



<HOW TO SOLVE WORKING CAPITAL>

THE PROBLEM

What is the problem?

- [working capital]

Who has this problem?

- [business community]

Why should this problem be solved?

- [unless solved, it will lead to short term liquidity crisis]

How will I know this problem has been solved?

- [paying salaries, vendors, rent, utility bills and short term bank loans on time]

BACKGROUND INFORMATION

- What is your research?
 - How to solve WC- working capital?
 - How did you get information to research this problem and attempt to solve it?
 - Accounting data
 - Personal experience
 - Internal business policy – Customer payment days / Vendor payment days
 - When salary is paid ? When utilities are paid ? When renewals like Rent and taxes and licences are paid ? When suppliers are paid ? When bank loans are settled ?

WORKABLE SOLUTIONS

Solution #1

- Policy to be defined for Supplier payment terms and customer receipt terms and conditions
- Salary payment cut off date to be pre-defined
- Utility payments to be kept as auto payment from the respective bank accounts.

Solution #2

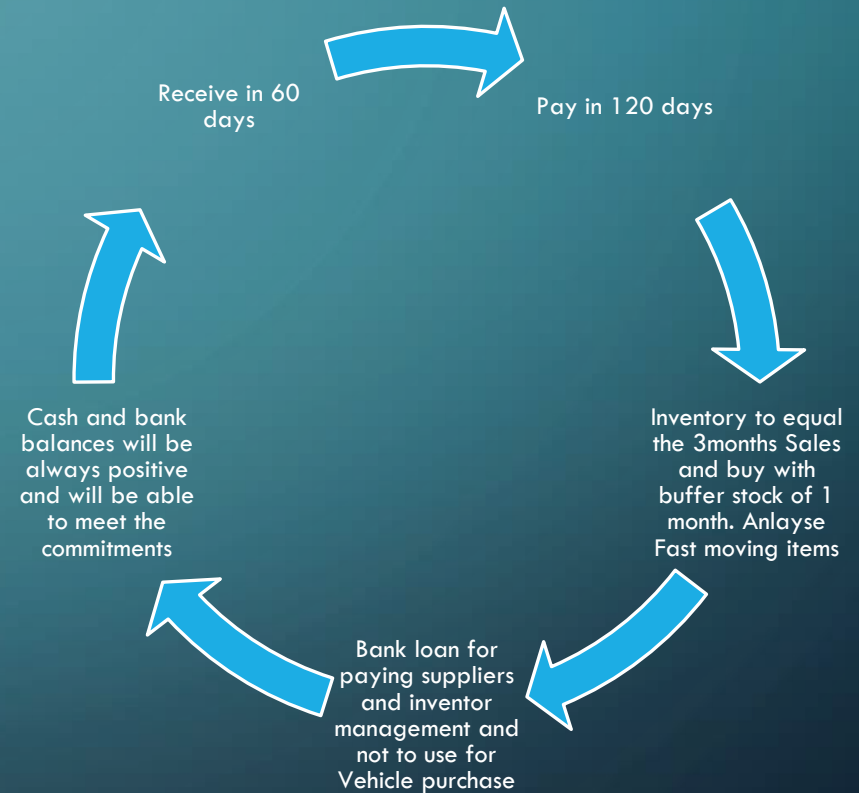
- Bank repayment terms to be pre-defined and well planned so that there are enough money in the bank accounts to pay on a timely basis .
- Inventory management is critical for trading business, mfg co's. For service industry – quality of service and Human resources management.

Solution #3

- To ascertain the desired profit that the owner wants to take every month .
- To ensure that the owners salary are also paid on time. This gives satisfaction to reinvest.

PROBLEM AND SOLUTION

- Customers are paying 120 days later .
- Suppliers are asking money in 60 days .
- Inventory is purchased based on 90 days lead time from the manufacturer.
- Bank loans obtained for inventory are used for buying vehicles.



FINAL RESULT

- Once you have a healthy cash and bank balances, go back to your second slide and review the initial questions you answered.
- Business should borrow inventory from suppliers
- Business should borrow money from bank
- Business should borrow human resources
- Business should borrow facilities
- Business should honour their commitments on time.
- No business management is STRESS FREE.
- ALWAYS PLAN AND TAKE ENOUGH TIME FOR THAT . EXECUTING THEM ON A TIMELY BASIS.