



Wilson Perumal
& Company

BOOSTING LIQUIDITY
REDUCE WORKING CAPITAL AND
IMPROVE CASH FLOW

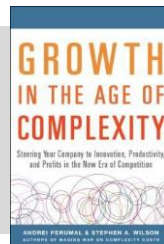
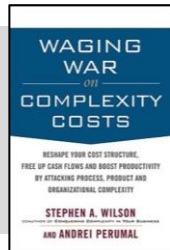


Executive Summary

- Companies need better liquidity, now and going forward, in order to:
 1. Enable operations during current challenging period
 2. Fund requisite changes for new operating environment
 3. Protect as a buffer against changing demand, future shocks
- Wilson Perumal & Company is a premier consulting firm, with deep expertise in boosting liquidity, and helping companies thrive in a complex environment
 - We start by assessing the opportunity across the 8 levers of liquidity
 - We use a holistic approach that spans from DSO/DPO optimization to inventory reduction
- Typical results can yield increases in cash flow by 30%, with important nuances between product and service
 - Product companies: focus on working capital locked up in inventory and also consider go-to-market approach, operating model, product offerings, footprint, and distribution channels
 - Service companies: protect revenue by adapting the operating model to the right channels (e.g., online) and markets, and transition fixed to variable costs based on demand
- WP&C identifies the liquidity opportunities in an initial 4-5-week diagnostic
 - Diagnostic focuses on understanding the business, issues, and opportunities
 - Rolls right into a 10-12-week implementation to capture the most immediate opportunities

Wilson Perumal & Company at a glance

- Focused on complexity, helping clients compete in a complex world
- Boutique, strategy & ops consulting firm with ~40 full-time consultants
- Founded 2009 by Stephen Wilson and Andrei Perumal
- Value & results oriented: focus on profit, growth and working capital outcomes
- Publications: 2 books published by McGraw-Hill and significant work with *The Wall Street Journal*
- Our clients are leading corporations and private equity firms
- Consistently recognized (e.g., 2025 Great Place to Work Certified)

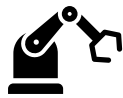


Changes in the operating environment will likely require shifts in your strategy—and the liquidity to support them

EMERGING THEMES



**Firm Resilience
& Flexibility**



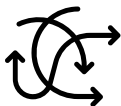
**Automation
& Digitization**



**Remote
Workforce**



**Health &
Safety Focus**



**Variable
Economic
Conditions**



**Government
Regulation**

POTENTIAL IMPLICATIONS FOR A BUSINESS

GO-TO MARKET STRATEGY

Update your channels and market presence; allow customers to easily reach you and purchase both online and in person

OFFERING PORTFOLIO

Update your offering to align with new consumer needs; leverage product development, acquisitions, and JVs to add missing offerings

SUPPLY CHAIN

Build flexible and resilient supply chains with a focus on partnerships and agility; boost e-commerce logistics capability

TECHNOLOGY

Increase cyber-security & automation; offer remote work tools and programs for employees

The 8 levers for boosting liquidity

WP&C's approach starts by understanding your business and assessing the business across 8 liquidity levers to boost both your balance sheet and your free cash flow from operations.

Starting wide, WP&C focuses quickly on the specific levers and actions that will create fast, durable liquidity.

1 **REDUCE
INVENTORY**

2 **DECREASE
DSO**

3 **INCREASE
DPO**

4 **OBTAIN
FINANCING**

5 **OPTIMIZE
ASSETS**

6 **OPTIMIZE
CAPEX**

7 **REDUCE
COSTS**

8 **PROTECT
REVENUE**

Companies can focus too quickly on one or two levers, neglecting the full set of options and leaving opportunity on the table

Reduce inventory: focus on your core products and optimize your manufacturing and distribution strategies

LEVER	LENS	EXAMPLE ACTIONS
1 REDUCE INVENTORY	PRODUCT OFFERING	Consolidate raw materials & finished good inventory around your core offerings Focus on the products that are most profitable, in highest demand, and best aligned to your strategy, and exit profit-destroying products
	MANUFACTURING STRATEGY	Postpone conversion to limit finished goods inventory and maintain flexibility Do not produce or purchase inventory until the end product is sold or there is recognized, imminent demand; transition to make-to-order or procure-to-order where feasible
	SUPPLY CHAIN	Enable factory-direct fulfillment to minimize downstream inventory Minimize the touches and time it takes to ship & invoice by eliminating downstream movements in the supply chain. Often, larger customers or orders can be fulfilled directly from the plant
	DISTRIBUTION CHANNELS	Incentivize your distribution channels to move inventory off your books take the opportunity to reinforce expectations and programs, as well as reevaluate incentives (e.g., pricing, returns)
	INVENTORY FOOTPRINT	Consolidate inventory locations and model requirements to reduce deployed inventory While fewer locations for an item may mean longer lead times for some customers, this will also reduce safety stock requirements
	SERVICE LEVELS	Align customer service levels to their needs and value Accept lower fill-rates (e.g., low 90% instead of high 90%) to reduce safety stock requirements and adjust as cash returns

Many of these tactics will require new processes and coordination with customers and the supply base, which WP&C can design and implement

Note: These are examples and do not represent an exhaustive list.
We work with the client to identify and prioritize the most applicable liquidity levers for the business.

Optimize DSO, DPO, financing, and assets: decrease your cash cycle

LEVER	LENS	EXAMPLE ACTIONS
2	DECREASE DSO	CUSTOMER TERMS Set and enforce terms: set terms by customer tiers and industry benchmarks, offer early-pay discounts, and work together to create and enforce terms that work for both parties
		OPERATIONAL EFFECTIVENESS Success components include: customer set-up, digital dashboards & analytics, price management, collections capacity and tools, and clear metrics and expectations
		PAYMENT TOOLS Make it easy for customer to pay: e.g., transition to 100% electronic invoicing, accept credit card payments
3	INCREASE DPO	PAYMENT TERMS Set favorable terms via: supplier stratification, industry benchmarks, and negotiation with suppliers, creating terms that work for both parties
		OPERATIONAL EFFECTIVENESS Success components include: management of payment cycle, exceptions, matching, and invoice submission, as well as clear metrics and expectations
		PAYMENT TOOLS Use favorable tools if needed: e.g., procurement cards
4	OBTAIN FINANCING	GOVERNMENT Utilize current programs: seek preferential lending tools, defer tax payments
		BANK Use current company bank to: renew credit line revolver, obtain receivables-based loan
		INVESTORS Tap into capital markets: issue equity or debt to investors
5	OPTIMIZE ASSETS	ASSET LIQUIDATION PP&E sale lease-backs: Selling buildings, plants, or equipment and leasing these back can create immediate liquidity

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Optimize CAPEX, reduce costs, and protect revenue: assist key suppliers and customers to protect revenue

	LEVER	LENS	EXAMPLE ACTIONS
6	OPTIMIZE CAPEX	CAPEX PRIORITIZATION	Revisit CAPEX plans: Which investments can wait? Which are needed now? Which are needed for a strong rebound?
7	REDUCE COSTS	VARIABLE COST REDUCTION	Labor: Decrease use of contractors and increase use of full-time employees; consider temporary salary reductions and temporary furloughs; postpone bonuses Products & Services: Optimize raw material pricing and procurement, delete or pause unprofitable SKUs or services
		CONVERSION OF FIXED COSTS TO VARIABLE COSTS	Outsource key activities in short term: BPO, contract manufacturing, 3 rd party warehousing Consolidate footprint use to match demand: temporarily shut down facilities with low demand and re-open as demand picks up
8	PROTECT REVENUE	CHANNELS & MARKETS	Prioritize channels & markets: e.g., transition retail to e-commerce, and in-person healthcare to telehealth
		PRODUCT OFFERING	New products and services: launch new products and services to meet new customer needs by retooling current assets
		SUPPLY CHAIN	Alleviate supply-chain constraints: assist key suppliers, prioritizing by their impact to your revenue, to prevent supply disruption. Advance purchases, upfront payments, and loans can help your suppliers survive. If you can afford this in the short term, this will boost your revenue and liquidity in the medium term
		CUSTOMERS	Alleviate key customer constraints: assist key customers whose survival will benefit your revenue and liquidity in the medium term—if you can afford this in the short term—by servicing them at a discount or by prioritizing key services or products

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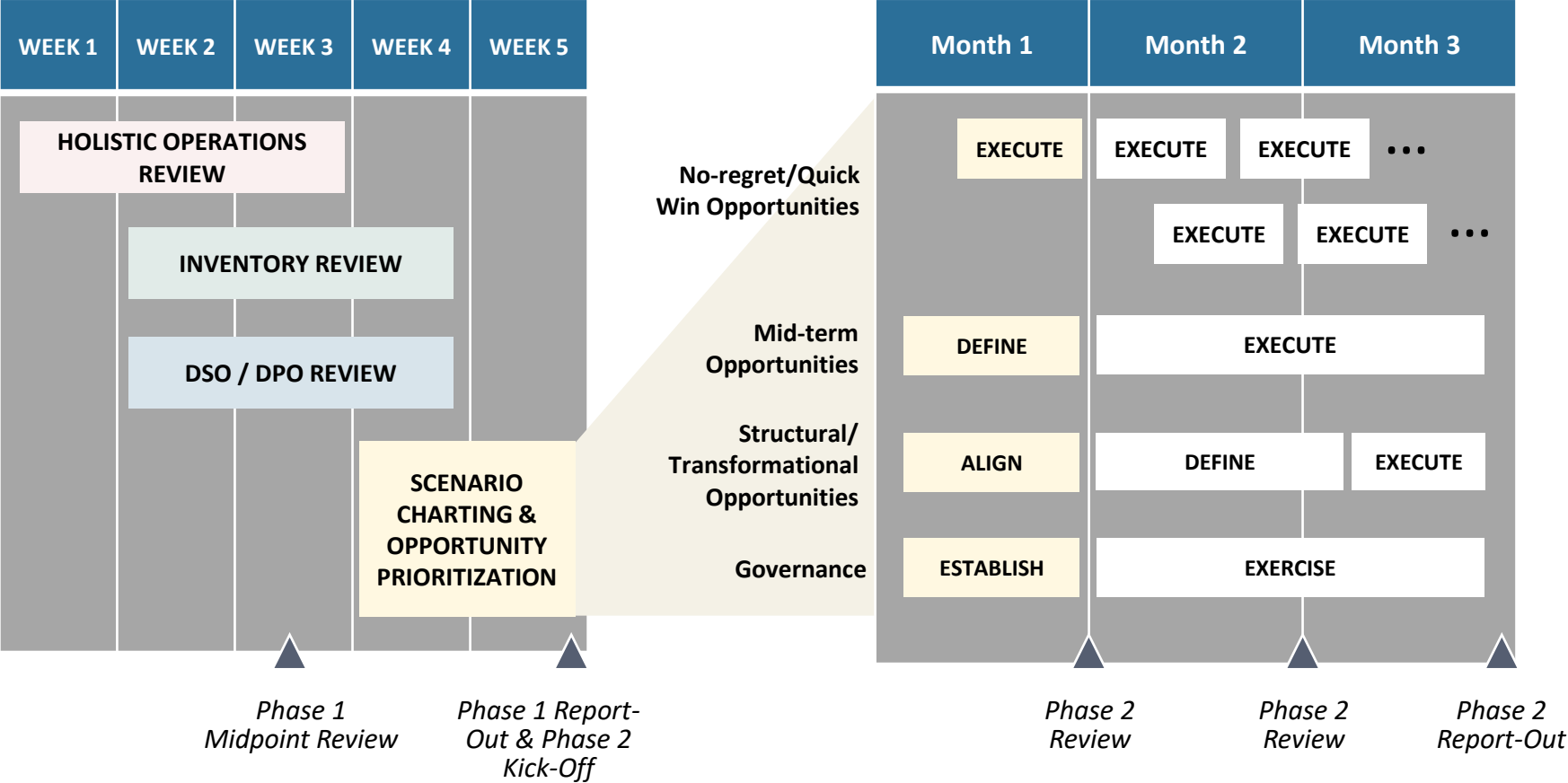
Actions to boost liquidity often raise common questions and concerns

CHALLENGES	KEYS FOR SUCCESS	RESULTS
Fear of Lost Revenue	<ul style="list-style-type: none">• Identify substitutes for any disrupted/discontinued products• Communicate any changes in advance and work with customers to renegotiate terms of delivery• Explore alternate channels and sources of revenue	<ul style="list-style-type: none">✓ <i>Significant cash increase in weeks, not months</i>✓ <i>Improved relationship with suppliers and improved service for customers</i>
Vendor Resistance	<ul style="list-style-type: none">• Analyze and segment vendors into tiers by value; take proportional action and develop messaging for each tier• Communicate early and often; emphasize long-term relationship and common goals when renegotiating terms• Potentially collaborate on contingency planning	<ul style="list-style-type: none">✓ <i>Contingency plans for different scenarios and better ability to manage future change and uncertainty</i>
Change Management	<ul style="list-style-type: none">• Create centralized liquidity team to monitor/approve cashflows• Identify and tap talent outside of traditional functions (or outside firm) for crisis navigation teams• Create and empower new, small teams to help develop and implement liquidity boost levers	<ul style="list-style-type: none">✓ <i>Better positioning for long-term success</i>✓ <i>Clear, dynamic picture of liquidity position</i>
Insufficient Data or Systems	<ul style="list-style-type: none">• Rapidly assess available data from all sources, and synthesize to central dashboard to monitor liquidity• Create new cash flow forecasts over different time horizons under various conditions• Identify gaps and start capturing new data to measure impacts	<ul style="list-style-type: none">✓ <i>Dedicated resources with clear authority</i>✓ <i>Data-driven, risk-adjusted decisions</i>

We typically support via a two-phased effort: a 4-5-week assessment, followed by 10-12 weeks of execution

1 Rapid, 5-week assessment of liquidity opportunities and their impact on the business

2 Short, mid, and longer-term opportunity realization, definition, and planning over ~3 months



Case Study #1: Global Mineral Exploration Company

Increased operating cash flow by 30%

We helped a global mineral exploration company increase cash flow by 30% and bridge short-term liquidity gaps through immediate and long-term actions

FOCUS AREAS

ACTIONS

BENEFITS

INVENTORY REDUCTION

- Focused strategies to convert inventory to cash via new and existing customers & channels
- Developed promotional pricing/package offers
- Established internal sales programs and guidelines to accelerate purchases

SPARE PARTS STOCK STRATEGY (STOCK ITEMS → MTO)

- Classified parts
- Developed stocking rules/actions
- Identified partner suppliers & core/secondary item service levels

REFOCUSING ON CORE PORTFOLIO

- Built regionally-focused portfolios and stocking strategies
- Set defined MTO policy for all non-core products

FULFILLMENT IMPROVEMENT (LARGE & INFREQUENT ORDERS)

- Created understanding of current manufacturing process/capabilities to design new system
- Imbued customer expectations into service & LT

TAIL SPEND ANALYSIS (SPEND & VENDOR REDUCTION)

- Identified biggest levers for max. opportunity
- Addressed key suppliers and improved definitions for future actions
- Segmented & acted on suppliers by opportunity—preferred, consolidate & negotiate, eliminate
- Built governance and adherence rules to ensure lasting change

30% increase in operating cash flow

Closed short term liquidity gaps in 10 weeks

15% reduction in SLOB Inventory

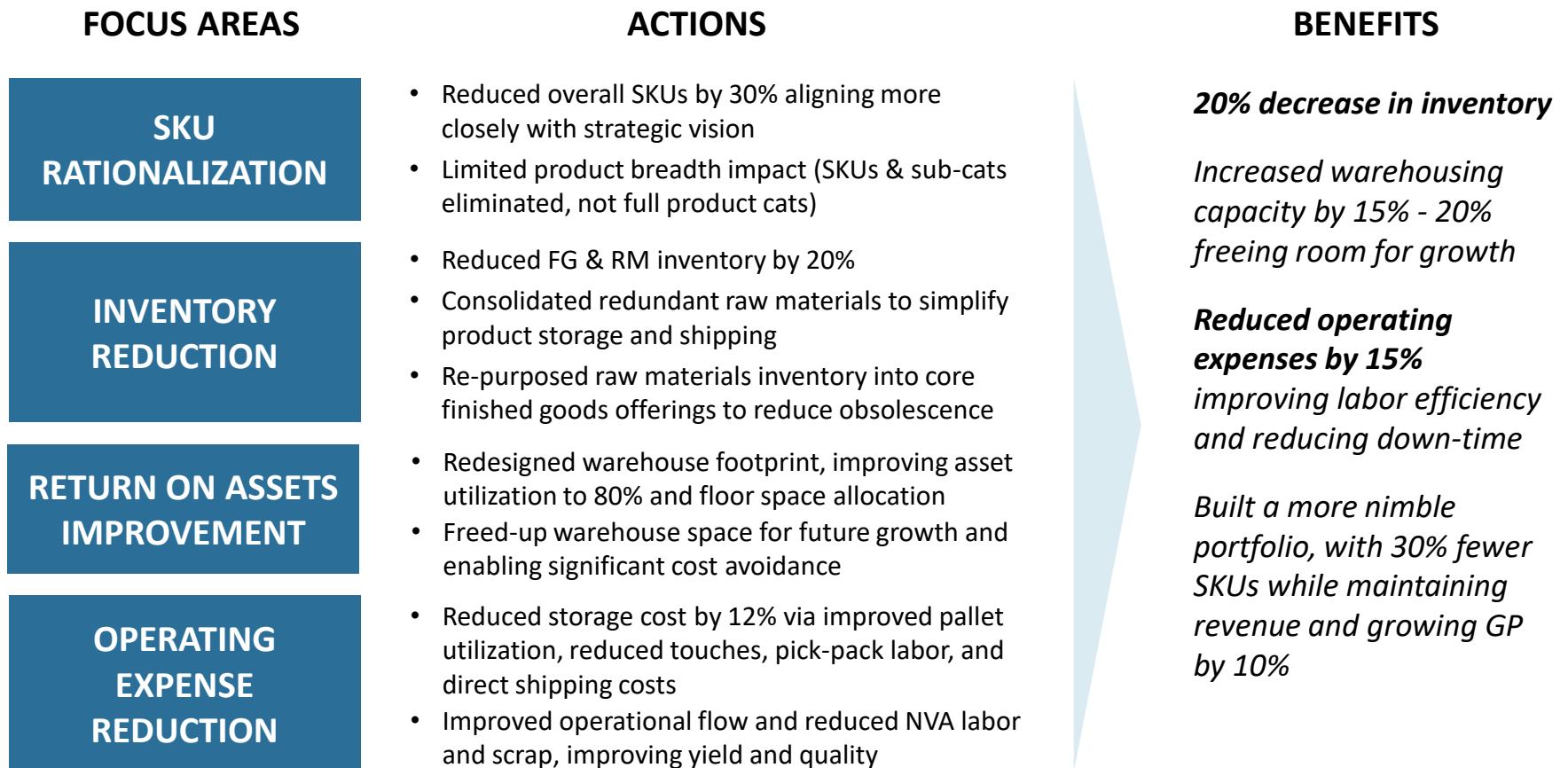
30%+ reduction in total rod inventory, while improving service levels

*Identified \$200M of unaddressed spend with **cash benefit of \$5M – \$7M***

Case Study #2: F250 Consumer Durables Company

Reduced WC by 20% while refocusing portfolio strategy

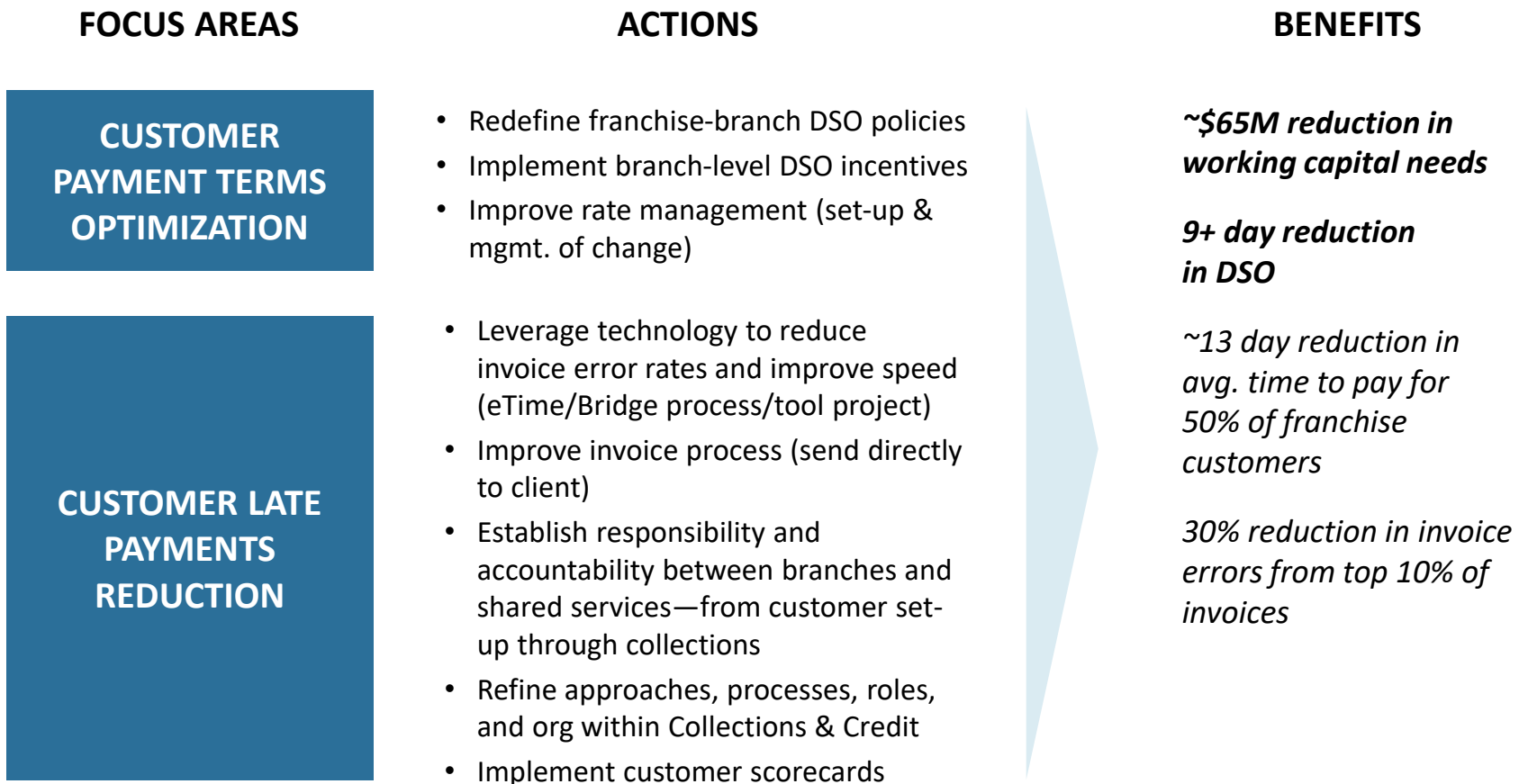
We helped a Fortune 250 consumer durables company reduce inventory by 20% while reshaping the product portfolio strategy and reducing operating expenses by 15%



Case Study #3: Multibillion-Dollar Staffing Firm

\$65M reduction in working capital requirements

We helped a Multibillion-Dollar staffing firm decrease WC requirements by \$65M by reducing DSO by 9+ days through better payment terms and reduction of late payments





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RESOURCES

[Achieving Next Level Cost-Reductions](#)

[Getting Go-to-Market Strategy Alignment Right](#)

[Cost Reduction for a Consumer Durables Co.](#)

