The Working-Capital War Room: Releasing Cash without Starving Growth

A Board Framework for Receivables, Inventory, Payables and Liquidity Execution

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Abstract

Working-capital programmes often begin with an attractive cash target and then damage the operating system expected to deliver it. Sales teams tighten customer terms without resolving disputes. Procurement stretches suppliers whose continuity matters. Operations reduce inventory without distinguishing excess stock from service-critical buffers. Finance reports a cash-conversion cycle whose movements cannot be traced to specific customers, products, suppliers or decisions. The apparent release can reverse through lost revenue, emergency purchases, supplier distress or a later inventory rebuild.

This paper develops a board-level working-capital war room designed to release cash while protecting viable growth. It treats receivables, inventory, payables and liquidity as one connected operating system. The method establishes a reconciled baseline, separates structural opportunity from timing effects, maps cash actions to commercial and operational constraints, and assigns decision rights to named owners. It combines a 13-week cash forecast with transaction-level collections, inventory segmentation, supplier-risk controls, financing headroom and an execution scorecard.

The external evidence spans multiple markets. The Central Bank of the UAE reported that working-capital requirements supported business-credit demand in the second quarter of 2025. The OECD's 2026 SME financing scoreboard records continued pressure from borrowing costs and tight lending terms across a broad international sample. The European Commission's Payment Observatory and the United Kingdom's payment-practices regime show how late payment affects suppliers and why payment behaviour has become a governance issue. United States Federal Reserve survey evidence shows operating expenses as a common reason for small-business financing demand. BIS research connects credit-line availability, working-capital intensity and production networks.

Six original figures and six implementation tables support a 120-day programme. Any values, thresholds, savings ranges, timing assumptions or scenarios used to explain the framework are illustrative management assumptions. They are not forecasts, accounting conclusions, financing terms or recommendations for a specific company. Management should validate the baseline against current records and obtain relevant legal, accounting, tax, employment, procurement and financing advice before execution.

JEL Classification: G32, G21, L21, M10, M41

Keywords: working capital, cash conversion cycle, receivables, inventory, payables, liquidity, cash forecasting, SME finance, growth, execution

1. Define the mandate as cash release with operating protection

A working-capital war room needs a dual mandate. It should release cash that is unnecessarily trapped in receivables, inventory and process failure, while protecting revenue, service, supplier continuity, product quality and the capacity required for profitable growth. A cash target without operating guardrails can produce a short-lived improvement and a larger subsequent cost.

The board should approve the problem statement, scope and decision boundaries before execution. The scope normally includes all material legal entities, currencies, customer channels, products, warehouses, suppliers, bank accounts, debt facilities and restricted cash. The decision boundaries should identify which actions management may execute immediately, which require commercial or operational approval, and which need board, lender, legal or shareholder consent.

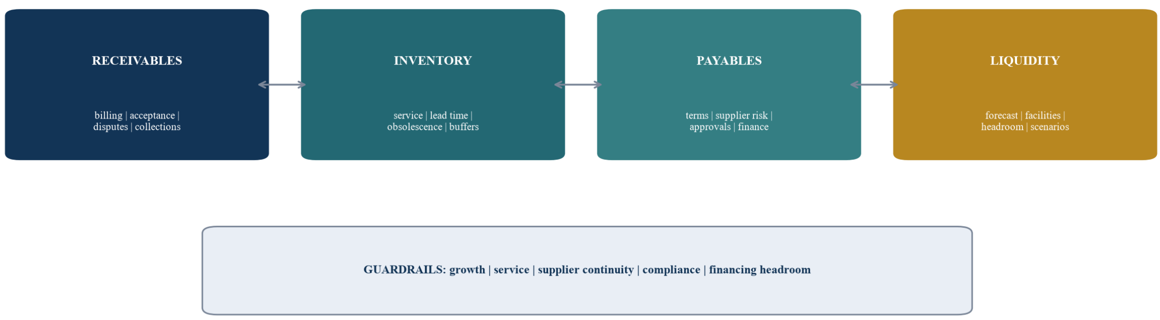
The programme should distinguish cash release from accounting movement. Collecting an overdue receivable releases cash. Writing off the receivable changes reported balances and may recognise an economic loss. Delaying a valid supplier payment retains cash temporarily and can create contractual, ethical, operational and reputational consequences. Selling inventory below recoverable economics produces cash while potentially destroying value. The war room should track each effect separately.

Four questions establish discipline. Where is cash trapped? What operating cause created the position? Which intervention changes the cause? What evidence proves that the intervention released cash without transferring unacceptable risk elsewhere? Each initiative should have a baseline, an owner, an approval path, a cash timing, a downside indicator and a validation method.

The mandate should also define what the programme will preserve. Examples include minimum customer service levels, critical-stock coverage, supplier concentration limits, statutory and contractual payment obligations, payroll, tax, safety, quality and committed growth investments. These protections convert a broad cost-cutting exercise into a controlled enterprise-cash programme.

Figure 1. The growth-safe working-capital system

WORKING CAPITAL IS ONE CONNECTED OPERATING SYSTEM



Cash release is sustainable when commercial, operational, supplier and financing constraints are governed together.

2. Ground the programme in current cross-market evidence

Working capital is a recurring financing requirement across economies. The Central Bank of the UAE's Credit Sentiment Survey for the second quarter of 2025 reported strong business-credit demand and identified working-capital requirements among the factors supporting demand. The same survey reported positive lending appetite, with stronger appetite for large firms than for small and medium-sized enterprises. This makes internal cash discipline relevant even when aggregate credit conditions appear supportive.

The OECD's 2026 financing scoreboard covers 48 countries and reports that borrowing costs for SMEs remained high relative to pre-pandemic levels in many participating economies. It also reports continued stringent lending terms, mixed performance across factoring and leasing, and an expanding role for fintech and non-bank finance. The implication for a company is practical: liquidity resilience should combine internal cash release, committed facilities and suitable asset-based or transactional finance rather than depend on a single funding source.

Payment behaviour is a distinct operating risk. The European Commission's Payment Observatory reported that more than half of surveyed companies experienced difficulties from late payments in 2024 and that payment periods exceeded 60 days on average in business-to-business and government-to-business transactions. The United Kingdom expanded payment-practices reporting requirements from 2025 and published a 2026 response setting out intended further measures. These sources also show that payment terms, disputes and retention practices can become governance and disclosure matters.

United States Federal Reserve Small Business Credit Survey findings for employer firms show that meeting operating expenses was the most common stated reason among firms seeking financing in the 12 months before the 2024 survey. World Bank Enterprise Surveys maintain comparable indicators for the use of banks, supplier credit and internal funds to finance working capital. BIS research links credit lines and working-capital needs to firms' positions in production networks, particularly where supply chains are long.

Table 1. Evidence base for a working-capital war room

Source	Current evidence	Management implication	Boundary
CBUAE Credit Sentiment Survey Q2 2025	working-capital requirements supported business-loan demand	connect cash release to facility strategy and lender evidence	survey balances describe market sentiment, not a specific borrower
OECD SME Financing Scoreboard 2026	financing conditions and instrument availability vary across countries	diversify liquidity sources and monitor affordability	country coverage and definitions differ
EU Payment Observatory 2025	late payment remains material across surveyed companies	govern collections, terms and supplier payment behaviour	survey evidence does not determine individual enforceability
UK payment-practices regime	qualifying large businesses report defined payment metrics	make payment governance board-visible	scope and thresholds require current legal confirmation
Federal Reserve Small Business Credit Survey 2025	operating expenses were a common financing purpose	distinguish recurring cash need from expansion funding	survey is self-reported and United States focused
BIS and World Bank research	working capital interacts with supply chains and access to finance	combine operational diagnosis with funding design	research findings require company-specific testing

Management should confirm current rules, data definitions and local applicability before relying on any source.

3. Build a reconciled cash-conversion baseline

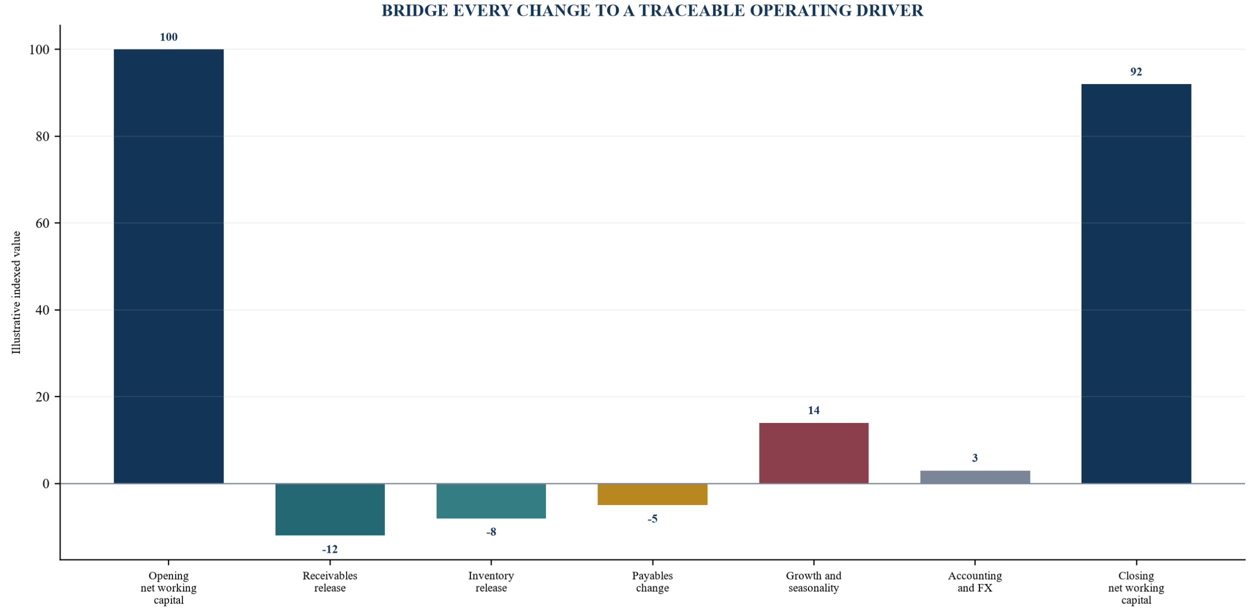
The baseline should connect financial statements to transactions. At a minimum, management should reconcile trade receivables, contract assets, inventory, trade payables and supplier-finance balances to the general ledger, subledgers and source documents. Opening balances plus period activity should reconcile to closing balances. Material manual journals, credit notes, write-offs, reclassifications and foreign-exchange movements should remain visible.

The conventional cash-conversion cycle is days sales outstanding plus days inventory outstanding minus days payables outstanding. It is useful as a directional measure and weak as a stand-alone decision tool. A blended average can conceal overdue customer balances, low-quality inventory, supplier disputes, advance payments, seasonality, acquisitions, mix changes and rapid growth. The war room should calculate the measure using documented definitions and then decompose it.

Decomposition begins with cohorts. Receivables should be analysed by customer, invoice, due date, dispute status, acceptance evidence, currency and collector. Inventory should be analysed by item, location, demand class, age, lead time, service criticality and ownership status. Payables should be analysed by supplier, due date, contractual term, dispute status, criticality, early-payment economics and financing arrangement.

The programme needs a frozen baseline date and a bridge to every subsequent reporting period. The bridge should show operational cash release, accounting corrections, acquired or disposed balances, foreign exchange, revenue growth, seasonality and deliberate investment. A target based on an unreconciled opening position cannot support reliable performance management.

Figure 2. The working-capital cash bridge



The bridge separates operating cash release from growth, seasonality, accounting corrections and financing effects.

4. Segment the business before setting targets

Working-capital economics vary by business model. A project business funds mobilisation, work in progress, certification and retention. A distributor holds stock across service levels and demand uncertainty. A software company may collect annual subscriptions in advance and carry limited inventory. A healthcare platform can face claims-processing delays. A hospitality business experiences seasonal deposits, payroll and consumables. A single group target can reward behaviour that harms one segment and is irrelevant to another.

The baseline should therefore be segmented by entity, geography, business unit, channel, customer type, product family and transaction model where material. Each segment should have an operating explanation for its receivable, inventory and payable profile. Management should distinguish contracted terms from actual behaviour and compare recent cohorts with historical periods under consistent definitions.

Growth deserves explicit treatment. Rapid revenue growth may increase receivables and inventory even when days metrics improve. A cash programme should identify working capital required to support approved growth and separately identify leakage caused by process failure or poor decisions. The forecast should show volume, price, mix, lead-time and payment assumptions that connect growth to cash consumption.

The segmentation also reveals concentration. A small number of customers may represent most overdue receivables. A narrow item set may drive excess inventory. A few suppliers may account for the majority of payable leverage and operational risk. Concentrated opportunities should receive senior attention, with tailored interventions and clear relationship ownership.

Table 2. Diagnostic segmentation and decision questions

Dimension	Receivables question	Inventory question	Payables question
customer or supplier	which counterparties drive overdue value?	which items depend on the counterparty?	which suppliers are critical or concentrated?
product or service	where do billing and acceptance fail?	where does service require a buffer?	where do input terms differ from customer terms?
geography and currency	where do collection and FX risks arise?	where are stock transfers or customs delays material?	where do payment law and currency affect timing?
contract type	what triggers invoice and acceptance?	who owns work in progress or consignment stock?	what are due dates, retentions and dispute rights?
growth cohort	which new sales convert slowly to cash?	which launch stock is planned or excessive?	which suppliers fund or constrain expansion?
exception status	what is disputed, blocked or unallocated?	what is obsolete, quarantined or unmatched?	what is disputed, duplicated or approval-blocked?

Dimensions should be adapted to the company's operating model and available evidence.

5. Convert receivables into a collection operating system

Receivables improvement begins before an invoice becomes overdue. Commercial terms, customer master data, purchase orders, delivery evidence, acceptance, billing accuracy, tax documentation and dispute handling determine whether a valid invoice can be collected. The war room should map the order-to-cash process and quantify failure at each handoff.

Every material overdue balance should have an owner, status, next action and promised-payment date supported by evidence. Collections should be prioritised by cash value, probability, age, dispute cause, customer importance and escalation path. A large current invoice with a known documentation gap may deserve more attention than an old low-value balance with limited recoverability.

Disputes should be coded by root cause. Common categories include pricing, quantity, delivery, acceptance, tax documentation, purchase-order mismatch, duplicate invoice, missing credit note and customer insolvency. Coding turns collections from repeated chasing into process repair. The finance team should report how much overdue value arises from internal failure, customer behaviour and formal dispute.

Commercial decisions require discipline. Revised terms, settlement discounts, payment plans, credit insurance, factoring and collection escalation can each accelerate cash. Their economics and relationship effects differ. A discount should be compared with funding cost, expected delay, default risk and margin. Factoring should be assessed for eligibility, recourse, concentration, dilution, notification, legal assignment, fees and operational requirements.

Sales incentives should include cash quality. Revenue booked without enforceable terms, acceptance evidence or collectability can increase reported growth while weakening liquidity. The war room should connect customer acquisition, pricing approval, credit limits, invoicing and collections through shared metrics.

Table 3. Receivables intervention register

Failure point	Evidence	Primary action	Growth protection
missing purchase order	invoice rejection and order record	correct order governance before fulfilment	retain fast exception route for strategic orders
incomplete delivery or acceptance	service record, delivery note and customer response	capture acceptance at source	avoid delaying genuine fulfilment
pricing or quantity dispute	contract, quote, invoice and credit note	resolve root cause with commercial owner	preserve relationship through documented resolution
slow approval at customer	customer workflow and payment history	map approvers and submit complete pack early	align billing cadence to customer process
customer credit deterioration	ageing, bureau or market evidence	reduce exposure and structure payment	protect viable sales with limits or security
portfolio funding need	eligible ledger and dilution data	evaluate factoring or receivables finance	compare economics with margin and customer impact

Actions require company-specific legal, commercial, tax and accounting review.

6. Resolve disputes before applying pressure

An overdue invoice can represent a collection problem, an operational failure or a genuine disagreement. Treating every balance as delinquency can damage customer relationships and conceal the internal cause. The war room should separate undisputed due amounts, administrative blocks, commercial claims, performance disputes and probable losses.

The dispute file should contain the contract, purchase order, delivery evidence, acceptance, correspondence, invoice, credit notes, customer reason code, internal owner and proposed resolution. The company should record when the dispute was raised and whether the undisputed portion can be collected. Legal rights and escalation steps depend on the contract and jurisdiction and should be confirmed by qualified counsel.

Root-cause resolution matters because disputes recur. If invoices repeatedly fail because customer master data is incomplete, the fix belongs in onboarding. If project milestones are disputed, the fix may involve scope control, change orders and acceptance governance. If credits are delayed, the control sits in approval workflow. The war room should close the operating defect with the same urgency as the individual invoice.

The board scorecard should show disputed value, days in dispute, percentage with complete evidence, resolution velocity and recurring causes. Collection targets should avoid pressuring teams to mask disputes through unsupported credit notes or re-ageing. Transparent classification supports more reliable cash forecasting and customer decisions.

7. Segment inventory by service role and economic risk

Inventory reduction requires item-level economics. Age alone does not determine excess. A slow-moving component may protect a high-value service contract or have a long replenishment lead time. A recently purchased item may already be obsolete. The war room should classify inventory by demand, service criticality, lead time, substitutability, shelf life, margin, ownership, quality status and contractual commitment.

The first task is physical and accounting integrity. Quantities should reconcile across warehouse, enterprise-resource-planning and general-ledger records. Consignment, customer-owned, quarantined, in-transit, returned and work-in-progress balances should be separately identified. Unexplained adjustments and negative stock require resolution before targets are assigned.

The second task is a policy test. Safety stock, reorder points, minimum order quantities, forecast inputs and service levels should be compared with actual demand and supplier performance. The objective is to identify policy-driven excess, forecast error, purchase-order behaviour, product proliferation and operational bottlenecks.

Actions include transfer, substitution, return to supplier, order cancellation, controlled run-down, remarketing, refurbishment, bundling and disposal. Each action should show expected cash timing, margin effect, tax and accounting treatment, service risk and approval. Inventory released through a one-time sale should remain separate from sustainable policy improvement.

Figure 3. The growth-safe opportunity matrix

PRIORITISE CASH RELEASE THAT PROTECTS THE OPERATING ENGINE

Cash actions should be prioritised by value and operating risk rather than by balance alone.

8. Reset inventory policy without cutting service capacity

Inventory policy should state the service outcome it buys. A target can be expressed as fill rate, production continuity, response time or probability of stock-out. The war room should then determine the minimum inventory required under observed demand, lead times, variability and contractual commitments.

Growth scenarios should remain visible. New customers, geographic expansion and product launches can require deliberate stock investment. The forecast should label this as approved growth inventory with an owner, launch plan and exit criteria. If demand does not materialise by a defined date, the stock should move into an exception process.

Supplier decisions interact with inventory. Longer lead times, minimum order quantities and unreliable deliveries increase buffer requirements. Procurement savings that increase lead time can consume more working capital than they save in price. The war room should evaluate total landed economics, including cash, service and risk.

The inventory control tower should monitor days on hand alongside availability, forecast accuracy, lead-time performance, purchase-order adherence, ageing, write-down risk and expedite cost. A falling inventory balance accompanied by more stock-outs and emergency freight does not meet the dual mandate.

Table 4. Inventory decision framework

Inventory class	Evidence required	Potential action	Protection metric
service-critical buffer	demand variability, lead time and service commitment	recalibrate safety stock	fill rate and service failure
launch or growth stock	approved plan, cohort demand and exit date	retain with milestone review	launch conversion and ageing
slow-moving but recoverable	demand history, substitution and resale channel	transfer, bundle or controlled run-down	realised margin and service
obsolete or expired	technical, legal and quality confirmation	dispose or write down through approval	compliance and recovery value
work in progress	routing, bottleneck and completion evidence	remove constraint or stop uneconomic work	cycle time and completion cash
supplier-constrained item	minimum order, reliability and alternatives	renegotiate lot size or qualify source	lead time and continuity

Example gates are management-design choices and require validation with operating data.

9. Govern payables as supplier-capital allocation

Payables are a source of operating finance and a claim held by suppliers. The war room should optimise payment timing within valid contractual, legal, ethical and relationship boundaries. Blanket extensions can transfer liquidity stress into the supply chain and endanger delivery, quality or access to scarce capacity.

The supplier base should be segmented by criticality, substitutability, financial resilience, concentration, contract, dispute status and payment history. Strategic and vulnerable suppliers require active relationship decisions. Commodity suppliers with competitive alternatives may support term harmonisation. Small suppliers may have limited capacity to fund a large customer and may warrant accelerated payment or supply-chain finance.

Payment accuracy is the first release opportunity. Duplicate invoices, blocked approvals, unmatched receipts, incorrect bank details, unclaimed credits and inconsistent terms create both leakage and delay. A clean procure-to-pay process enables the company to pay on agreed terms, capture valid discounts and forecast cash reliably.

Early-payment discounts should be evaluated against annualised economics, liquidity headroom and supplier benefit. Extended terms should be negotiated through documented commercial agreement. Supplier-finance arrangements require scrutiny of terms, classification, liquidity risk and disclosure. The IASB's amendments to IAS 7 and IFRS 7 require disclosures about supplier-finance arrangements for reporting periods beginning on or after 1 January 2024 under applicable IFRS Accounting Standards.

The board should monitor due and overdue payables, weighted average terms, critical-supplier exposure, disputes, concentration, discounts, supplier-finance balances and payment promises.

This makes supplier conduct part of the working-capital governance system.

Table 5. Payables and supplier decision rules

Supplier situation	Cash action	Required control	Stop condition
duplicate or incorrect invoice	prevent or recover duplicate payment	master-data and invoice-match evidence	unresolved ownership or authenticity
non-critical supplier on short legacy terms	negotiate market-consistent terms	contract amendment and relationship owner	supply disruption outweighs benefit
small or vulnerable critical supplier	preserve or accelerate payment	criticality and resilience review	payment delay threatens continuity
attractive early-payment discount	compare return with funding cost	verified invoice and liquidity approval	headroom or dispute is insufficient
supplier-finance proposal	assess economics, classification and liquidity	treasury, accounting and legal review	disclosure or withdrawal risk is unclear
disputed payable	resolve and pay undisputed amount where appropriate	evidence file and accountable owner	legal or quality position is unresolved

Accounting classification, disclosure and legal obligations require current specialist advice.

10. Build a 13-week liquidity control loop

The 13-week cash forecast translates working-capital actions into time. It should begin with bank-confirmed opening cash and show receipts, payroll, suppliers, tax, debt service, capital expenditure, distributions and other material flows by week. Each line should have a source, owner and confidence classification.

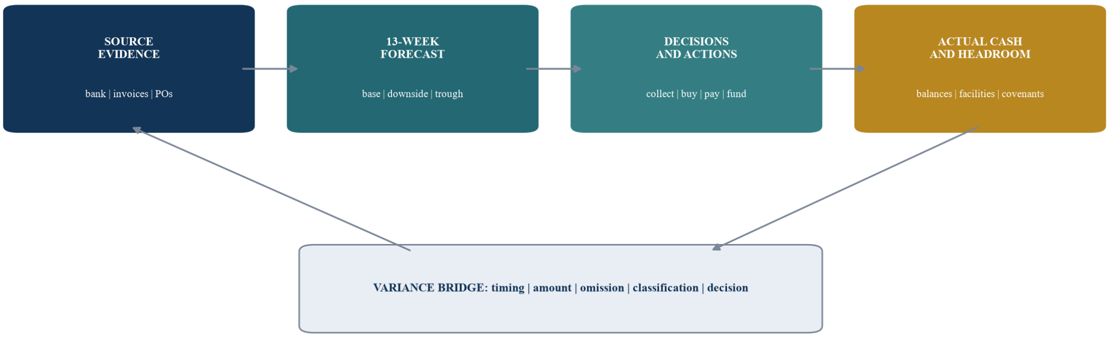
Receipts should be customer and invoice based for material balances. The forecast should distinguish promised dates, contractual dates, historical behaviour and disputed amounts. Supplier payments should reflect contractual obligations, approved payment runs and criticality. Financing should show committed and uncommitted facilities, availability conditions, borrowing-base eligibility, covenant headroom, draw notice and maturity.

Forecast accuracy should be measured through a bridge between forecast and actual cash. Variances should be classified as timing, amount, omission, classification or decision change. Repeated optimism in collections or understatement of purchases should result in assumption changes and ownership escalation.

The war room should maintain base, downside and severe-but-plausible scenarios. Scenarios can test slower collections, inventory build, supplier compression, revenue reduction, input-cost shock, foreign-exchange movement or facility restriction. Management should avoid false precision and should document the assumptions that drive the liquidity trough.

Figure 4. The 13-week liquidity control loop

THE FORECAST IMPROVES THROUGH WEEKLY EVIDENCE AND VARIANCE REPAIR



A weekly loop connects source evidence, forecast, action, actual cash and assumption repair.

11. Protect financing headroom and covenant integrity

Internal cash release and external finance should be designed together. A company may need revolving credit, overdraft, receivables finance, inventory finance, supply-chain finance or private credit to bridge timing and fund growth. The facility should match the asset, currency, duration and volatility of the cash need.

The war room should maintain an obligation and availability register. It should show committed amount, drawn amount, undrawn amount, maturity, security, guarantees, borrowing-base rules, financial covenants, information undertakings, draw conditions, notice periods and cross-defaults. Reported headroom should reflect practical availability after eligibility, reserves, operational access and conditions.

Working-capital actions can affect covenant definitions. Factoring may change receivables, debt or cash-flow presentation depending on terms and accounting conclusions. Supplier finance can change liquidity risk and disclosure. Inventory disposal can reduce collateral. Settlement discounts can reduce revenue or margin. The company should obtain lender consent and specialist advice where required.

The programme should also protect renewal readiness. A lender will examine the quality of ageing, inventory, forecasts, controls and management information. A war room that produces reconciled evidence and transparent downside reporting can strengthen that process. Approval and terms remain the lender's independent decision.

12. Turn data into decisions with controlled definitions

Working-capital data commonly spans banking, accounting, billing, procurement, inventory, customer-relationship and warehouse systems. The war room needs a controlled data model with common entity, customer, supplier, item, contract, invoice, purchase-order, currency and date identifiers.

Each metric should have a definition, source, transformation, owner, refresh frequency and reconciliation. Days measures require consistent numerator and denominator periods. Ageing requires a defined date basis. Past-due status should reflect contractual terms and valid amendments. Inventory age should distinguish receipt, production and last-movement dates. Payables should identify supplier-finance balances and disputes.

Manual adjustments should remain traceable. The programme should preserve the raw source, adjustment rationale, approver and period. Access should follow role and confidentiality requirements. Customer and supplier bank-detail changes require secure verification because payment redirection fraud can create immediate loss.

Automation can improve speed, classification and exception detection. It should retain human review for material decisions, defined overrides, audit logs and reconciliation. A dashboard is useful when every reported number can be traced to a controlled source and action owner.

13. Prioritise initiatives by value, confidence and operating safety

An opportunity register should estimate cash value, timing, confidence, implementation cost, reversibility, operating risk and dependency for each initiative. Estimates should show the method and source data. Management should avoid treating every theoretical reduction to a benchmark as collectible cash.

High-confidence opportunities often include billing completed work, resolving administrative invoice blocks, applying credits, correcting duplicate payments, cancelling unneeded orders and collecting documented promises. Structural opportunities may include customer-term redesign, inventory-policy reset, supplier negotiation, product simplification and process automation. These require more evidence and change management.

The register should prevent double counting. A receivable collected through factoring cannot also be counted as internal collections release. Inventory sold below cost affects margin. A supplier-term extension that increases eligible supply-chain finance should show both effects. Growth-driven balance changes should be separated from execution performance.

Each initiative should pass a growth-protection test. The owner should identify customer, service, supplier, employee, compliance, quality and financing consequences. A reversible pilot can validate a change before wider rollout. Stop triggers should be agreed in advance.

14. Design decision rights and escalation

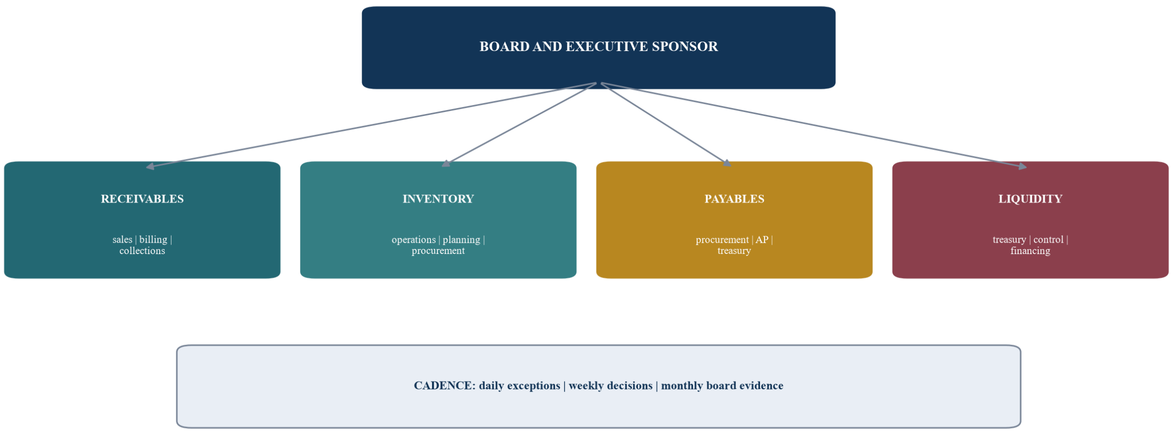
A war room becomes effective when decisions are made at the required speed and level. The governance model should include an executive sponsor, programme leader, treasury, controllership, sales, procurement, operations, supply chain, legal and technology. Business-unit leaders remain accountable for operating outcomes.

Decision rights should be explicit. Finance can prioritise collections and reconcile cash. Sales may approve customer-term changes within policy. Procurement may negotiate supplier terms subject to criticality thresholds. Operations owns service and inventory buffers. Treasury owns facility use and liquidity. Legal and specialist advisers address contractual and regulatory questions within their mandates.

The daily cadence should focus on exceptions and actions. The weekly meeting should approve interventions, review the 13-week forecast, test constraints and remove blockers. The monthly board report should show cash released, forecast headroom, growth protection, structural fixes and unresolved risks. Meeting volume is not evidence of progress; closed actions and reconciled cash are.

Figure 5. Working-capital war-room governance

THE WAR ROOM LINKS AUTHORITY, OPERATING OWNERS AND CASH EVIDENCE



Decision rights connect executive authority with process owners and an evidence-led reporting cadence.

15. Execute through a 120-day programme

The first 30 days establish the perimeter, baseline and immediate liquidity control. Management confirms entities, accounts, facilities and data sources; reconciles core balances; launches the 13-week forecast; identifies top exceptions; and agrees decision rights and guardrails. Quick wins should be supported by source evidence.

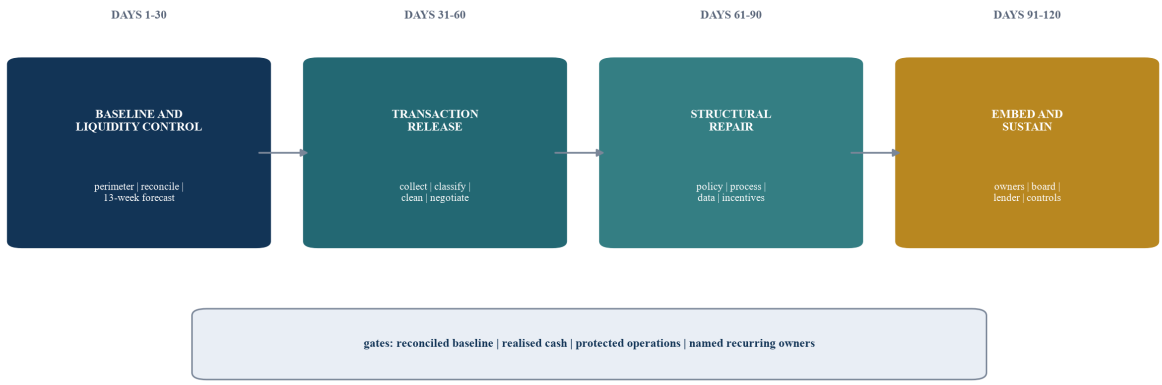
Days 31 to 60 focus on transaction-level action. Receivables owners resolve administrative blocks and disputes. Inventory teams classify items and test policies. Procurement cleans payables and segments suppliers. Treasury confirms facility headroom and scenarios. The programme records realised cash separately from forecast opportunity.

Days 61 to 90 address structural causes. Teams redesign customer onboarding, acceptance, billing, inventory parameters, purchase approvals, supplier terms, data controls and incentive measures. Pilots test higher-risk changes. Financing alternatives are evaluated against the refined cash profile.

Days 91 to 120 embed governance. The company closes residual exceptions, integrates metrics into management reporting, confirms recurring owners, documents policies, and establishes board and lender reporting. Each initiative receives a sustainment test and an evidence file.

Figure 6. The 120-day working-capital execution path

CASH RELEASE ADVANCES THROUGH EVIDENCE-BASED GATES



The programme progresses from truth and control to release, structural repair and retained capability.

16. Measure realised cash and protected growth

The scorecard should distinguish opportunity, approved action, forecast release, realised cash and sustained release. Realised cash should reconcile to bank activity and the balance-sheet bridge. Sustained release should remain after an agreed observation period and reflect any reversal or rebuilding.

Growth-protection metrics should sit beside cash. Examples include order intake, revenue, gross margin, customer churn, service level, stock-outs, expedite cost, supplier incidents, quality failures, employee capacity, disputed invoices and cancelled orders. The metric set should match the business model and the initiative.

The board should also monitor liquidity trough, facility headroom, covenant headroom, forecast accuracy, overdue receivables, disputed balances, inventory quality, due payables, critical-supplier exposure and execution blockers. A concise scorecard is more useful than a large dashboard without decisions.

Commercial impact should be evidenced. An improvement in cash can affect valuation through lower net debt, lower financing need, stronger conversion and reduced risk. The transaction or investor outcome depends on sustainability, accounting treatment, buyer definitions and market conditions. Management should avoid applying a valuation multiple to one-time or reversible release without analysis.

Table 6. Board working-capital scorecard

Dimension	Evidence	Board metric	Escalation trigger
realised cash	bank and balance-sheet bridge	cash released and sustained	value cannot be reconciled
receivables	invoice-level ageing and dispute file	overdue value, promise conversion and disputes	strategic balance lacks owner or evidence
inventory	item-level class and physical reconciliation	excess, availability and ageing	stock-out, quality or critical-buffer breach
payables	due-date and supplier register	on-time payment, terms and critical exposure	supplier continuity or legal concern
liquidity	13-week forecast and facility register	trough, headroom and forecast accuracy	minimum headroom or covenant risk
growth protection	commercial and operational measures	revenue, margin, service and incidents	adverse movement outside approved tolerance

Thresholds and targets are illustrative management choices and should be approved for the company.

17. Convert the war room into enterprise value

Working-capital improvement creates value when the company can operate with less external funding, lower liquidity risk and more reliable cash conversion. It can support debt capacity, acquisition financing, dividends, capital expenditure and strategic flexibility. The value is strongest when process and policy changes make the release repeatable.

Transaction readiness requires evidence. A buyer or lender may test whether receivables were accelerated through discounts, whether payables were stretched beyond normal terms, whether inventory was run below sustainable levels and whether seasonality or growth will reverse the benefit. The company should retain the baseline, interventions, bridge, operating indicators and sustainment history.

The war room can also improve commercial decisions. Customer profitability should incorporate credit terms, disputes and collection cost. Product economics should incorporate inventory and lead time. Supplier economics should incorporate terms, reliability and working-capital impact. Capital allocation should reflect the cash required to grow each segment.

External support can cover diagnostic, modelling, cash forecasting, programme management, process redesign, financing strategy, lender materials and board reporting. Specialist legal, accounting, tax and regulatory conclusions remain with qualified advisers. Performance should be measured through evidenced cash, durable controls, signed mandates and collected fees rather than assumed demand.

18. Retain a permanent cash operating system

The final deliverable is a recurring operating system. The company should retain the data definitions, baseline bridge, 13-week forecast, receivables and dispute workflow, inventory policy, supplier segmentation, facility register, initiative log, decision rights and board scorecard.

The cadence can move from daily war-room intervention to weekly liquidity review, monthly working-capital performance, quarterly policy review and annual facility strategy. Material events such as acquisitions, launches, customer concentration, supplier disruption, system changes and refinancing should trigger additional review.

Ownership should remain in the business. Finance controls the numbers and cash forecast. Commercial leaders own customer terms and acceptance. Operations owns service and inventory policy. Procurement owns supplier strategy. Treasury owns liquidity and facilities. Technology supports reliable data. The board governs risk appetite and major decisions.

The programme should close only when balances reconcile, actions have recurring owners, policies are documented, operating protections are monitored and realised cash has been sustained. A temporary reduction without control transfer remains an unfinished intervention.

Implementation conclusion

A working-capital war room should release cash by repairing the operating causes that trap it. The method begins with a reconciled and segmented baseline, then connects invoice collection, dispute resolution, inventory policy, supplier conduct, liquidity forecasting and financing headroom through explicit decision rights.

A 120-day programme provides a practical sequence from evidence and immediate control to transaction release, structural repair and retained capability. The board receives a complete view of realised cash and the customer, service, supplier and financing risks associated with each action. This supports liquidity resilience and enterprise value without treating growth capacity as expendable.

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