

IN TUNE

ISCA NEWS



ISCA CEO Mr Lee Fook Chiew (right) presented a token of appreciation to OCBC Bank's Head of Cash Management Sales, Global Transaction Banking, Mr Adriano Ortega.



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ISCA CFO SEMINAR

Unlocking Hidden Cash within your Working Capital

More than 60 CFOs and finance professionals packed the well-received ISCA CFO Seminar titled **Unlocking Hidden Cash within your Working Capital** on October 9 at OCBC Centre. Jointly organised with OCBC, the presentation discussed pertinent issues such as macro-economic outlook and its impact on businesses.

In light of the potential increase in interest rates, members benefitted from learning how companies with effective cash flow management practices not only generate more cash from their businesses, they are also less dependent on external financing. This increases their flexibility to take advantage of opportunities as they arise, or when they have to respond to external competition.

Barnabas Gan, Economist, Treasury Research & Strategy, Global Treasury, OCBC Bank, shared on the global economic outlook and

highlighted that while the global economy is on a better footing, any tapering in the current US quantitative easing programme (QE3), which comprises \$45 billion of treasury securities and \$40 billion of mortgage-backed securities monthly, is likely to lead to higher interest rates, increased risk aversion, and stronger headwinds to global economic growth.

Lee Fook Chiew, CEO, ISCA, highlighted the importance of cash flow management in this economic uncertainty. "According to a recent research by Robert Half, more than one-third (36%) of CFOs in Singapore are concerned about available cash flow within their business. This figure rises to 40%

and 48% for medium-sized and large companies respectively. The biggest contributor to cash flow concerns is the rising cost of doing business, followed by slow-paying customers."¹

Against this backdrop, Adriano Ortega, Head of Cash Management Sales, Global Transaction Banking, OCBC Bank, emphasised the importance of working capital management as companies will have to wean off cheap financing once the higher interest rate kicks in.

Working capital optimisation begins with an organisation-wide involvement mindset. Finance can be the mindset champions, but it is also a cross-

functional responsibility as it may involve other functions such as Sales and Marketing. This involves understanding the trade-offs between conflicting priorities and their impact on working capital optimisation. "Industry peer benchmarking and top executive support through regular reporting to the board also helps," said Mr

Ortega. Operational improvements such as auto-match and exception reporting can also bring about productivity gains in the receivables reconciliation process.



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¹ www.cfoinnovation.com/content/maintaining-positive-cash-flow-keeps-singapore-cfos-awake-night