

# Optimizing for Growth: *Working Capital & Credit Availability*

## Survey Results Presentation

November 2013



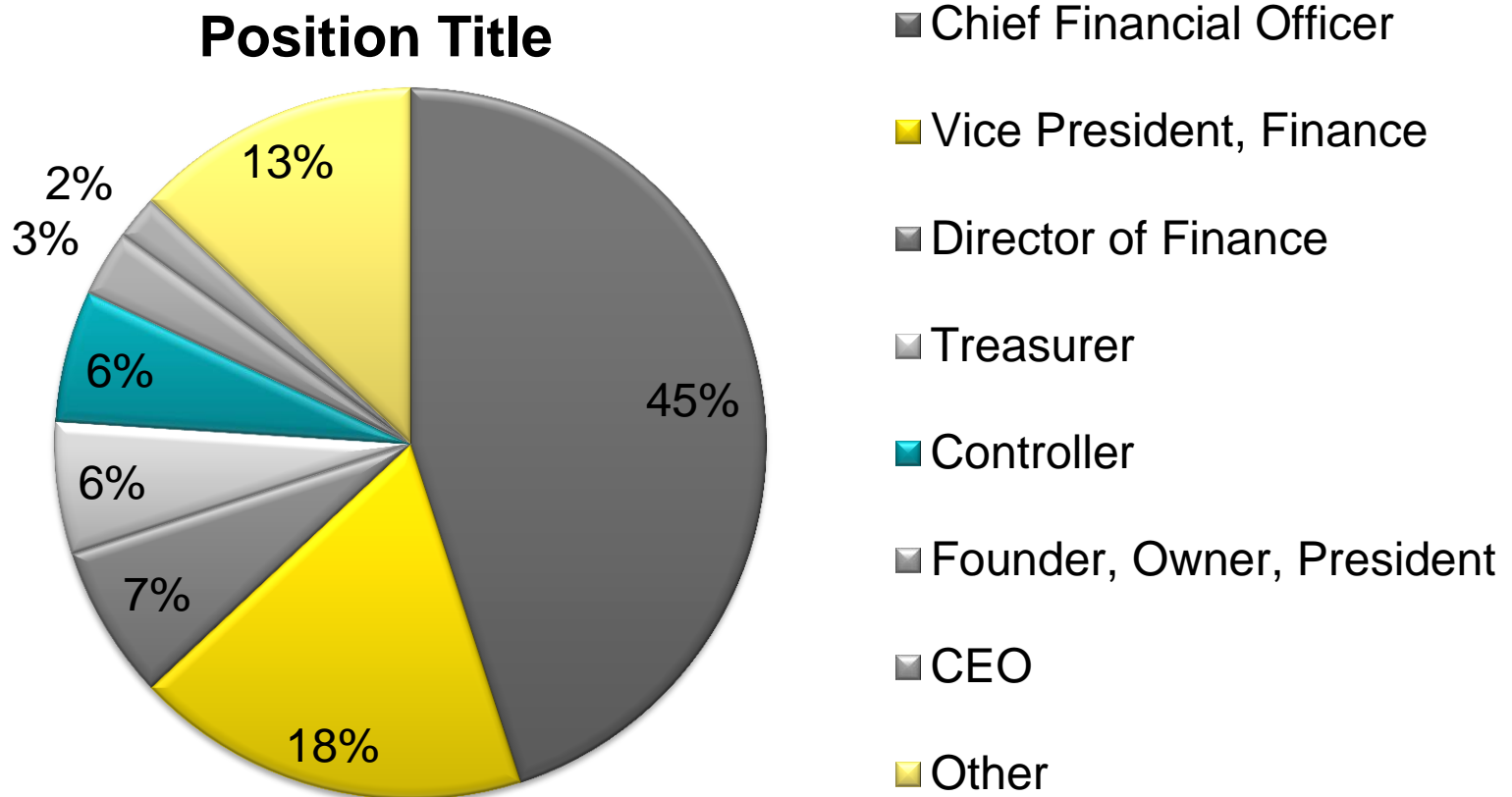
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# Optimizing for Growth: Working Capital & Credit Availability



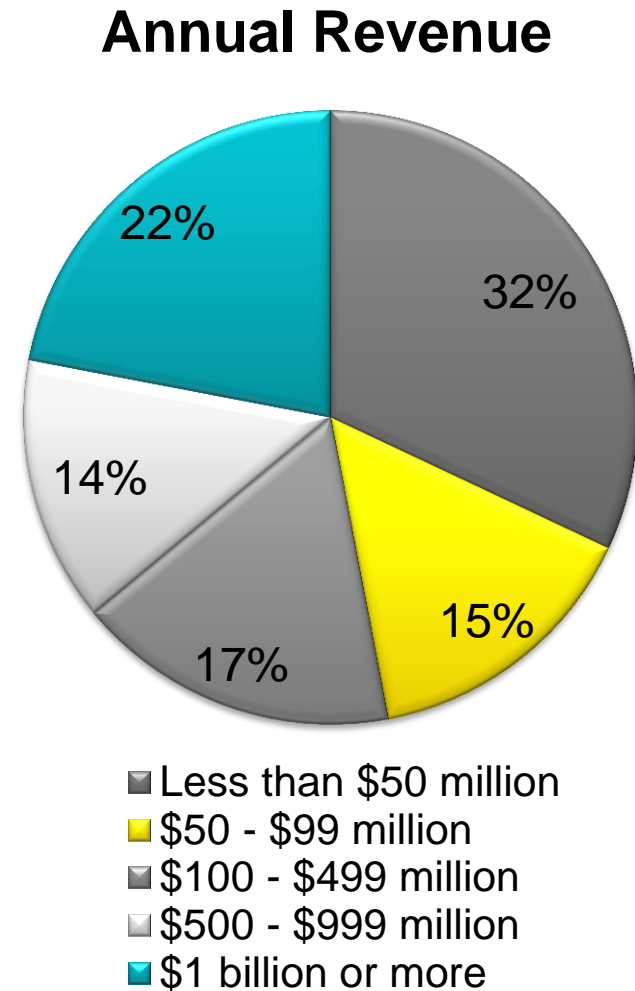
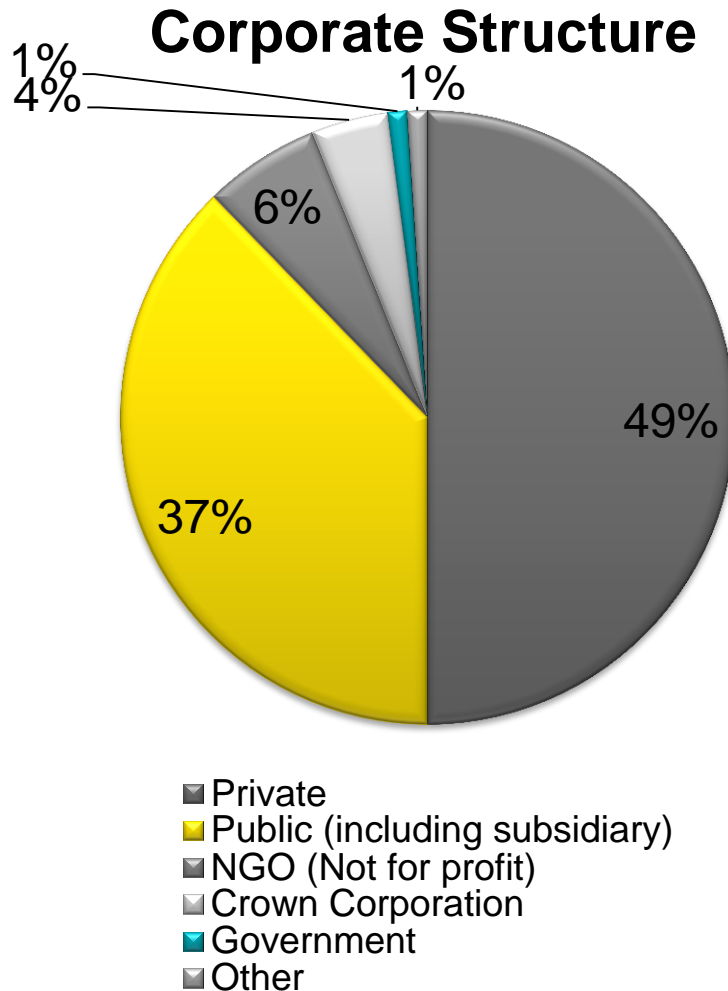
# Survey respondents were primarily Finance executives

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- ▶ 121 respondents
- ▶ Executive roundtable held in Toronto and Montreal

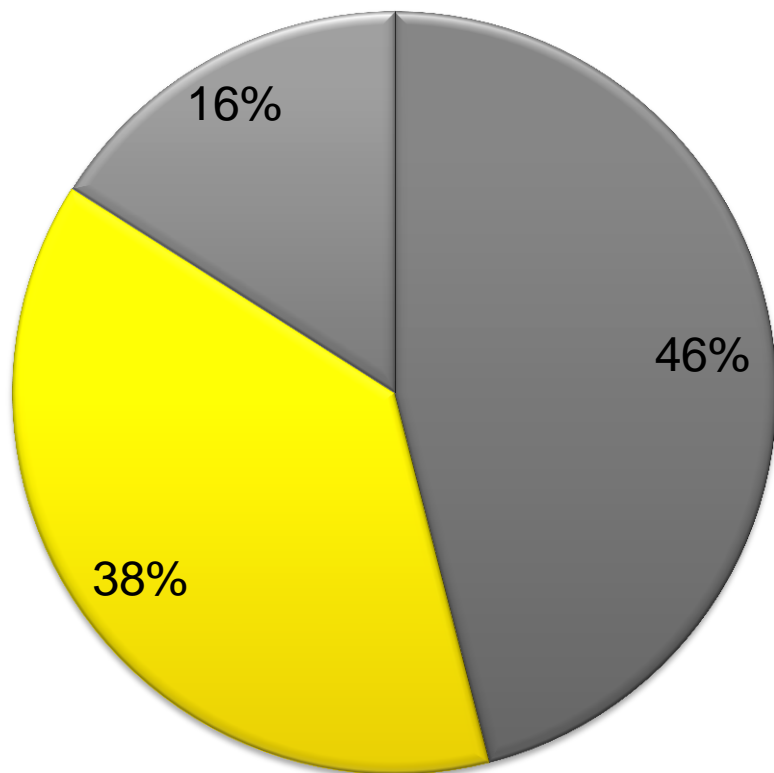
# Broad representation of corporate structure and size of annual revenue across Canada



# Most had a positive outlook on the economy and their company prospects

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## Business Environment and Outlook

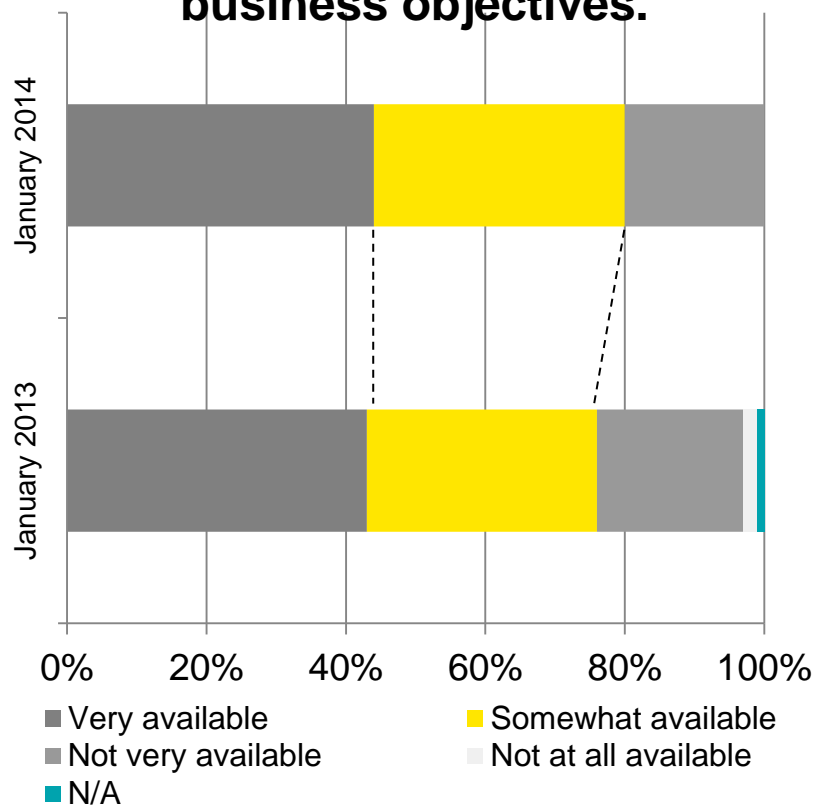


***Compared with 12 months ago, are you more or less optimistic about prospects for your company?***

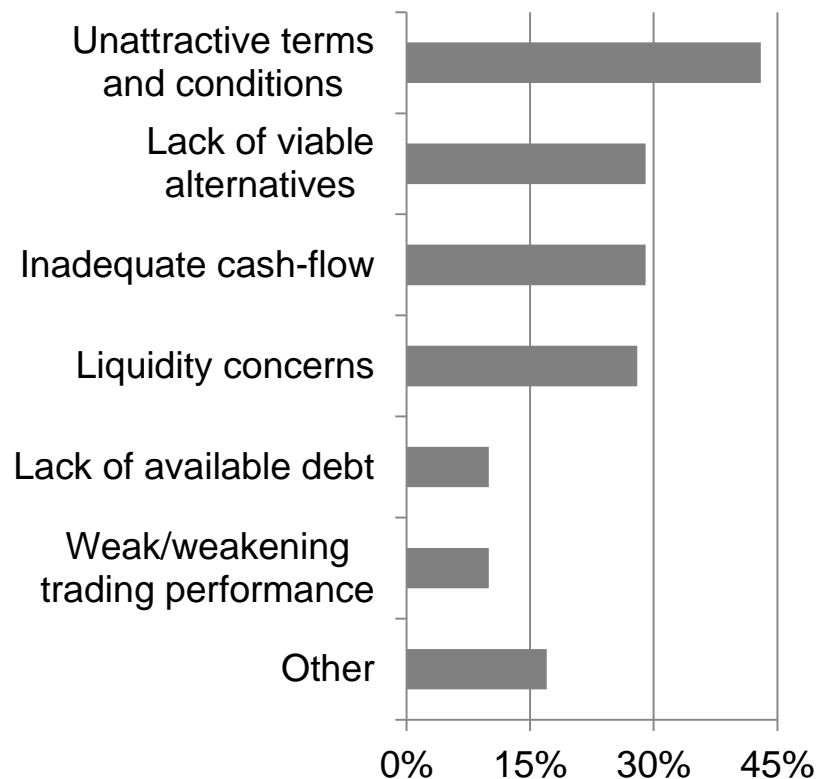
■ More optimistic    ■ No change    ■ Less optimistic

# Credit availability and challenges: It is the tale of two balance sheets

**Please rate your organization's ability to obtain sufficient long-term financing to achieve its business objectives.**

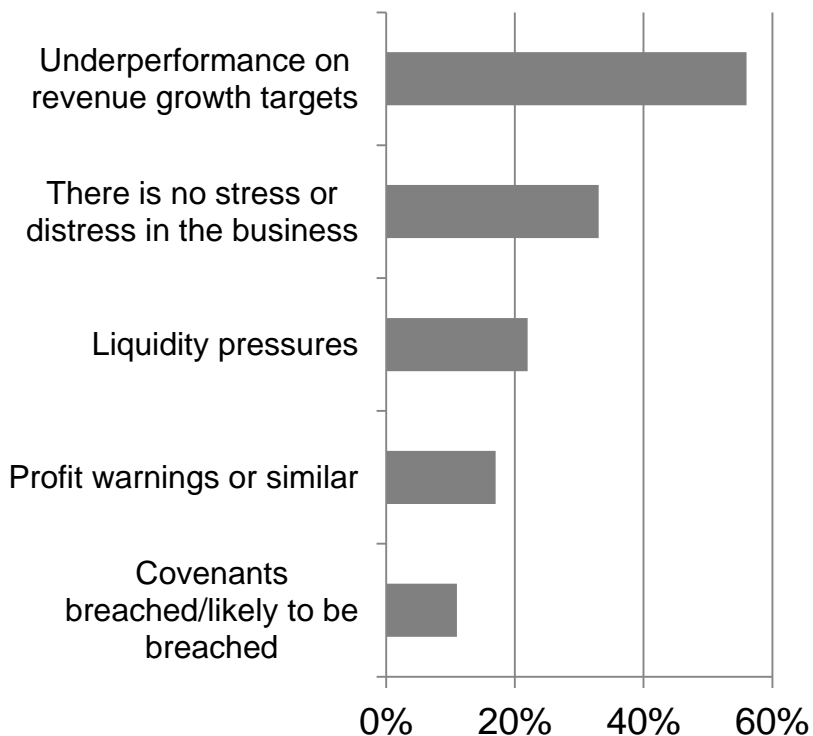


**What are the biggest challenges you foresee regarding your need for upcoming debt refinancing?**

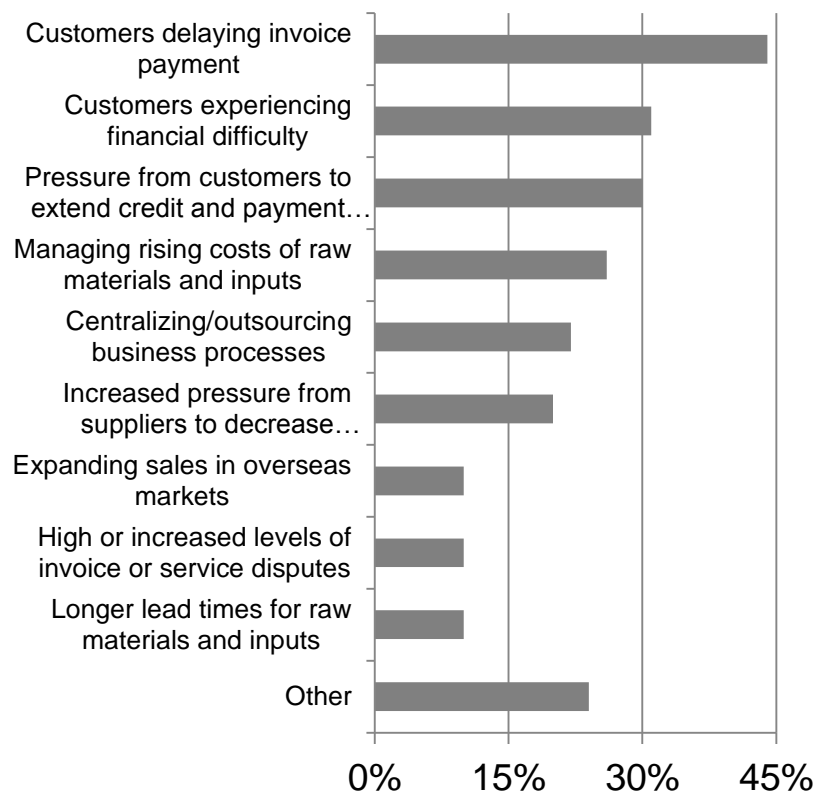


# Businesses have experienced revenue underperformance and customer challenges

**Do any parts of your organization display the following signs of stress or distress?**



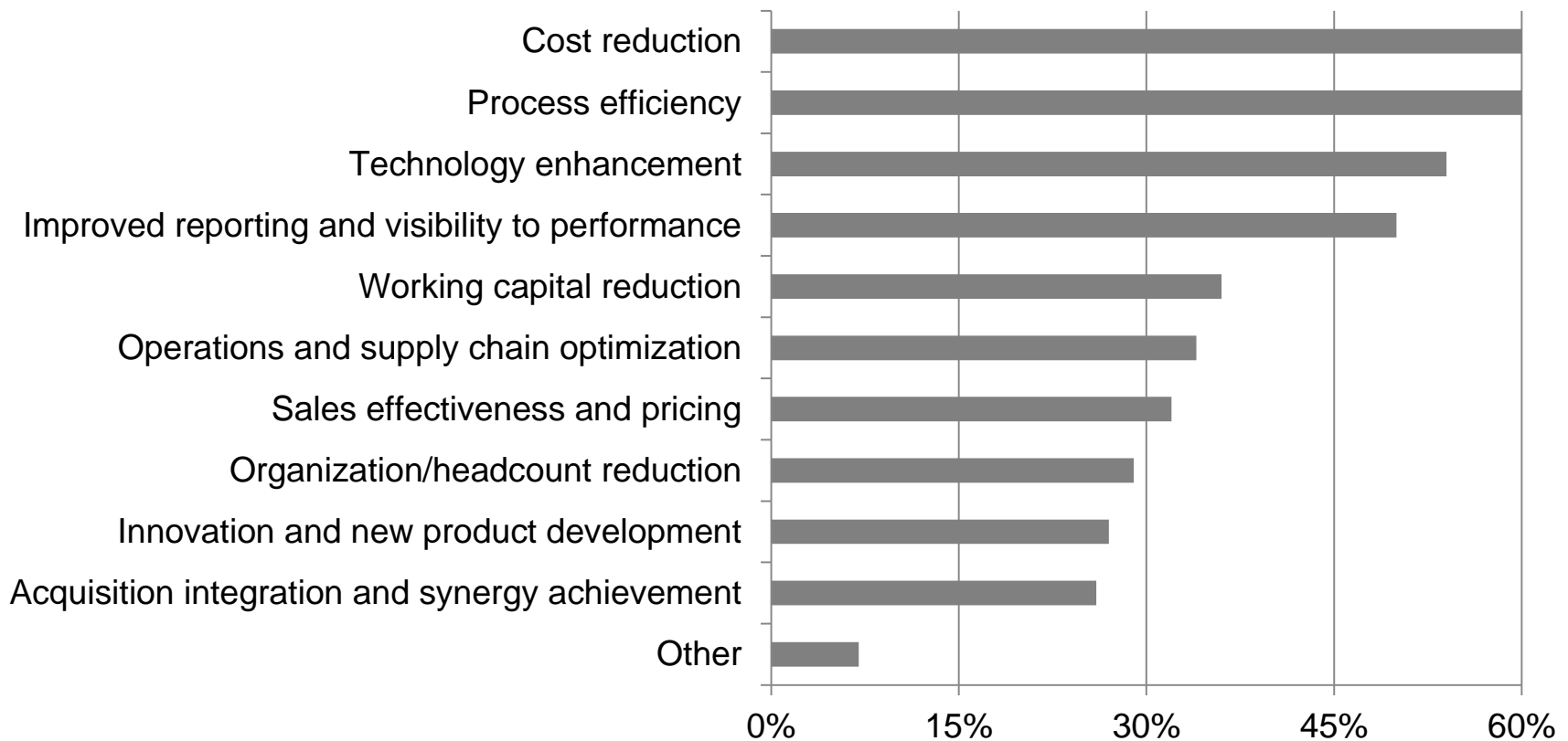
**What challenges has your business faced over the last 12 months?**



# Most companies have been focused on cost reduction and process efficiency

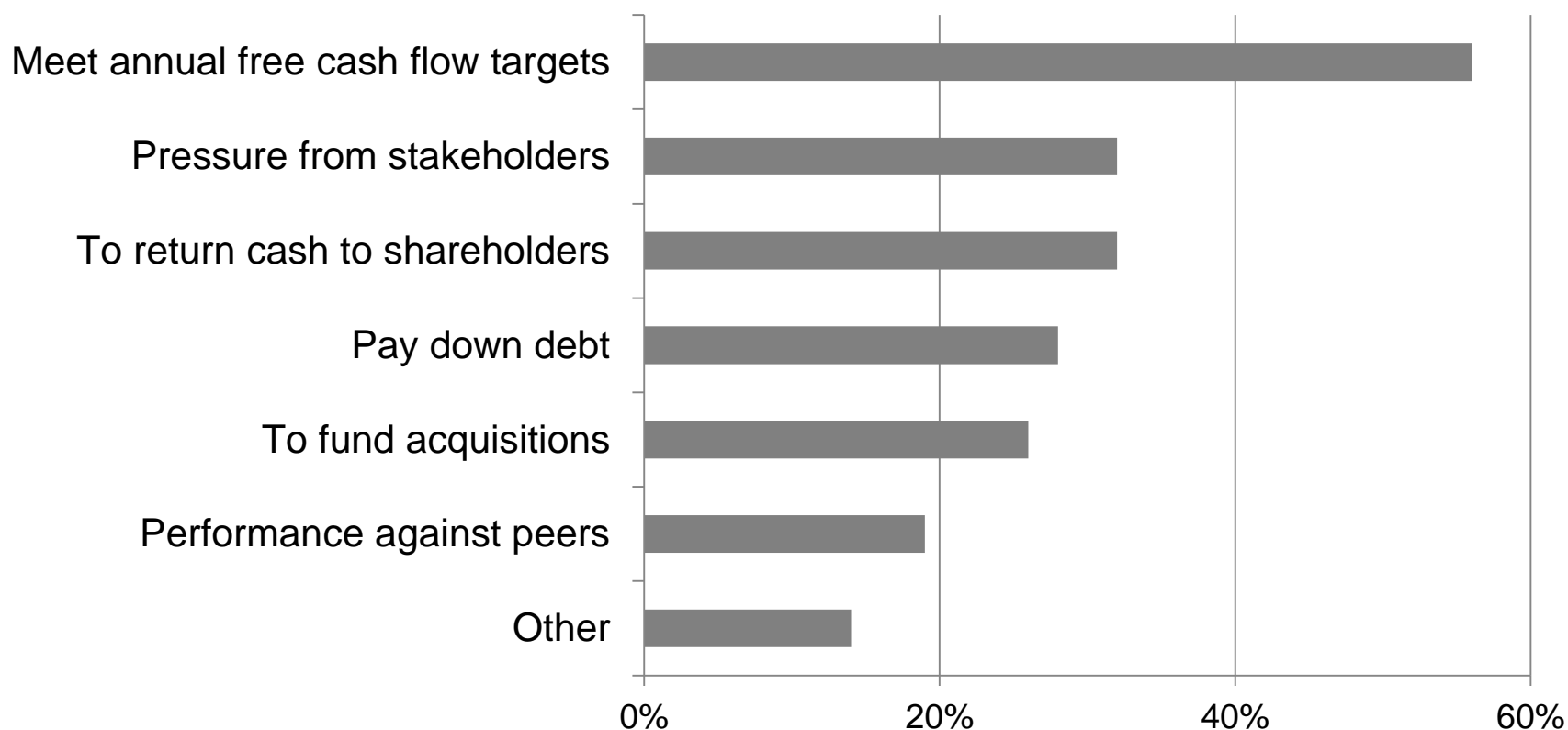
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## What has been the business improvement focus in the past two years?



# Free cash flow targets are receiving increased scrutiny at all stakeholder levels

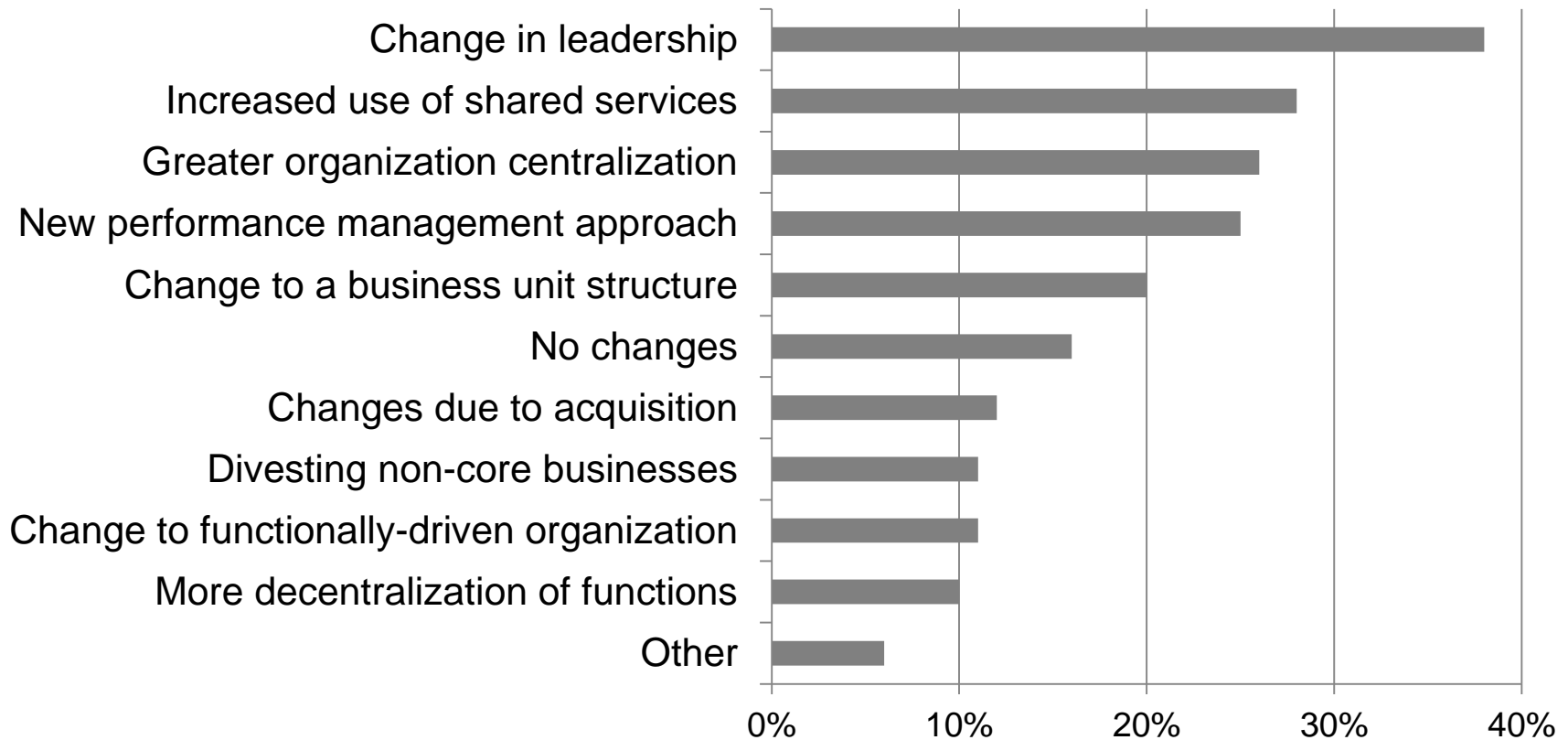
**What is (are) the main driver(s) for your organization to increase its focus on improving free cash flow and working capital?**



# Many companies have also made significant changes to their operating models

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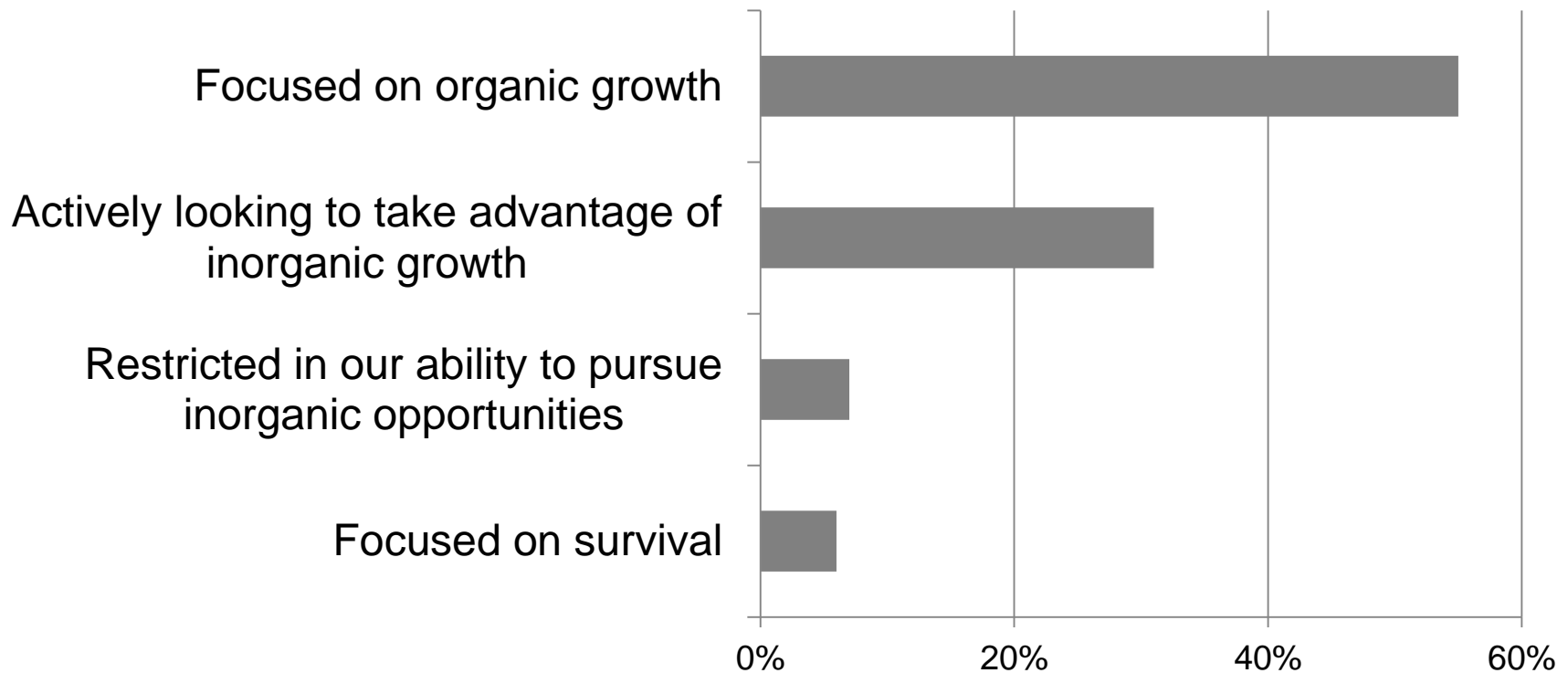
## How would you describe recent changes in your operating model?



# Canadian companies appear to be primarily focused on organic growth opportunities

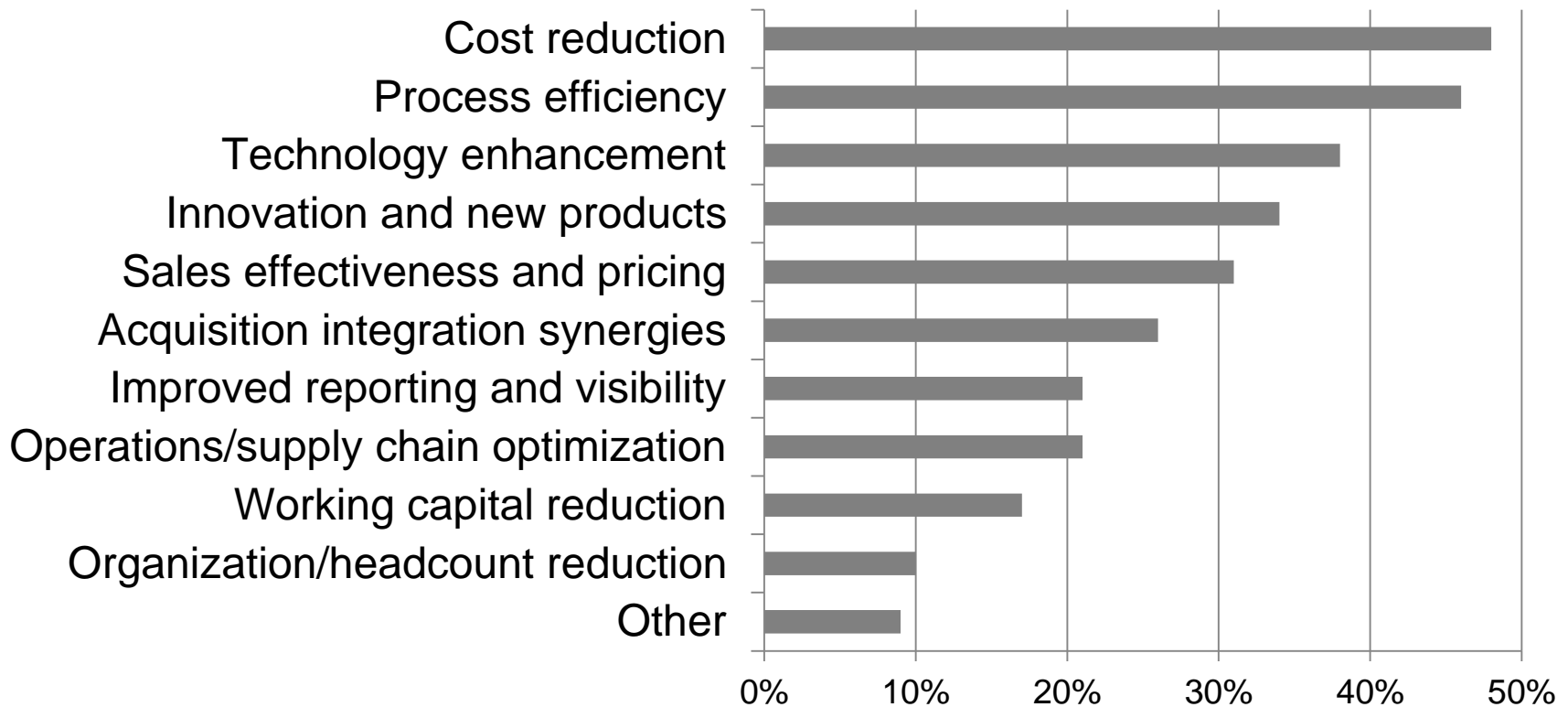
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**Which statement best indicates your organization's focus over the next 12 months?**



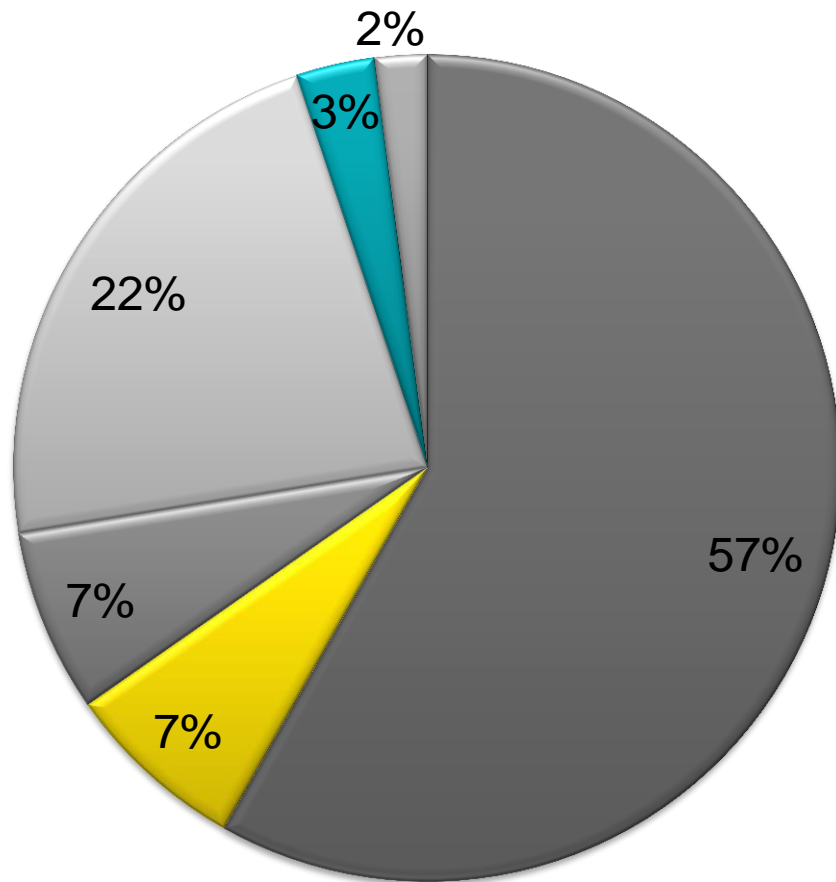
# Cost/process efficiency continues with some drive for innovation and sales effectiveness

**What do you predict will be the three most important business improvement focus areas for the next two years?**



# Finance generally plays a strategic partner role but there is room for improvement

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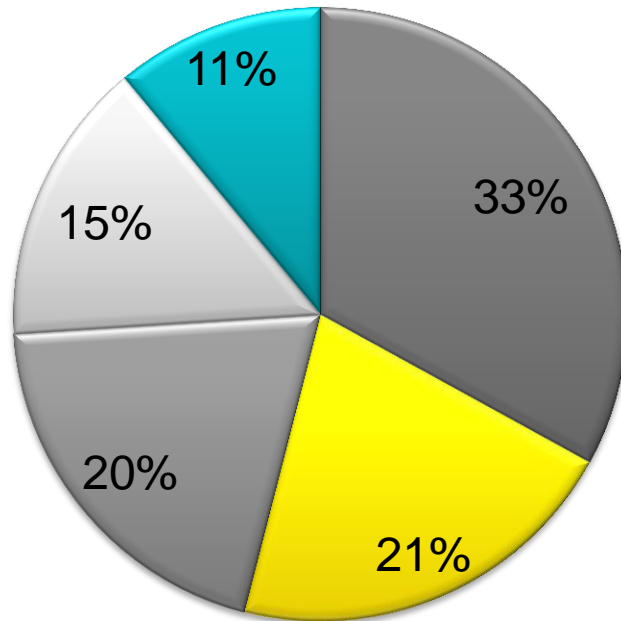


## What role does Finance play in decision making to support strategic initiatives?

- Strategic partner: Involved in the earliest stages
- Business coach: Assists the business in assessing all aspects
- Financial analyst: Drives the numbers only
- Team member: Finance department is part of the decision making
- Performance reviewer: Provides the post-mortem analysis
- Other

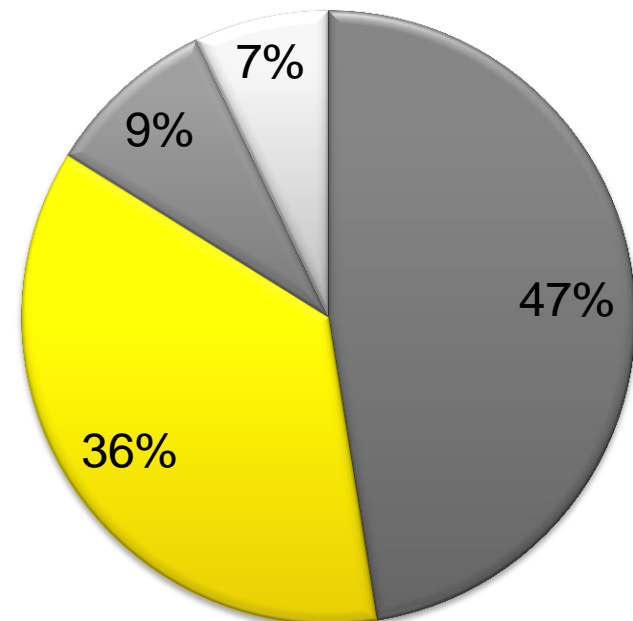
# Balanced measurement and leading indicators are needed to look at strategic performance

**How do you prioritize strategic options to allocate capital?**



- Internal rate of return
- Net present value
- Payback period
- Impact on economic value
- Other

**How do you measure results from growth strategy initiatives?**



- Annual operating budget performance
- Tracking of individual strategic initiatives
- Capital project reviews (post-mortems)
- Other

# Summary

- **Positive economic outlook with some sector uncertainty**
- **Greater access to credit but it is the “tale of two balance sheets”**
- **Cautious approach with revenue growth concerns and operational/customer challenges**
- **Need for continued focus on cost reduction and working capital optimization**
- **Looking to grow mostly organically with some increasing appetite for M&A**
- **Finance role can be much more than just a scorekeeper – critical to drive strategic initiatives**
- **Key that companies maintain a focus on cash flow and operational working capital performance**

# For more information contact:

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