

# Working Capital Management

Australian companies are operating with hidden treasures on their balance sheets. EU and US companies streamlined their working capital following the global financial crisis, yet many Australian companies have not brought their processes and systems on par with international peers. Work with us to close your working capital gap and unlock cash for strategic projects.

## THE FTI CONSULTING DIFFERENCE

### Industry knowledge

Our experts have extensive industry experience and maintain a strong industry network. We understand the issues faced by our clients.

### Experienced teams

Our team is operationally experienced in running complex engagements across multiple geographies and can cover the interdependencies between processes and functions seamlessly.

### Our approach

Our detailed and data-driven approach allows us to quantify the impact of individual measures and prioritise accordingly.

### Collaborative

We work directly with your staff to improve their internal processes, systems and controlling methods.

### Results driven

We work fast and strive to deliver greater returns far earlier than internal initiatives will.

Skilful management of your working capital is the most cost-effective way to free up cash, invest in the business and improve operating efficiencies. However, internal initiatives often involve protracted measures and rely on static data, resulting in missed opportunities and unsustainable solutions.

Our team of working capital experts bring decades of relevant experience in process optimisation and change management to drive projects with sustainable results in a short timeframe. The cash released is typically equivalent to 5-10% of revenue, making our projects strategic enablers for executives.

We place particular emphasis on stakeholder management to generate buy-in for change from the early stages of a project.

## GETTING YOUR HOUSE IN ORDER

Optimising working capital requires establishing a cash culture, improving operational processes and optimising funding solutions. We improve the way business is done with our end-to-end approach to positively impact debtors, creditors and inventory management.



## OUR PHASED APPROACH SUPPORTS YOU TO IDENTIFY AND TRIGGER CASH RELEASE

We work fast aiming to execute your new working capital strategy within four weeks. Our approach delivers quick wins to provide immediate payback and cash to fund more fundamental changes.



### Phase 1

We develop a free working capital benchmark to compare your performance against your peers and identify a scope of opportunities tailored to your business



### Phase 2 (2 - 3 weeks)

We perform a fact-based, data-driven diagnostic review to identify 'quick wins' and longer-term opportunities



### Phase 3 (1 - 2 weeks)

We develop a detailed action plan to generate cash and make sustainable improvements. We ensure buy-in and support for the agreed targets with those who will be responsible for delivery.



### Phase 4

Implementation is focused on the key levers:

- Process optimisation throughout the entire working capital cycle
- Mapping, rationalisation and improvement of commercial terms
- Compliance and monitoring
- Creating and embedding a 'cash culture', where trade-offs between cash, cost and service are evaluated and optimised

## SUPPORTING YOUR BROADER NEEDS

FTI Consulting gives you access to leading economists, business transformation and restructuring advisors, valuation experts, forensic accountants, data analysts and communications specialists. We draw on this wealth of expertise to support your broader needs in other specialised situations such as dispute resolution.



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## EXPERTS WITH IMPACT

Some services may be provided through FTI Capital Advisors (Australia) Pty Ltd AFSL # 504204.

## About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organisations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centres throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities. FTI Consulting, Inc., including its subsidiaries and affiliates, is a consulting firm and is not a certified public accounting firm or a law firm.

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## SUCCESS STORIES | OUR ROLE & IMPACT

### Beverage company identifies 20x the expected benefits

The client sought to trigger an \$8m cash release from their debtors, creditors and inventories. Our role was to review all working capital processes and transactional data and develop a roadmap to deliver benefits. The analysis identified sub-industry standard payment terms, early payment behaviours and inefficient invoice processing. Processes in billing, collections and dispute management were suboptimal and resulting in high overdues from debtors. The findings were validated with management and actions defined to trigger the benefits. The total opportunity resulted in \$165m of cash release, exceeding the client's expectations twentyfold.

### Retailer reduces inventory levels by 45%

Our team performed an inventory assessment for an Australian hardware retailer and prepared blueprints to optimise stock levels while increasing customer service levels. An inventory segmentation analysis and process review identified and prioritised opportunities and defined action plans. We established a process to manage and prevent slow and obsolete stock. The client was able to reduce inventory levels by 45% while maximising margin and improving customer service.

### Australian telco company identifies up to 27% improvement of working capital performance

A recent decision to invest in customer service and experience resulted in a cash shortfall in the year-end cash flow forecast. Opportunities in working capital were sought as a means to quickly trigger cash release without the need to burden the company with further debt. Our role was to perform a total working capital deep dive analysis in the retail division of the company. We identified opportunities to improve inventory via an enhanced product lifecycle management process and statistical stock management. In addition, creditors could use more advanced tools for payment and supplier interfacing to trigger additional benefits. A debtor analysis revealed opportunities to expedite billing and improve collection efficiencies. The total cash opportunity exceeded \$400m.