

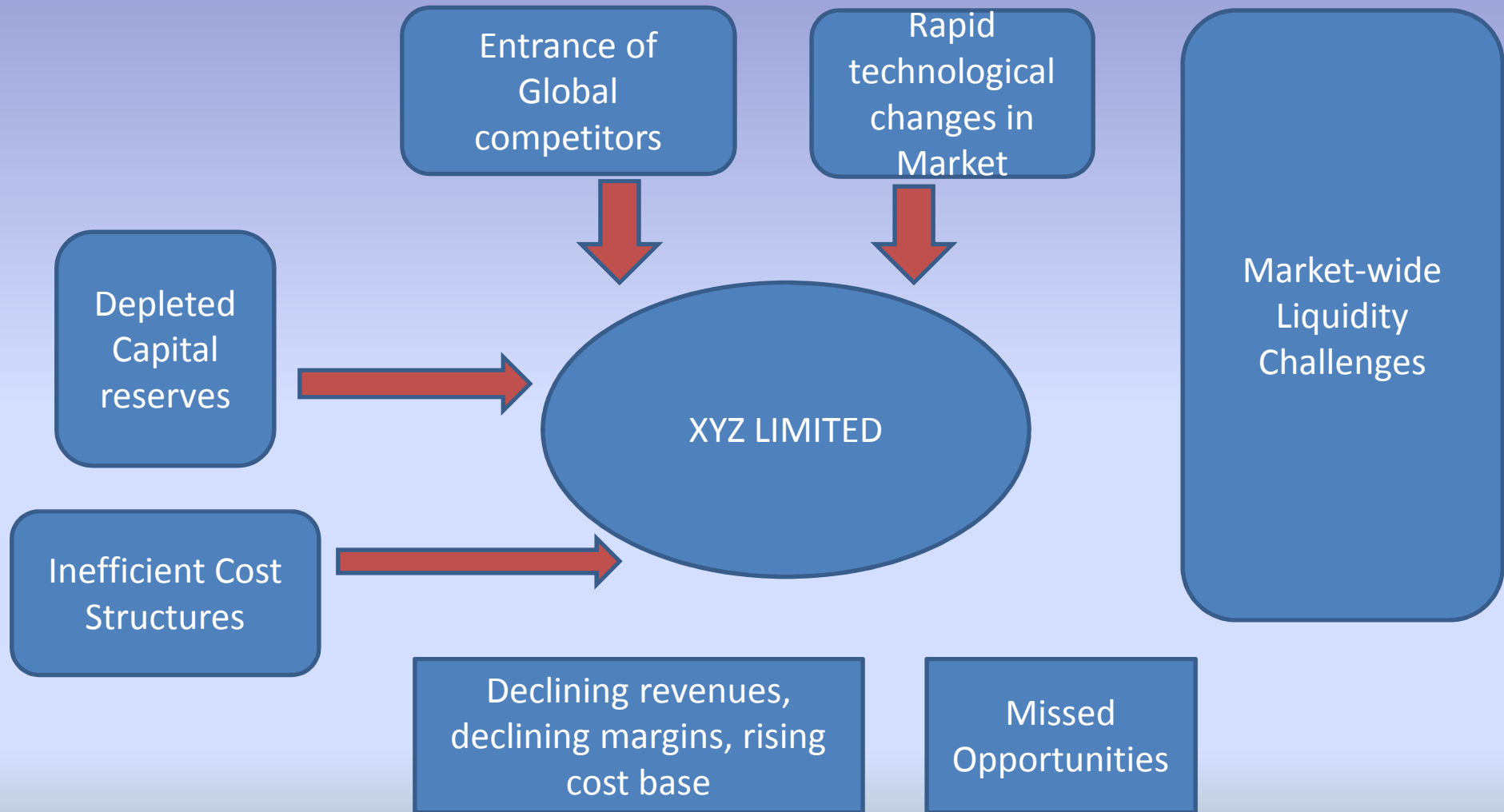
Effective Cost Cutting and Cash Flow Management in Turbulent Times

Rosinah K Hove

Overview

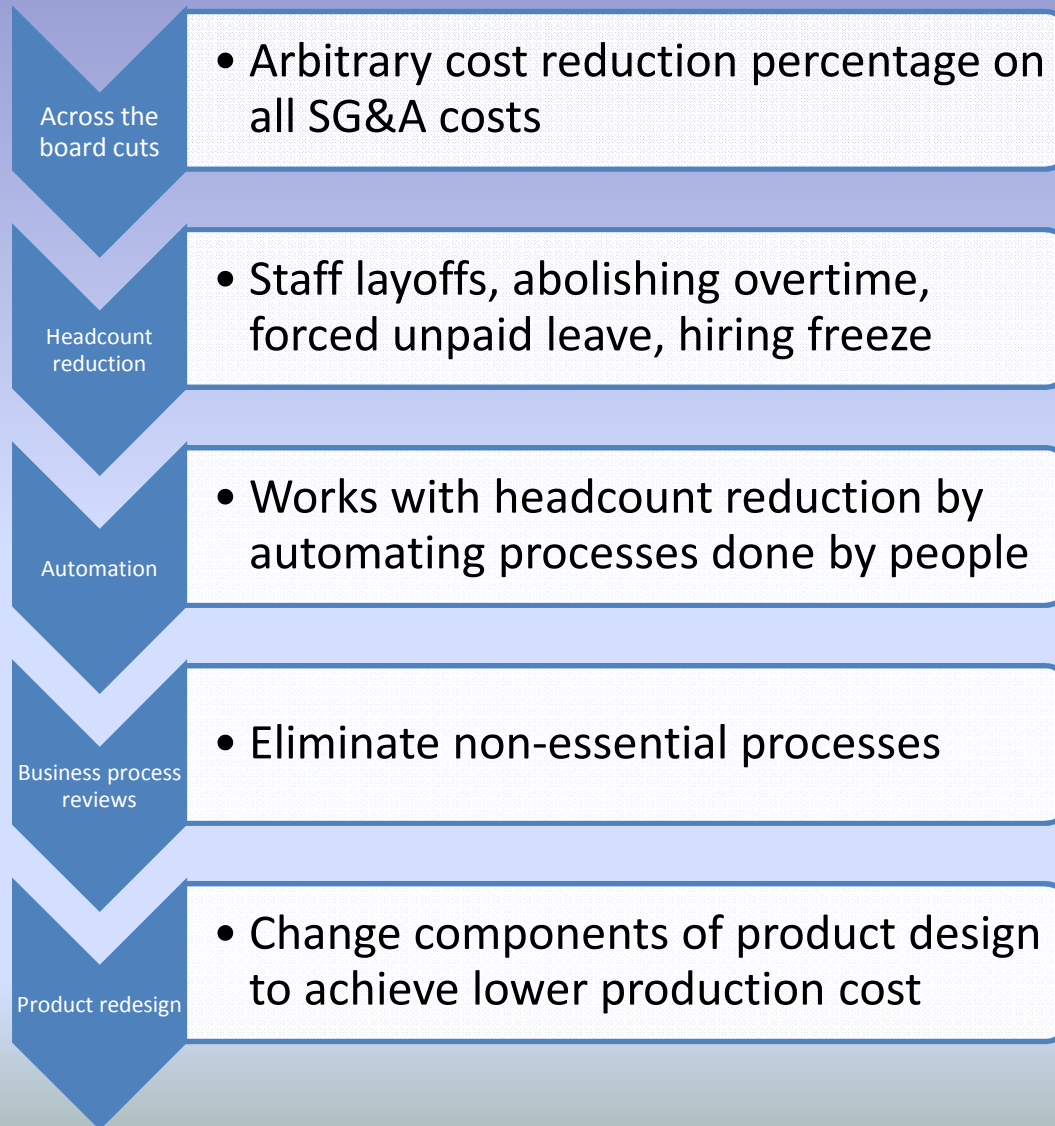
1. The turbulent business environment
2. Traditional approaches
3. A structured approach to cost cutting
4. Identification of cost saving opportunity
5. Cash flow management principles
6. Monitoring and controlling

The Turbulent Business Environment



FAILURE TO ACT DECISIVELY WILL RESULT IN CERTAIN FAILURE !!!!!

TRADITIONAL APPROACHES



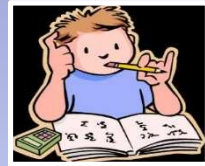
- May not support strategy
- May not be sustainable
- May harm quality of service/product
- May be ineffective

Structured Approach to Cost Cutting



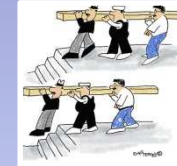
Conceptualisation

- Strategy
- Changed environment
- New Risks
- Opportunities
- Critical Success Factors
- Financial targets



Analyse

- Costs
- Cost drivers
- Processes
- Benchmarks
- Which costs drive revenue and which ones do not

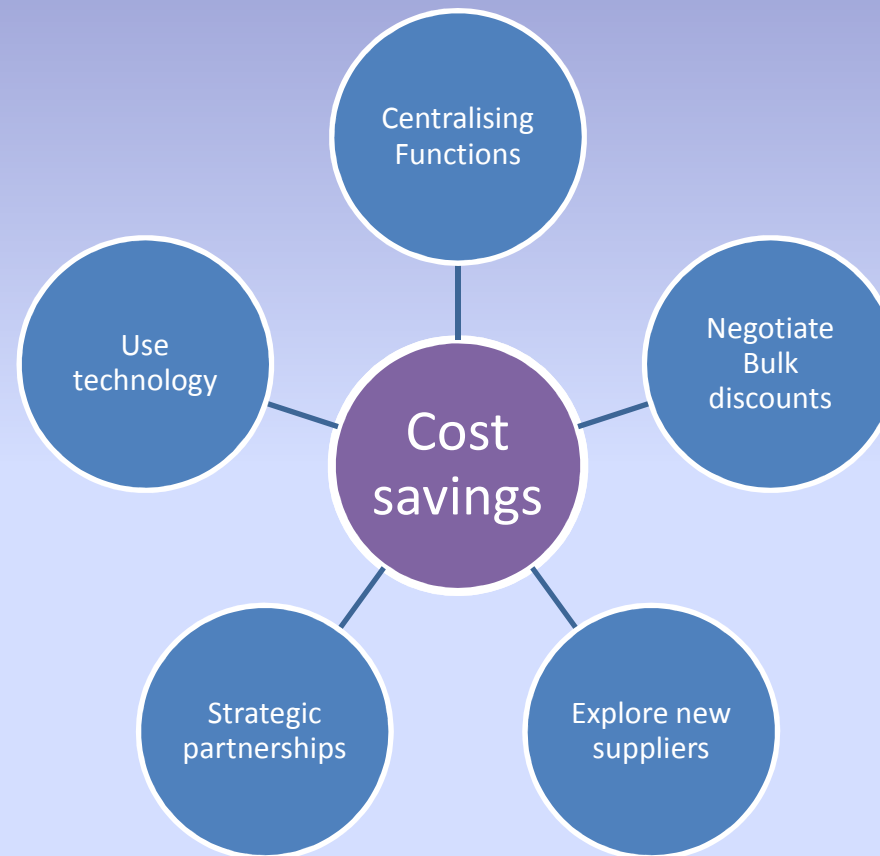


Implement

- Assign accountability
- Process changes
- Eliminate non-value adding activities
- Reinforce cost consciousness culture
- Monitor and control
- Revise risk register

THROUGHOUT THE PROCESS - *COMMUNICATE*

FINDING THE COST SAVING OPPORTUNITIES



Managing the Cash

Cash forecasting

Establish optimum cash levels

3 scenarios with plan for each

Daily tracking and review

Management

Cost cutting

Manage the Big 3

Consider leasing as an alternative to buying

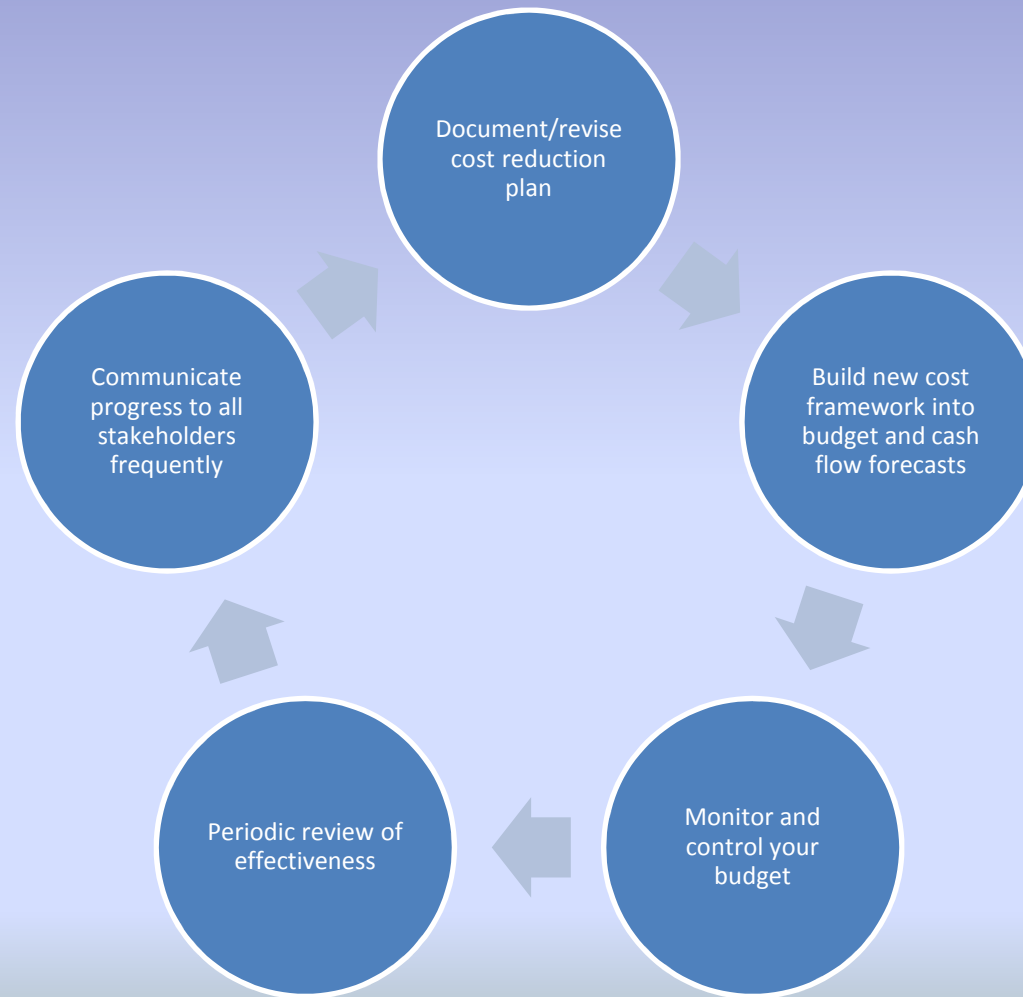
Sourcing funding

Compare borrowing costs

Consider whether short term or long term

Vendor financing

Monitoring and Controlling



DISCUSSION POINTS?

