
- Supply continuity process
- Supplier Risk Mitigation Plan
- Updated Procedures
- Business Acumen and Supervisory Training
- Warehouse and Distribution Optimization

Alexander Proudfoot is a leading global operational improvement firm with more than 65 years of experience. Our core competency is the disciplined and rapid deployment of solutions to deliver measurable financial and operational results as well as a sustainable competitive advantage. Clients benefitting from our expertise include:



## Driving Global Change

Through our global offices, we have the reach and experience to help your company achieve operational excellence.



### Alexander Proudfoot

1355 Peachtree Street, NE  
Suite 700  
Atlanta, GA 30309

Tel +1 404 260 0600

Fax +1 404 260 0601

Email [info@alexanderproudfoot.com](mailto:info@alexanderproudfoot.com)

[www.alexanderproudfoot.com](http://www.alexanderproudfoot.com)

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