

Guide To Working Capital Management In A Recessionary Economy



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Agenda

- Major Impacts of COVID-19 on Media Operations
- Actionable Insights to Tackle the Crisis
- Strategizing for the Post-COVID Era
- Questions/Answers

Question for the Audience



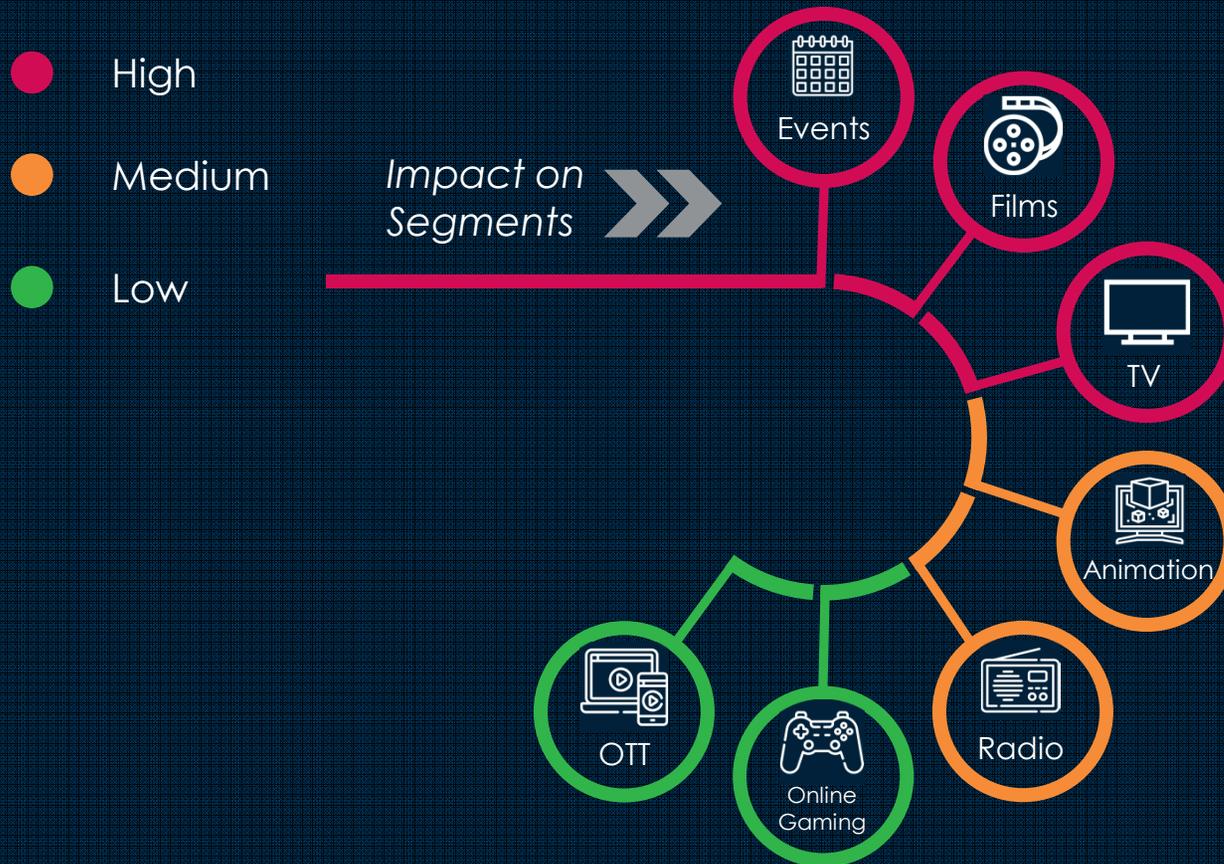
What is the level of impact that COVID-19 has caused to your company ?

- A. High
- B. Medium
- C. Negligible

Major Impacts of COVID-19 on Media Operations

01

How Is Media Industry Getting Affected Due to COVID-19?

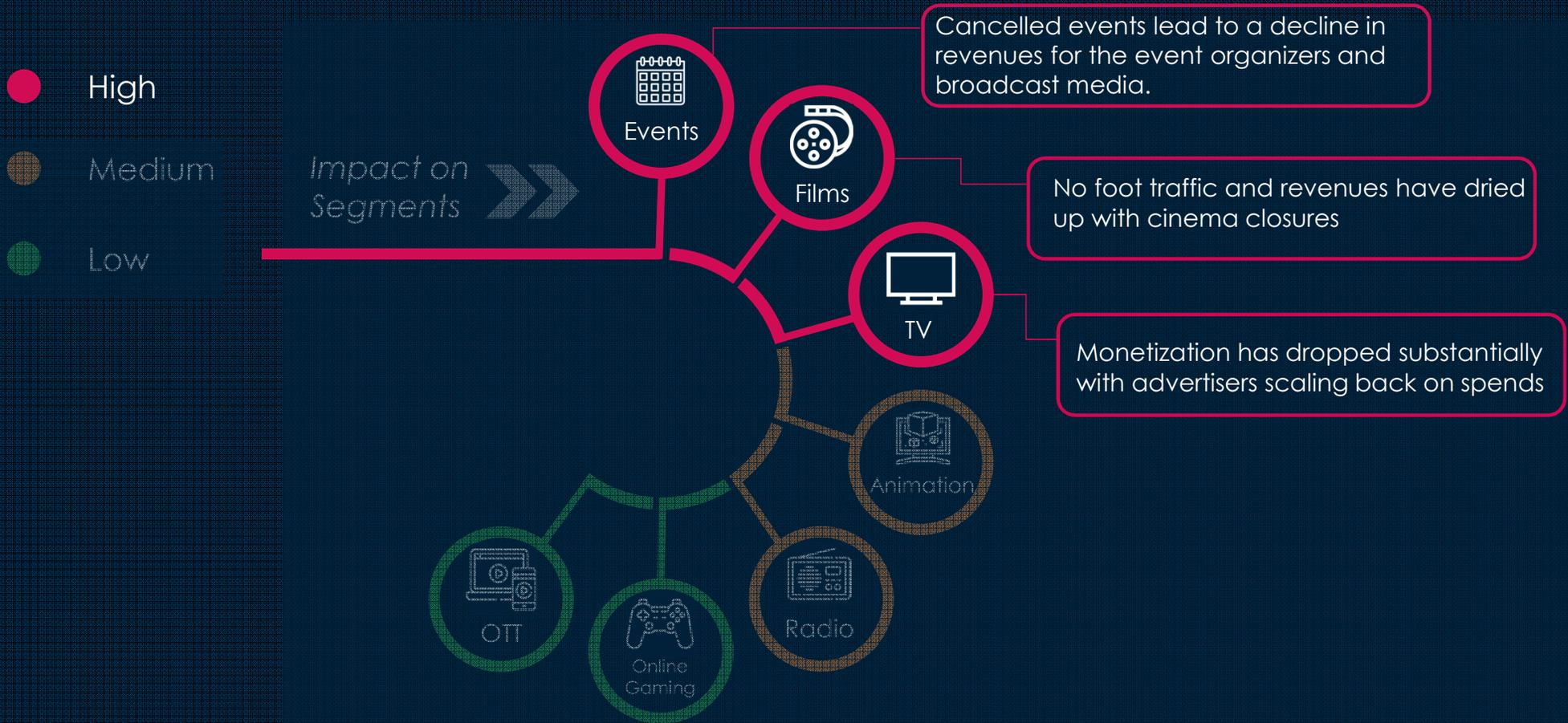


92.3 % of workers in the broadcast media emphasized that “**quarantine**” was the biggest challenge for media institutions.

Source - KPMG Report:
The Many Shades of Crisis

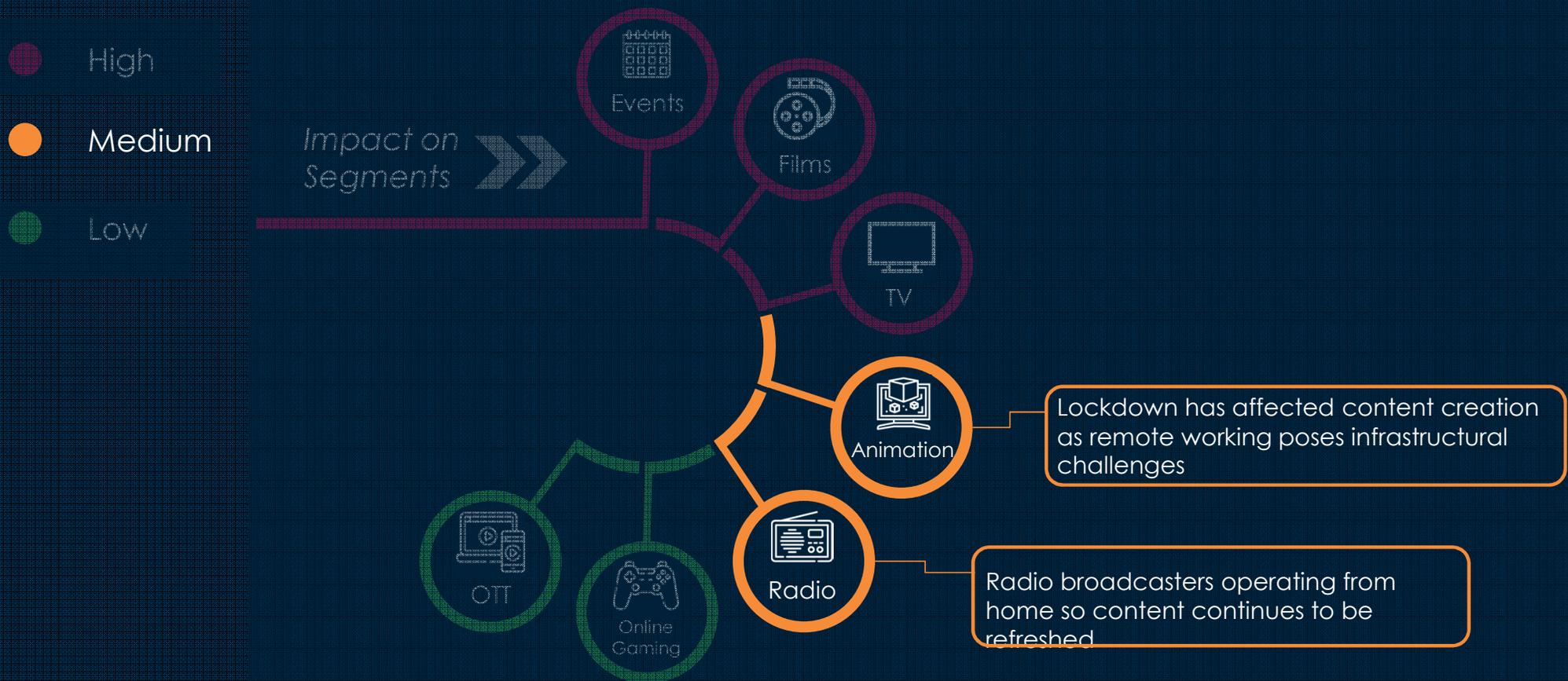
Survey by: [Hattlan Media](#)

Highly Affected Sectors of Media Industry



Source - KPMG Report:
The Many Shades of Crisis

Moderately Affected Sectors of Media Industry



Source - KPMG Report:
The Many Shades of Crisis

Low Affected Sectors of Media Industry

- High
- Medium
- Low

Impact on Segments



At-home entertainment options to see an upswing as 'lockdown behaviour' results in habit formation

Growth as online gaming gets more entrenched into overall time spent on M&E

Source - KPMG Report:
The Many Shades of Crisis

In a Nutshell

78.6 % of media workers identify "**financial instability**" as the most pressing challenge encountered by the sector

Companies are now focusing more on:

Credit Control & Visibility on Receivables

- Reducing bad debt with real-time assessment of credit risk
- Reducing DSO with proactive collections

Highly Accurate Cash Forecasting

- Accurately predicting cash flow
- Improving the utilization of working capital

Reallocation of Resources to High-Value Tasks

- Preserving cash by moving FTEs to the strategic tasks

Some Common Trends That We are Observing in the Current Economy

1 Increased Customer Bankruptcies

Companies large and small are succumbing to the effects of the coronavirus.

2 Delayed Customer Payments

Customers are adopting pushback strategies and delaying payments to maintain their cash flow in the current

3 Customers demanding more deductions/ making short-payments

Companies are trying to reduce the spend to keep themselves afloat during this economic downturn

4 Customers moving to higher risk class

Many customers are having unstable cash flows and distressed account receivables due to the current uncertainty

About Warner Bros.

Present across
30 Countries

Employee
strength of **10k+**



Founded in
1923 93 years
ago

Global Leader

In all forms of Entertainment and their related
businesses across all media and platforms

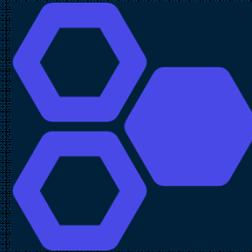
Actionable insights to tackle the Crisis

02

Tackling the Crisis



Internal Collaboration:
Working closely with the sales, legal & finance teams



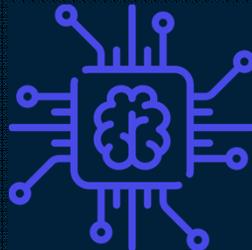
Fill in the process gaps for **credit, collections and payments**



Customer First Approach



Managing global geographies and multiple business units - **access to data and information for all stakeholders**



The **usage of technology** for creating value

Question for the Audience



What is your primary area of concern while tackling the COVID crisis?

- A. Internal collaboration
- B. Filling the process gaps
- C. Managing global business units
- D. Deployment of technology

Internal Collaboration



01

Credit and finance teams should help sales identify customers with strong financial health, to build pipeline for the second half of 2020

02

Credit teams should leverage sales relationships with customers to reach non-responding delinquent customers

03

Legal teams can help by reviewing contracts of the potentially high risk customers and help regulate them accordingly

Filling the Process Gaps



01

CREDIT

- Routine risk management procedures and periodic reviews
- Having a well-defined global credit policy
- Building healthy relationships with capital markets and insurers
- Routine engagement with finance, legal and sales teams



02

COLLECTIONS

- Segment customers and build separate collections strategies tailored to risks
- Access to the right data and the right people on the buyer's payment teams
- Modified payment terms and cash discounts for early payments
- Prioritized worklist for effective collections

Filling the Process Gaps



03

PAYMENTS

- Customer centric payment options
- Easy access to invoices
- Single source of visibility
- Secure payment methods

Customer- First Approach



01

Negotiate Better Payment Terms:

Negotiating payment terms that work for both you and your customer

02

Be Empathetic:

Aggressive collection strategies may ruin customer-experience for the long-term

03

Stay Aware of Your Customers' Financial Health:

Identify customers who have genuine cash flow constraints and be more lenient to them vs. other customers

Managing Global Teams



01

Ensuring access to same data and information for all stakeholders across all business units via a single platform

02

Defining credit guidelines considering varying regulations across countries and political environment

03

Understanding the business culture differences along with the preferred mode of communication

Usage of Technology



01

Builds the ability to communicate and collaborate in a remote working environment

02

Provides established Credit Front Office strategies including, fully automated credit limit assignment/ renewal/ order approval and release

03

Automation technologies allow greater control over our credit processes by enabling increased frequency of credit reviews

04

Helps in ensuring effective collections with the help of prioritized worklist and automated correspondence

Gartner's Framework For Better Technology Decision Making

Use this comprehensive framework to evaluate how every decision you'd make would fare against what should be your top consideration right now.

Potential Financial Benefits	Overall Business Impact	Time Requirement	Technical Risk	Operational Risk	Investment requirement
Small	Negative	Long-term	High	High	Large
Medium	None	Short-term	Moderate	Moderate	Moderate
Large	Positive	Immediate	Low	Low	Minimum

A decision that checks off as many green boxes as possible is more likely to deliver long-term value to the business

Strategizing for the post COVID Era

03

Question for the Audience



What should be a finance leader's priority as businesses start going back to normal?

- A. Rethinking Collection Strategies
- B. Improving the sales interaction process
- C. Working on new ways to serve customers
- D. Create a technology deployment action plan

Getting Back to the Office : Strategies for Post COVID Era



Rethink Collection Strategies



Improve the sales interaction process



Know your customer better



Create a technology deployment action plan

Getting Back to the Office : Strategies for Post COVID Era

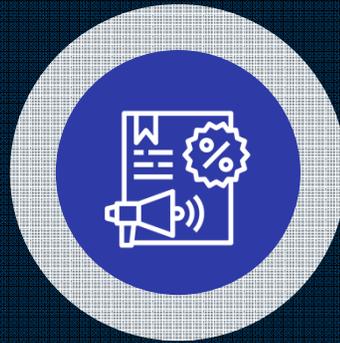


Rethink Collection Strategies

Modify payment terms, offer cash-discount programs and consider other risk mitigation strategies



Modify payment terms
for different customers



Offer cash-discount
programs to early payers



Consider other risk mitigation
strategies

Getting Back to the Office : Strategies for Post COVID Era



Improve the sales interaction process

Share details of good customers with sales to ensure cash flow



Inform the sales team about low-risk and less impacted customers



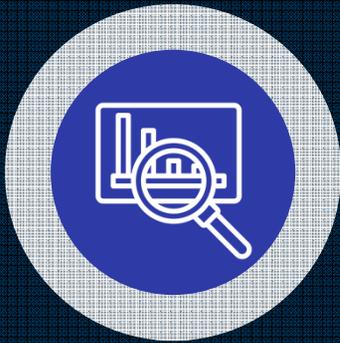
Help them identify customer needs before the onboarding process

Getting Back to the Office : Strategies for Post COVID Era



Know your customer better

Evaluate and estimate your customers potential before resuming business



Study the impact of the COVID crisis on your customers



Understand when your customers will be in a position to pay



Know when to resume business with your customers

Getting Back to the Office : Strategies for Post COVID Era



Create a technology deployment action plan

Build your end-to-end A/R automation plan for the post-COVID era



Identify processes that
need to be
automated



Find the right
vendor



Get global
stakeholder buy-in



Implement and test



Evaluate post go-live
success and plan
next steps

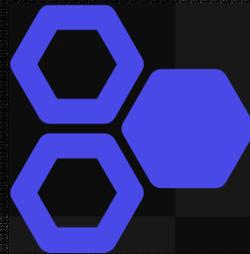
Summary

"We need to be nimble, leverage existing resources and adapt "

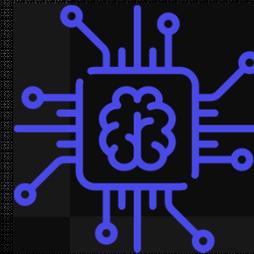
Driving your Working Capital Management



Internal
Collaboration



Filling the
Process Gaps



Technology
deployment



Customer centric
approach

Food for Thought

A blue outline icon of a lightbulb with several short lines radiating from the top, symbolizing an idea or thought.

Is now is the right time to drive digital transformation in Finance ?

Questions & Answers

04

Thank You

For additional questions or
information,
please reach out to

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