Informita News

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Working Capital Manager

The Working Capital Manager

Informita's latest partnership is with a Belgian company called DiscoverEdge, who are a team of business intelligence experts. The have developed an ERP plug-in that extracts data directly from your ERP system and immediately creates a working capital dashboard. There is no need to debate about measurement definitions. You can instantly see your receivables, inventory and payables positions on a daily basis and compare that performance against the targets that have been set by the business. You can then drill down through the dashboard to view information at any level all the way down to the individual customers, suppliers or stock items. It will tell you the current position compared to what optimal performance would have been, if achieved. This allows you to specifically target the underlying performance issue. You can compare performance against historic trends to understand if there are any patterns emerging in working capital performance. The Working Capital Manager gives you the ability to set targets for working capital performance that are simply communicated and transparent. To ensure that targets are reasonable there is an instant simulation tool that tells you quickly how many days of DSO (Days Sales Outstanding), DIO (Days Inventory Outstanding) and DPO (Days Payable Outstanding) must be achieved. All this comes at a very reasonable cost and can be fully up and running in as little as 2 days. In extreme cases where you have heavily customised your ERP it may take longer. Find out more by clicking on:

http://www.informita.com/resources/Informita+-+Working+Capital+Reporting+-+September+2013.pdf

IN THIS ISSUE

Have you optimised your inventory?

Can you afford to wait before inventories get out of control?

Open the lastest books on supply chain management and you are sure to endure long lectures about collaborative supply chain, demand sensing, six sigma techniques, sales and operations planning and many more subjects that assume that you have already done some of the basics. What we continually find is that some of these basics have not yet been completed by the time more sophisticated techniques begin to be employed. The unfortunate effect often can be that the results achieved by these more advanced initiatives are not as great as if all the building blocks had already been in place. Particularly with the festive season approaching, for many companies the solution is to have more storage space. But oftentimes there are elements of inventory optimisation that have been overlooked. While most supply chain managers will have a clear understanding of the more valuable fast moving stock items, many do not understand that calculating safety stocks, agreeing stocking methodologies and batch sizes and fixing customer lead times vitally depends on having a correct understanding of demand volatility. The result can be that too much stock is being held of fast moving stable demand items and too little of slower moving demand volatile items. By optimising your inventories you can achieve two short term aims that all supply chain managers will be happy about: reducing aggregate inventories and increasing the real service level delivered to the customer. And those lower inventories are likely to keep your finance colleagues pleased as well. But like most things in supply chain, it will not be an instant solution. The first step is to understand the real demand behaviour of stock items and then to use that information to change the parameters used to manage various stock items. One size does not fit all and there are bound to be some heated debates about the decisions to be made. But beginning this process will bring good results and provide the bedrock to implement more complex solutions that will get you closer to world class.

EU Late Payment Directive and its implications for Supply Chain Finance

EU Directive 2011/7/EU continues to cause confusion. Our paper on the issue continues to be our most frequently downloaded insight paper. We are still coming across many companies who are badly informed about the new rules and their implications. One of the latest subjects that the Directive seems to impact is supply chain finance. If you are running a scheme designed to extend the payment term beyond 60 days then you are likely to fall foul of the new rules since making any kind of charge for payment in excess of 60 days is now illegal. Several large multinationals who have signed up to supply chain finance programmes with a base term in excess of 60 days are going to be affected. So better to check your scheme's compliance now rather than be heavily fined later. Check out more at: http://www.informita.com/resources/Informita+-+EU+Directive+on+Late+Payment+-+March+2013.pdf

Compare your Payment Terms

One of the continuing problems for many companies is understanding whether the payment terms agreed with customers and suppliers are in line with market norms, local legislation and actual terms agreed with other companies. We already have various tables of information that we share with clients to understand legal limitations and trading norms for every country on the globe. To supplement this and address the final problem we have created a database with over 500,000 data points from 42 countries where we can compare supplier or customer data sets en masse. This is not an easy process since supplier and customer naming conventions can vary even within the one company and the size of the database means that to check each one manually would be impractical. So our programme does a series of Boolean searches on each supplier or customer and is capable of examining customer or supplier lists of several thousand at a time. Definitive answers can be derived within a few days of data being supplied. This has already been of major assistance to clients in setting the right expectations on payment terms, especially for more exotic markets.

Bulgaria: More improvement required

According to Transparency International, Bulgaria is the most corrupt place to do business in the European Union. Almost anything that requires government support is likely to be subject to bribery or will be delivered very slowly. But things are improving. Although red tape is still pretty bad it is now considered better than some other countries like France or Spain. Areas of special note for red tape are construction and employment. But even with all this there are still a number of thriving Bulgarian businesses. Those that are small, export driven and have little to do with the public purse seem to be doing well. Living standards continue to increase. One big barrier for many foreign firms setting up in Bulgaria is the national education system. There has not been enough reform in this area since the fall of communism. That means that although Bulgaria might be very attractive to more affluent European countries because of low labour rates, the skills required to do many clerical and manufacturing jobs are scarce across the country. Without substantial public investment this transition will take a lot of time.

Achieving Change

There are many change management books out there that tend to be too long, have too much theory and have ideas that are not easy to implement. This booklet takes a different approach. Brian has reviewed his 20 years of experience of change management and tried to boil it down to ten practical things that will help anyone to manage a programme of change. In this booklet Brian lays out some practical steps that can be taken, without any need for psychological jargon, in the real workplace that will not only help to make change happen but create an environment where change is sought out and therefore will perpetuate itself. The book is available in paperback and as an e-book at:

http://www.amazon.com/Achieving-Change-Brian-Shanahan-ebook/dp/B00GZ1XLZO/ref=sr_1_1?s=digital-text&ie=UTF8&qid=1385755147&sr=1-1&keywords=brian+shanahan

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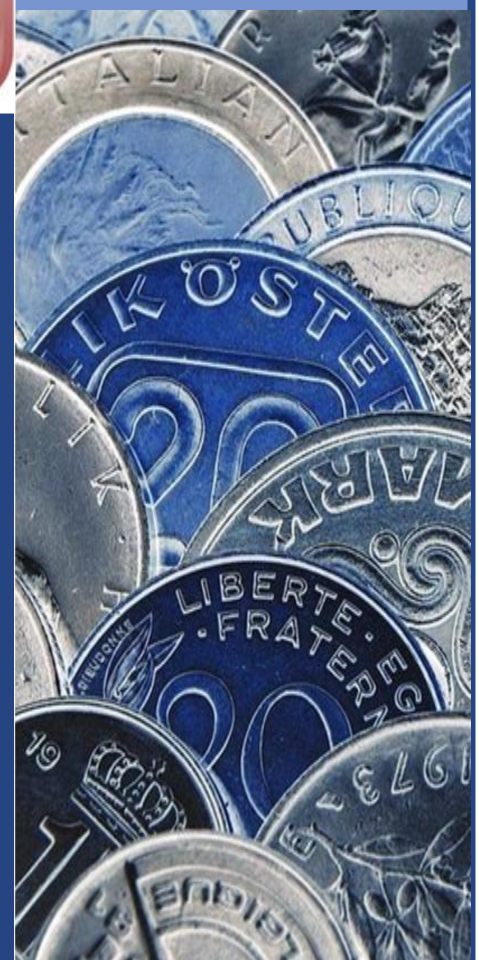
C-Solve Enterprise

Latest Developments

Many months after launch there is still no other solution available in Europe that offers a P-Card solution like C-Solve Enterprise that offers full procurement control over expenditure and is fully tax compliant across the whole European Union. All those stories that we continue to hear about employees who have abused their corporate or procurement cards are not possible with C-Solve since the supplier, the item and the price are pre-agreed by procurement, all purchase orders need to be properly authorised and e-invoices are processed in a manner that is fully compliant with EU directives on procurement card invoicing. But many of you have asked us how to deal with suppliers that are already on terms of up to 60 days without losing out on cash flow. We have listened to the concern and adapted C-Solve so that suppliers who are currently on a 60 day term would revert to 30 day term, getting paid between 32 days and 35 days after goods receipt, while the buyer would receive between 64 days and 86 days credit on each transaction. And this transaction is fully compliant with the EU Late Payment directive. This is the only way going forward of receiving more than 60 days credit on invoice transactions in a way that is legal for new transactions in the EU.



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