Working Capital management

Cause	Solutions & benefits
Early supplier payments Paying suppliers too early results in cash leaving the business before stock is sold. **Slow customer collections** Once stock is sold, cash inflows are unnecessarily delayed after the sales process.	**Electronic invoicing** streamlines the invoicing process, whilst also reducing the risk of errors by automating manual processes and ensuring that customers receive invoices as soon as possible (which should result in earlier settlement). **Supply Chain Finance (SCF)**, also known as reverse factoring, is a way of improving the Purchase-to-pay (P2P) process by offering suppliers payment via one or more third-party funders. Payables are settled on their due date by the third-party supply chain finance provider, and the organization can settle with the finance provider at a later date, thereby increasing the time for the Days Payables Outstanding (DPO) and hence improving the WCC. Conversely, there are also receivables factoring solutions to improve the order-to-cash (O2C) process by allowing organizations to shorten the Days Sales Outstanding (DSO), as cash from sales is received from the finance provider, and the customer pays the provider later. SCF programs can also be used to incentivize improved ESG performance from an organization's supply base, by offering them improved terms depending on their ESG performance. **Dynamic discounting** is another solution to collect cash quickly from customers. Like SCF, this enables a reduction in DSO, however, unlike SCF, the program is funded by the buyer via early payment discounts. See here for more in-depth details of our services to help improve your working capital management: • Working capital management • Supply chain finance

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