



CASE STUDY: Increasing liquidity by establishing a group-wide Working Capital Management for Accounts Payable and Accounts Receivable

Industry / Sector:	Automotive supplier	Client:	Shareholder
Company Size:	~ 280m€ sales	Contract period:	3 month / 25 man days

- **Significant reduction of DSO increasing liquidity and reducing interest expenses and write-off's**
- **Establishing guidelines throughout the group reducing risk of write-off's and increasing accounts receivable transparency**

Initial situation

- Private-equity owned automotive supplier group with 7 independent companies throughout Europe servicing OEM's, TIER 1 and other industrial customers
- No transparency of due and overdue receivables of "critical customers" throughout the group
- DSO's far above contractual agreements with no dunning processes in place

Task for ICS Partners

- Establishing Accounts receivable guidelines to give clear guidance and transparency
- Reorganization of purchasing processes
- Improve liquidity situation and reduce interest expenses

Measures taken

- Implementation of Accounts Receivable Reporting in key company and roll-out through the group thereafter including re-designing of payment processes
- Improve awareness for importance of proper working capital management by establishing respective reports and meetings
- Reorganization of purchasing process

Results

- Reduction of Accounts receivables by 20% (i.e. EUR 8m)
- Reduction of interest expenses by approx. EUR 0,6m
- Reduction of annual write-off's through proper procedures by approx. EUR 1m
- Group-wide transparency of "critical customers" enabling direct management initiatives in time