

ARTECH

GLOBAL WORKFORCE SOLUTIONS. **MAXIMIZED.**



Cash Flow In Financial Management

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Ranjini Poddar – About Me



- Co-founder and President of Artech Information Systems LLC, a leading diversity firm that provides workforce solutions, IT consulting, and outsourced project services to over 70 Fortune 500 and government clients around the world
- I hold JD from Yale Law School and a BS in Information & Computer Science from the University of California
- Through the last 23 years, we have established a philosophy of Client Centricity and Execution Excellence that is now instilled in the company's culture
- Our operational and service delivery direction has driven Artech to becoming a fast-growth company and making Artech the #1 Largest Women-Owned IT Staffing Company in the U.S. according to a Staffing Industry Analysts 2014 report

Today, Artech is a \$400 million company
with over 6000 employees across the U.S., India and China

Cash flow

Cash flow is the net amount of cash and cash equivalents that an organization receives and pays out during a given period. It is the change in cash and cash equivalents over a period of time in an organization's liquidity.

How To Manage Cash Flow For Start-Ups

- Cash flow plans are educated guesses/ glimpses into the future
- Do cash flow projections for next week, next month, next quarter and next year
- Start your cash flow projection by adding cash on hand at the beginning of the period with other cash to be received from various sources
- **Ask the question:** How much cash in the form of customer payments, interest earnings, service fees, partial collections of bad debts, and other sources are we going to get in, and when?

- Offer discounts
- Ask customers to make deposit payments
- Require credit checks on all new noncash customers
- Get rid of old, outdated inventory
- Issue invoices promptly and follow up immediately if payments are slow in coming
- Track accounts receivable to identify and avoid slow-paying customers

Managing Payroll and Payables

- Take full advantage of creditor payment terms. If a payment is due in 30 days, don't pay it in 15 days
- Use electronic funds transfer to make payments on the last day they are due
- Communicate with your suppliers so they know your financial situation. If you ever need to delay a payment, you'll need their trust and understanding
- Carefully consider vendors' offers of discounts for earlier payments. These can amount to expensive loans to your suppliers, or they may provide you with a change to reduce overall costs. **The devil is in the details**
- Don't always focus on the lowest price when choosing suppliers

- Be aware of the problem as early as possible
- Have money to borrow money
- Arrange for line of credit
- If bankers don't help, ask suppliers. They want you to succeed for them to succeed
- Ask customers to accelerate payments if possible
- Choose bills carefully



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How to Manage Cash Flow For Fast Growing Companies

Growing Fast & Doing It Right

- Growing too fast → Project out your cash flow needs
- Getting paid → Monitor your cash flows in real time
- Hiring people → Impacts cash flow
- Entering new markets → Working with a global bank that understands different regulations, languages and cultures makes the process easier
- Develop long term banking relationships → Enlist your bank's support
- Managing acquisitions → Affects balance sheet, if you use leverage; then may limit ability to borrow for future

My Story Issues With Cash Flow and How Artech Solved Them

- Restrictions on how money can be brought into the country and remitted out
- Different regulations for borrowing
- Need for global banking relationships
- More advance planning for working capital
- Cultural differences in payments

- Award of significant new contract that caused revenue increase by \$40 million annually within 3 months
- Rapid increase in working capital needs
- Cash flow projections before/after award of business
- Advance planning to put line of credit in place

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Thank You!

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