

Cash Protection: How to quickly gain transparency of your current liquidity situation



Your situation

A thorough understanding of the current liquidity situation enables the management to assess the scope of action, implement suitable liquidity measures and make sound strategic decisions. We have many years of expertise, proven processes, and employ tailor-made software solutions. We provide transparency on the liquidity situation of your company in a time and resource-efficient manner. Key elements of active cashmanagement include: (1) daily reports on the

group-wide liquidity status; (2) a reliable short-term liquidity forecast and (3) active control of working capital. In order to establish an understanding of liquidity, a weekly Cash Desk shall be introduced to discuss and gradually optimise these elements.

Element 1: Determining the daily liquidity status

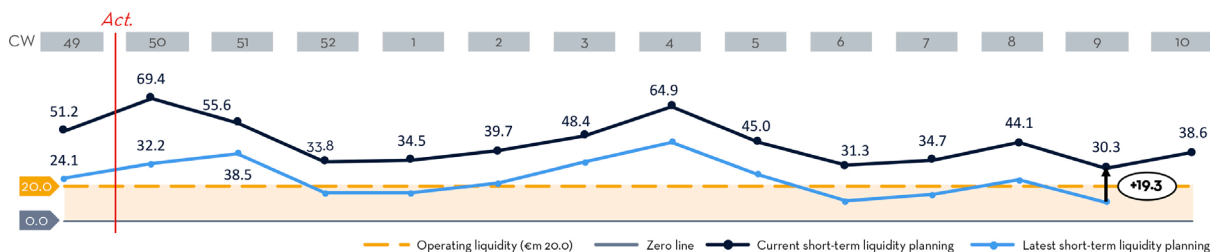
A report on the group-wide liquidity status is generated daily and considers several liquidity levels. These levels describe the liquidity which is immediately available and transferable to other companies. The liquidity status also reflects sureties and guarantees.



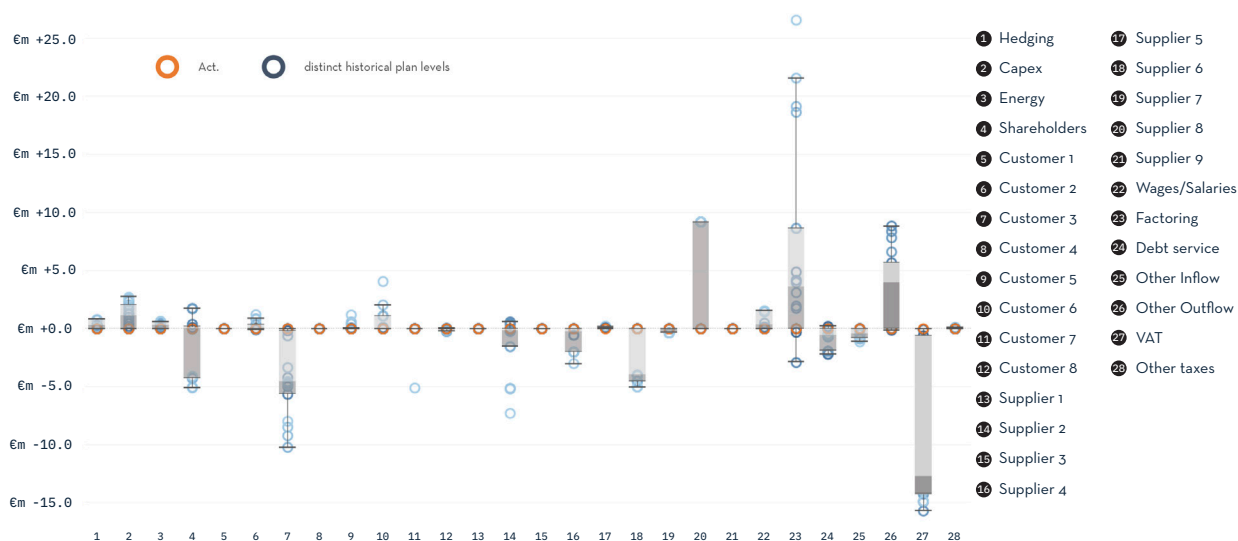
Element 2: Short-term liquidity forecast

In addition to overviewing the current liquidity situation, keeping the future liquidity development in view is equally important. Depending on the company structure, different methods can be applied to forecast liquidity. The method best suited to your company is determined based on experience and practical requirements.

Group: 13-week liquidity planning (€m, example)



Deviation analysis plan/actual comparison (example)



Element 3: Working capital optimisation

Working capital presents an instrument to release liquidity reserves. Customized software solutions and targeted processes produce quick results for several areas of application. The Andersch Working Capital Analytics approach differs from conventional ideas by using tailored data analytics tools.

Approach	Conventional approaches	Andersch Working Capital Analytics
Analytics and visualisation	<ul style="list-style-type: none"> High-level analysis based on balance sheet data (DSO, DPO, CCC) Conventional (static) editing in the form of reports 	<ul style="list-style-type: none"> Differentiated analysis and standardised KPIs based on big data (-> data science) Visualisation of KPIs and causalities by using interactive dashboards
Optimisation	<ul style="list-style-type: none"> Sweeping optimisation approaches, e.g. aggressive enforcement of payment terms with suppliers, thus damaging the business relationship Reactive approach (One-off) effects largely during the project execution phase 	<ul style="list-style-type: none"> Targeted optimisation of customer/segment-related individual topics based on a thorough understanding of causalities Modelling and use of forecasts Stabilisation of effects based on permanent availability of analytics tools (dashboards) and process adjustments

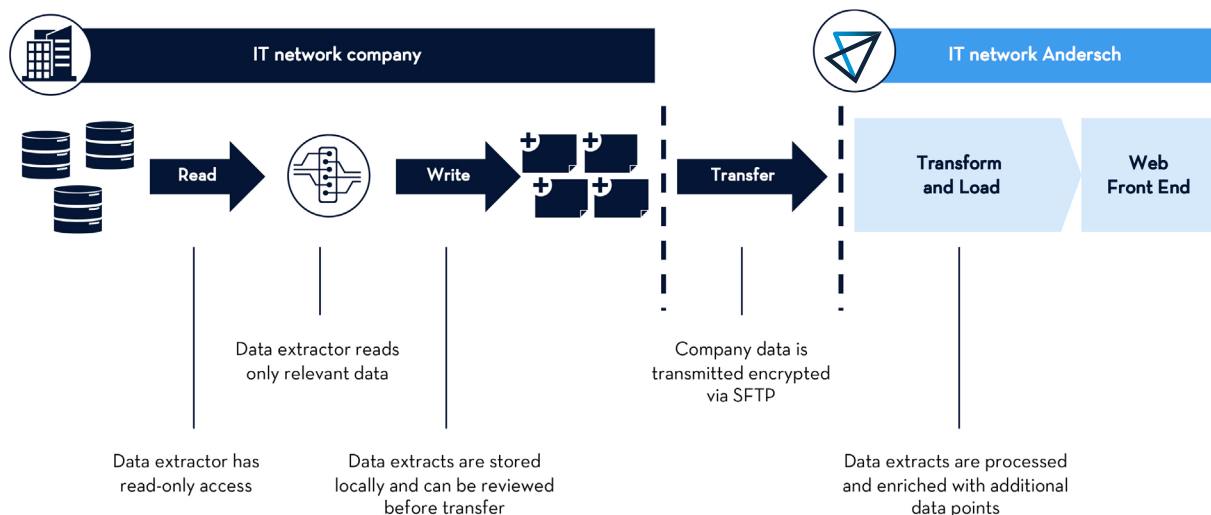
Fields of application for Andersch Working Capital Analytics



Element 4: State-of-the-art IT tools

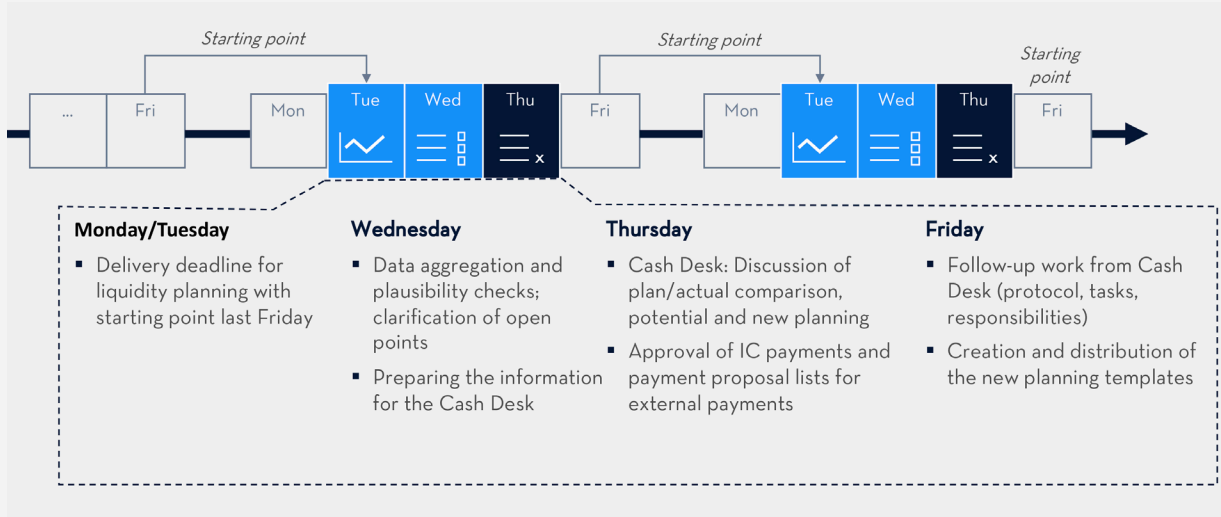
Data collection, evaluation and processing needed for liquidity optimisation purposes may tie up considerable resources in the company - especially when IT systems are disparate. Therefore, efficient and effective cash management is enabled by the use of modern IT tools: automated ETL processes (extract-transform-load) instead of manual work (e.g. in excel files). Data is transferred from various sources and formats into one homogeneous target structure, stored in a database and enriched with other information, such as market forecasts, data from competitors or current exchange rates. This creates a comprehensive data pool that can be accessed with smart software applications such as Tableau to produce meaningful analytical results in a time and resource-efficient manner.

ETL Process

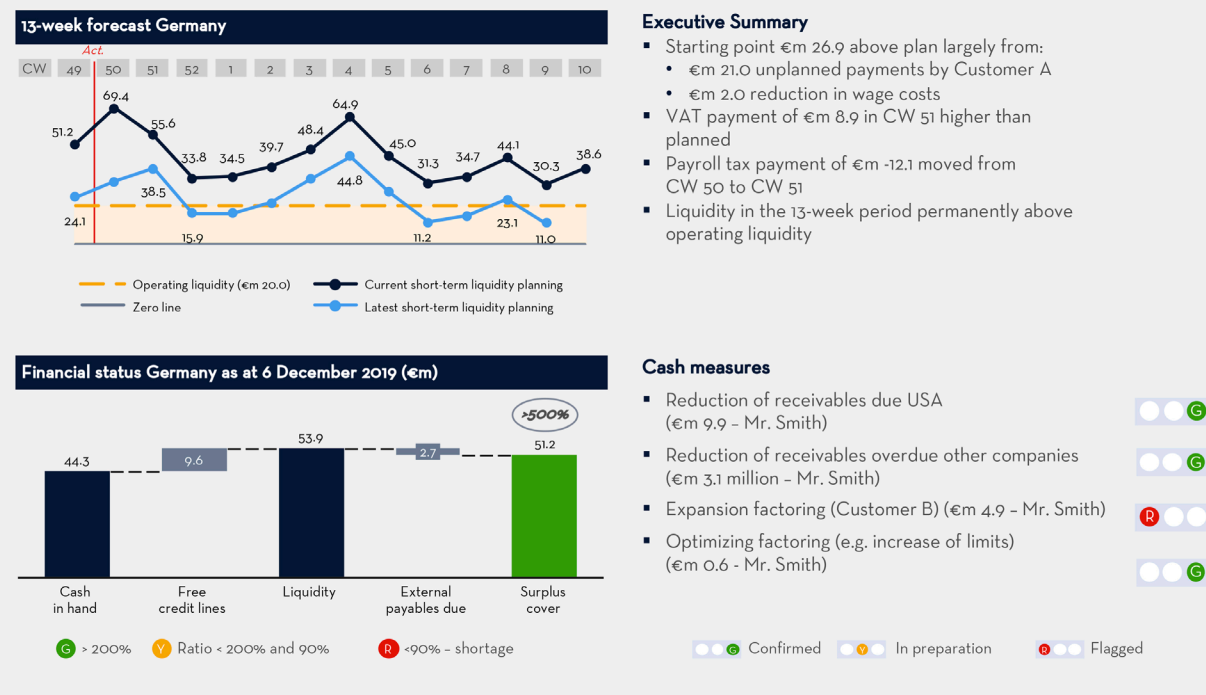


Element 5: Cash Desk

In order to establish an understanding of liquidity, the introduction of a weekly Cash Desk is recommended, which ensures structure and process quality. The Cash Desk is a key control element, combining the work of all involved divisions (e.g. Treasury, Procurement, Sales etc.). A variety of analytical approaches in combination with a weekly comparison of plan and actual data reveals potential inaccuracies in the liquidity plan. This enables a gradual refinement of the planning methodology as well as fast improvements in the significance and reliability of the liquidity planning process. Group-internal liquidity transfers can be determined, payment runs can be released and further options for internal and external financing can be discussed.



Cash Desk dashboard (example)



CONTACT DETAILS

For more information about cash protection or if your company is in a critical situation due to the COVID-19 crisis - call us

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Our experts will help you to turn the current challenges into opportunities.