



Managing and maintaining liquidity in unusual times

April 2020

From one day to the next, business-as-usual for your company became business-most-unusual. You're probably reading this from your home, looking at your balance sheets and considering various courses of action to respond to immediate calls for much-needed liquidity with a sound approach to prepare for a global economic downturn.

We will help you actively monitor and steer a company's cash and liquidity situation to help you get your sea legs in these extraordinary times.

An emergency response plan that covers three buckets to help you address and manage liquidity

Tighten the valve to mitigate cash outlays	Loosen the valve to allow for an influx of liquidity	Optimize Going Concern practices to manage extraordinary times
<ul style="list-style-type: none">• Working capital KPI tracking<ul style="list-style-type: none">• DSO/DPO/DIO• AP/AR• Factoring and reverse factoring programs• Credit limit tightening	<ul style="list-style-type: none">• Daily cash visibility of global cash positions• Release trapped cash• Loan credit line extensions• Government initiatives for corporate credit• Three-month cash forecast• Bank strategy strengthening	<ul style="list-style-type: none">• Going Concern Assessment• Covenants of finance activities• Bank guarantee KPI breach simulation/ monitoring• Cash pool, cash culture, cash forecasting• Supply chain finance and factoring programs• Data management, data analytics, and predictive technologies• Centralized finance and treasury function

How we can help?

 Tighten the valve to mitigate cash outlays	<ul style="list-style-type: none">• Track working capital KPIs to identify opportunities, such as improving AP/AR payment terms or extending/ setting up factoring and reverse factoring programs.• Adjust and tighten credit limits for outstanding invoices with customers, as well as tracking outstanding payments closely – involving your sales and controlling departments.
 Loosen the valve that allows for an influx of cash and liquidity	<ul style="list-style-type: none">• Secure global funding daily with a daily cash visibility of global cash positions.• Identify and release trapped cash within the group structure to use efficiently.• Talk to banks to secure and extend credit lines. Use your group's leverage/Wallet and the ancillary business you allocate to banks strategically.• Understand governmental corporate credit initiatives better.• Identify cash shortages early, by establishing a daily detailed three-month cash forecast• Gain better access to global cash reserves with an improved global cash pool set-up that's automated and efficient
 Optimize Going Concern practices to manage extraordinary times	<ul style="list-style-type: none">• Monitor covenants of your financing activities, simulate stress scenarios for covenant breaches, and define an action list for potential breaches.• Monitor and simulate breaches of bank guarantee KPIs and understand the full financial impact of any such breach.• Monitor and analyze the internal credit risk of existing cash pool structures and define limits for cash pool liabilities.• Prepare management's current "Going Concern Assessment". Creditors and auditors will request it in these critical times.• Strengthen the cash culture in departments emphasizing the need for accurate forecasts

Your benefits

	Slow down – or stop – the outflow of your liquid assets
	Identify your global cash positions, and cash reserves to secure daily funding through an improved cash-pool setup
	Gain confidence in your decision making in times of crisis and leverage your group strategically for more favorable terms with banks, the public sector, vendors, etc.
	Set a foundation for a more effective and efficient centralized Finance & Treasury headquarters for the long haul

Find additional KPMG COVID-19 resources here

<https://home.kpmg.ch/en/home/insights/2020/03/coronavirus-business-continuity-plan.html>

<https://home.kpmg.ch/de/blogs/home/posts/2020/03/coronavirus-liquidity-cash-flow.html>

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