

Proving the Value of Your  
Credit & Collections Department

**CID – Annual Meeting**

**October 19, 2017**

How does your department create  
Value for your Company?

Create Cash Flow



# Adding Value...Cash Flow

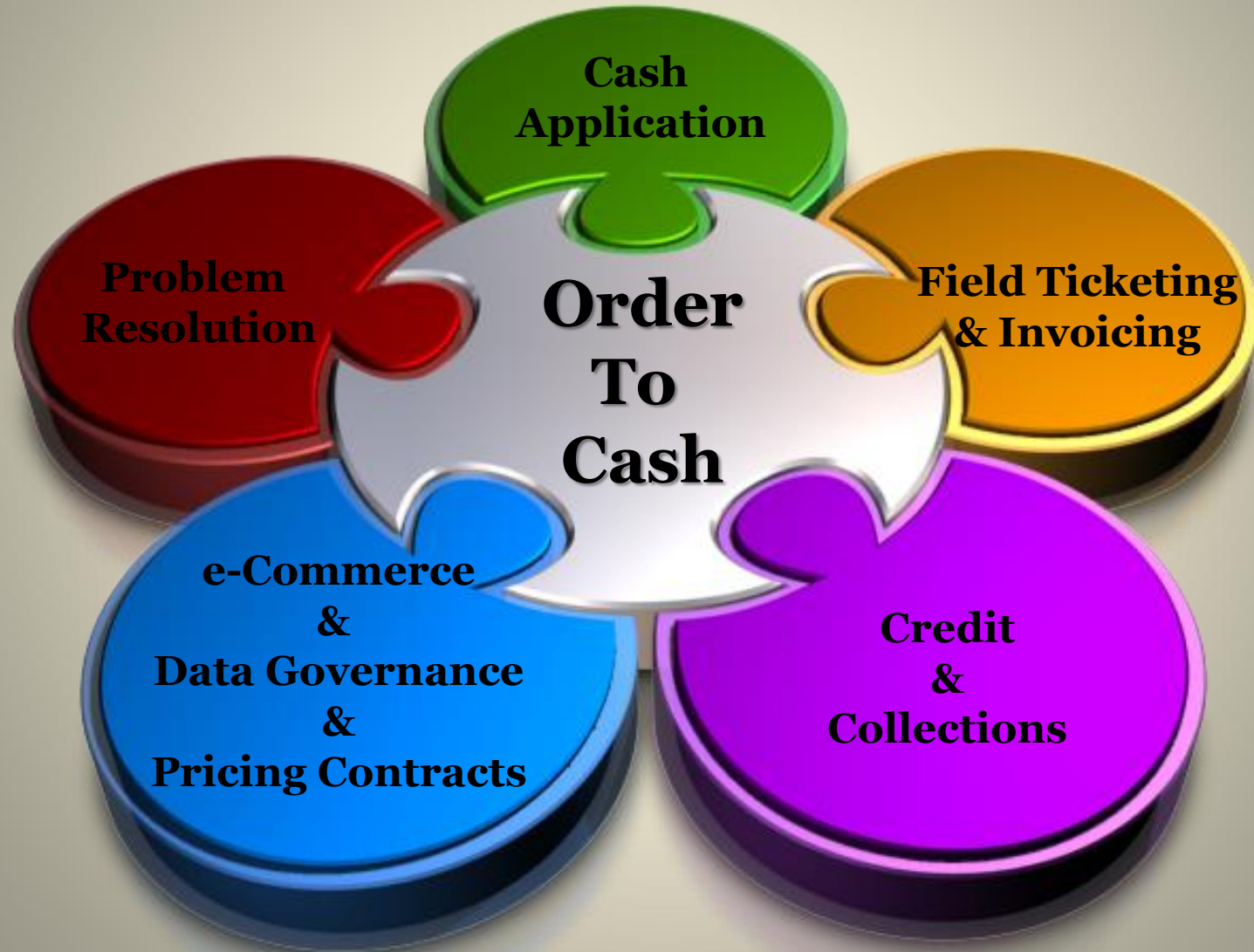
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- Reduce DSO/ADTP
- Reduce Problem Invoices
- Effective; Contract, e-Commerce & Product Data Governance
- Reduce Billing Time/LAG Time/Accrual
- Reduce Bad Debt Reserve
- Same Day Cash Application
- Controlling Credit Risk



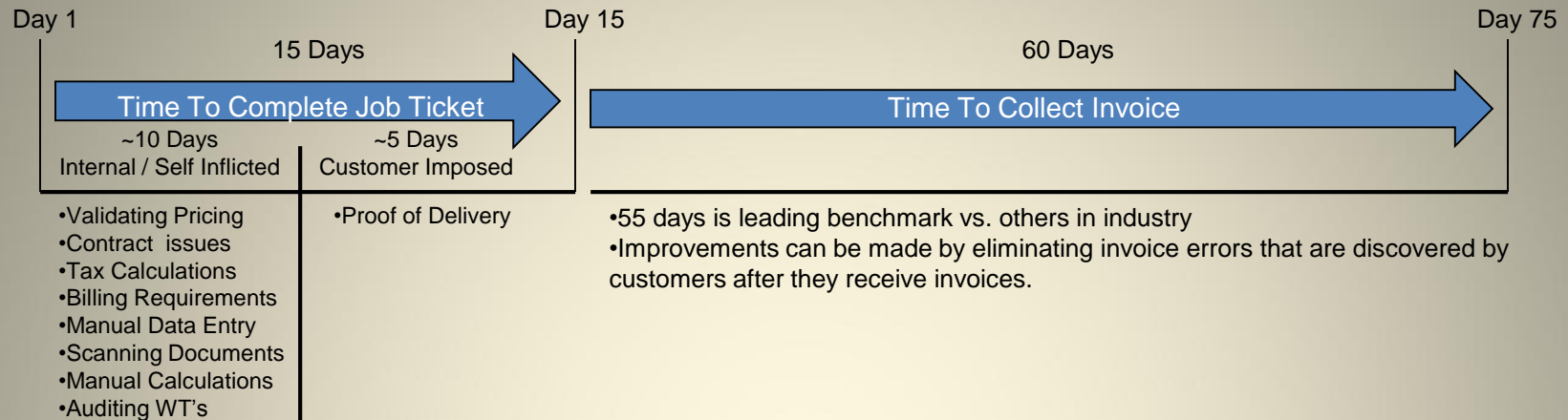
# Cash Flow Puzzle

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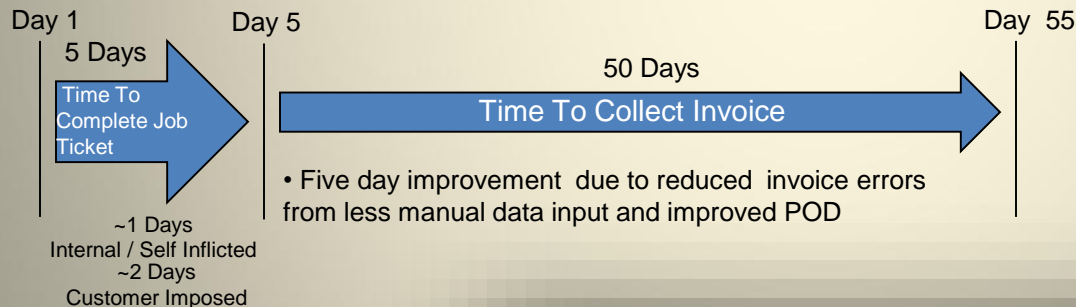


# Order To Cash - Benefits of Incremental Process Improvement

## Current Process



## Improved Process



**Created a 20 day Improvement @ \$3M per day. This creates a VALUE of \$60M in additional Cash Flow.**

# Value Demonstration



## R&D Oil & Gas Services

<u>Annual Department Budget</u>	<u>Cost</u>	<u>Value Created</u>	<u>Available Cash Flow</u>	<u>Borrowing Cost @ 7%</u>
Employees	2,000,000	Manage DSO @ Avg of 55 vs. 65	50,000,000	1,916,048
Legal Fees	300,000	Manage Lag-Time @ Avg 5 Days vs. 15	50,000,000	1,916,048
Credit Data	100,000	Manage Bad Debt Reserve @ .5% vs. 1%	1,500,000	57,481.43
Other expenses	100,000			
<b>Total Budget</b>	<b>2,500,000</b>	<b>Total Value</b>	<b>101,500,000</b>	<b>3,889,577</b>

**Total Value Created Over Department Cost \$1,389,577**

Note: Assuming ~\$300M AR portfolio and ~\$150M Monthly Revenue.

# Q & A Session

*Thank you for your time...*

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