



CASE STUDY

How we rescued a Manufacturer
from cash flow volatility
reduction by 30% in a month



**Adroit
Advisors**
AUDIT • TAX • ADVISORY

OVERVIEW



Adroit Advisors was engaged by ABC Limited, a Medium-scale manufacturing company, to address persistent cash flow challenges. Despite steady revenue streams, they experienced frequent cash shortfalls due to delayed customer payments, rising operational expenses, and inefficient inventory management. Our solution involved implementing a comprehensive, data-driven risk monitoring system to proactively manage cash flow risks and stabilize the company's financial position.

ABC Manufacturing company operates in a competitive manufacturing landscape where financial agility is crucial for success. Prior to our engagement, the company faced several critical issues:

CHALLENGES

Despite having steady revenue streams. They had delayed customer payments, rising operational expenses, and inefficient inventory management were the primary contributors to their cash flow issues.

Delayed Customer Payments

ABC customers were consistently late with payments, leading to high accounts receivable turnover times. This created significant cash flow bottlenecks, impacting the company's ability to meet its own financial obligations.

Rising Operational Expenses

The company experienced unexpected increases in operational expenses, which put considerable strain on cash reserves. This unpredictability made it difficult for ABC to budget effectively and maintain a stable cash flow.

Inefficient Inventory Management

Excessive inventory levels tied up a substantial amount of cash, limiting the company's liquidity. This issue stemmed from inefficient purchasing and forecasting practices, resulting in overstocking and reduced financial flexibility.

Lack of Real-Time Financial Visibility

The ABC management team lacked access to timely, comprehensive financial data. This hindered their ability to make informed decisions quickly and respond to emerging financial challenges.

Reactive Financial Management

The company's approach to financial management was largely reactive, addressing issues only after they became critical. This led to a cycle of crisis management rather than strategic financial planning.

SOLUTIONS

Recognizing they needed a lifeline, ABC called in our experts at Adroit Advisors. Their mission? To implement a cutting-edge risk monitoring system that would turn their financial data into a crystal ball for predicting and preventing cash flow disasters.

THE DATA-DRIVEN IMPLEMENTATION

1. **Data Integration:** To centralize data from various sources for comprehensive analysis, we integrated financial, operational, and market data into a unified system. We utilized advanced analytics tools to process and analyze the data in real time.
2. **Establishing Key Risk Indicators:** Key metrics such as days sales outstanding (DSO), expense variability, inventory turnover, and debt service coverage ratio (DSCR) were clearly defined. This identified and monitored critical KRIs affecting cash flow.
3. **Real-Time Dashboards:** To provide the management with up-to-date insights. We developed interactive dashboards displaying real-time data on cash flow, receivables, expenses, and inventory levels. This enabled the management to make informed decisions quickly.
4. **Continuous Monitoring and Alerts:** We implemented automated monitoring systems to continuously track KRIs. Set up alerts for significant deviations or potential risks, allowing for immediate corrective action. We were able to detect and respond to emerging risks promptly.
5. **Regular Reporting and Analysis:** To ensure an ongoing assessment and improvement, we conducted regular reviews and detailed reports on cash flow performance. Used historical data to refine forecasts and strategies continuously.

RESULTS

Within months, ABC's financial picture was looking less like abstract art and more like a masterpiece:

**Cash Flow
Volatility**

-30%

**Days Sales
Outstanding**

-20%

**Operational
Costs**

-15%

**Inventory
Turnover**

+25%

**Accurate Cash
Flow Forecasting**

+30%

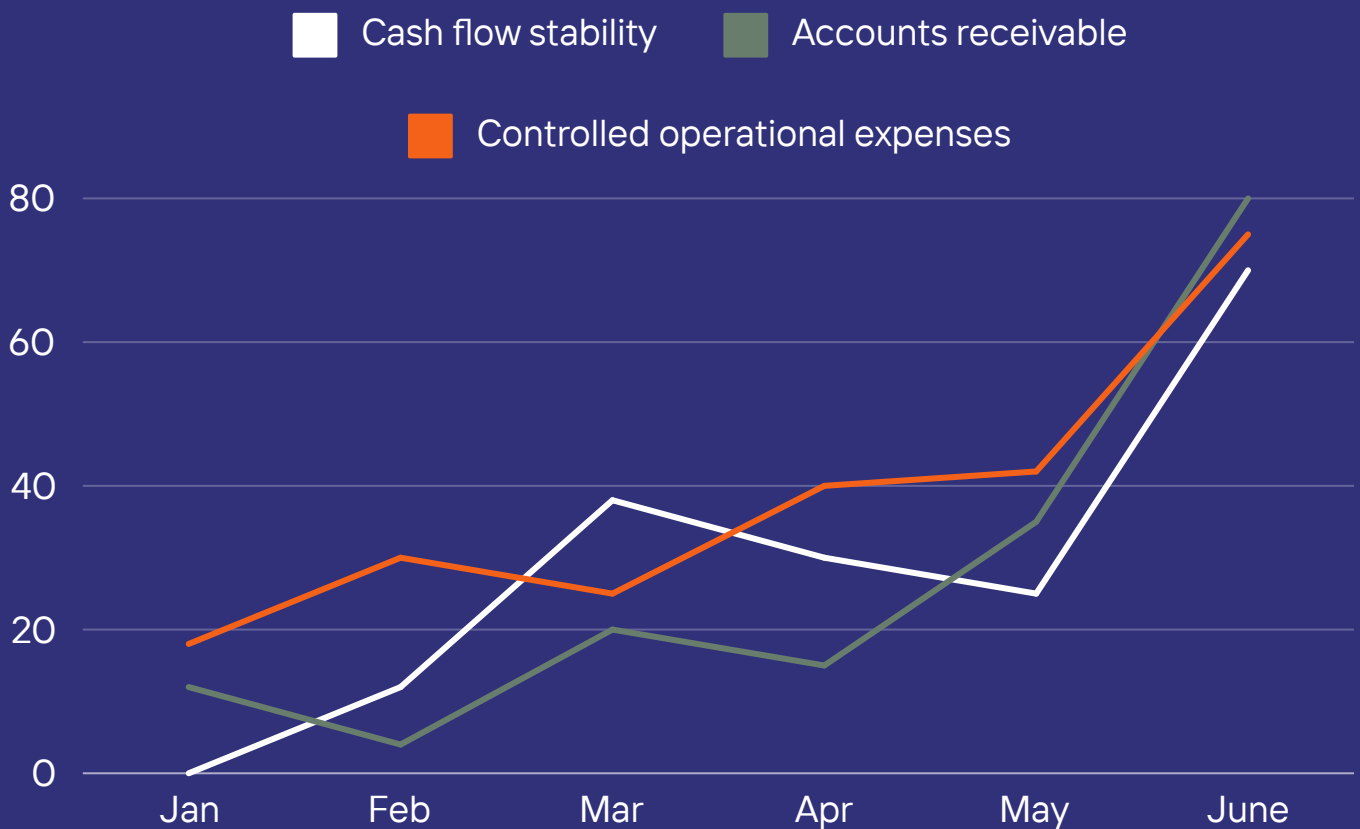
1. **Improved Cash Flow Stability:** Reduced cash flow volatility by 30% through timely identification and mitigation of risks. Ensured consistent cash availability for operational needs and investments.
2. **Enhanced Accounts Receivable Management:** Decreased DSO by 20% within six months. Improved collections by identifying late-paying customers and implementing targeted follow-up strategies.
3. **Controlled Operational Expenses:** Achieved a 15% reduction in operational costs by closely monitoring expense patterns and identifying unnecessary expenditures.
4. **Optimized Inventory Levels:** Increased inventory turnover by 25% by adjusting purchasing strategies based on real-time data. Reduced excess inventory and freed up cash for other business areas.
5. **Accurate Cash Flow Forecasting:** Enhanced the accuracy of cash flow forecasts by 30%, leading to better financial planning and reduced cash shortfalls.

SIX MONTHS PROGRESS

ABC's journey from cash flow chaos to financial finesse showcases the power of data-driven risk monitoring. By embracing real-time analytics and proactive management, manufacturers can weather the storms of delayed payments, rising costs, and inventory challenges.

In today's fast-paced business world, the ability to predict and prevent cash flow issues isn't just nice to have – it's essential for survival and growth. ABC's success story serves as a blueprint for other companies looking to turn their financial data into a competitive advantage.

Remember, in the world of manufacturing finance, knowledge truly is power. And with the right tools and expertise, that power can transform even the most turbulent cash flow into a steady stream of success.



TESTIMONIAL

Our partnership with Adroit Advisors underscores the power of data analytics with comprehensive risk monitoring strategy. Upon completion of the project, we are pleased to report that we not only met but exceeded most of our initial expectations.

-- CEO

Inspired by ABC's success story?
Get in touch with us to start your journey toward
outstanding results.



CONTACT

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