

THE CASH CONVERSION CYCLE

How to find the cash already hiding on your balance sheet

There are millions of dollars hiding on your balance sheet right now. The cash conversion cycle (CCC) is the one number that finds them. It measures how many days your cash is tied up in the business before it comes back to you — **and every day you cut puts real cash back in your account, with no new sales, no new debt, and no new equity.**



What a day is worth

On a \$50M company, one day of cycle is about \$137,000 of cash; ten days is roughly \$1.4M. **Most mid-market companies run a cycle 30–60 days longer than they need to — that’s millions of their own money, trapped in plain sight. It’s the cheapest capital you’ll ever raise, because you already earned it.**

The three levers that free it

Collect faster <i>Lower DSO</i>	Hold less <i>Lower DIO</i>	Pay smart <i>Raise DPO</i>
<ul style="list-style-type: none">● Own collections with real urgency● Resolve disputes in days, not weeks● Invoice the day the work is done● Enforce the terms you already set	<ul style="list-style-type: none">● Classify every SKU; act on each● Clear slow-moving and obsolete stock● Right-size safety stock● Buy to demand, not to comfort	<ul style="list-style-type: none">● Use the full terms you negotiated● Stop paying early out of habit● Segment vendors by what’s critical● Never damage a key supplier to win a day

Calculate yours

$DSO = \text{Accounts Receivable} \div (\text{Revenue} \div 365)$

$DIO = \text{Inventory} \div (\text{COGS} \div 365)$

$DPO = \text{Accounts Payable} \div (\text{COGS} \div 365)$

$CCC = DSO + DIO - DPO$

It pays you twice

Now — in liquidity, lower borrowing, and breathing room every week.

At sale — a disciplined balance sheet sets a lower working-capital peg, so you keep millions more of the proceeds instead of leaving them in the business.

Want a second set of eyes on your numbers — or the 13-week cash forecast I build first in every engagement? Just reply; I read every message.

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