



THE SYSTEM CFO SERIES
HINDOL DATTA

FREE ASSESSMENT

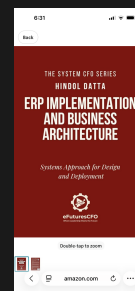
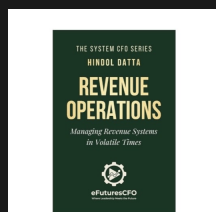
PILLAR 2: CASH & CAPITAL MANAGEMENT | TOOLKIT #11 OF 37

THE WORKING CAPITAL EFFICIENCY SCORECARD

*Freeing Cash Trapped in Your
Operating Cycle*

20-Question Diagnostic | 5-Page Assessment

Score Your Organization 1-5 Across Four Dimensions
Identify Gaps and Build Your Action Plan



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Where Leadership Meets the Future

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QUESTIONS 1-5

Section A: Accounts Receivable and Collection Performance

How Quickly Are You Converting Revenue into Cash?

Revenue that sits in accounts receivable is not cash — it is a promise. The longer that promise remains unfulfilled, the higher the risk it becomes a broken one. The System CFO manages receivables with the same discipline that sales manages pipeline: segmented by risk, tracked by age, accelerated by proactive outreach, and escalated by clear protocols.

A. ACCOUNTS RECEIVABLE AND COLLECTION PERFORMANCE

1	Days Sales Outstanding (DSO) is at or below industry benchmarks — and has been trending downward over the last four quarters through proactive collection strategies.	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
2	AR aging is monitored weekly — with specific action triggers for invoices reaching 30, 60, and 90 days, including escalation to senior finance leadership and account	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
3	Billing accuracy exceeds 98% — invoice errors, pricing discrepancies, and PO mismatches are rare, eliminating the most common reason customers delay payment.	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
4	Credit policies are enforced consistently — new customers are credit-checked before net terms are extended, credit limits are reviewed annually, and exceptions require documented	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
5	The AR team measures collection effectiveness index (CEI) — tracking not just DSO but the percentage of receivables actually collected within terms versus slipping past due.	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION A SCORE: Total: ____ / 25 Average: ____ / 5

QUESTIONS 6-10

Section B: Accounts Payable and Payment Optimization

Are You Managing Payables Strategically — or Just Paying Bills?

Accounts payable is not an administrative function — it is a strategic cash management lever. Every payment represents a choice: pay early for discounts, pay on time to maintain relationships, or extend terms to preserve cash. The System CFO builds a payables strategy that optimizes the cost of cash, captures early payment discounts when economically rational, and manages vendor relationships as strategic assets.

B. ACCOUNTS PAYABLE AND PAYMENT OPTIMIZATION

<p>6 Days Payable Outstanding (DPO) is managed strategically — the organization has a target DPO that balances cash preservation with vendor relationship health and early payment discount</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>
<p>7 Early payment discounts are evaluated systematically — the annualized return on taking discounts (e.g., 2/10 net 30 = 36% annualized) is compared against the cost of capital before</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>
<p>8 Payment terms are negotiated proactively — procurement and finance collaborate to secure net-45 or net-60 terms with major vendors where cash preservation is a priority</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>
<p>9 AP automation captures efficiency — invoice receipt, coding, three-way matching, approval routing, and payment execution are automated to reduce processing cost and eliminate late</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>
<p>10 Vendor payment prioritization exists — critical vendors and strategic partners receive on-time or early payment, while commodity vendors with multiple alternatives are managed to</p>	<p>1 Non-Ex</p>	<p>2 Ad Hoc</p>	<p>3 Dev</p>	<p>4 Estab</p>	<p>5 Best</p>

SECTION B SCORE: Total: _____ / 25 Average: _____ / 5



QUESTIONS 11-15

Section C: Inventory and Prepaid Asset Management

Is Cash Hiding in Your Balance Sheet — and Can You Liberate It?

Working capital includes more than receivables and payables. Cash hides in inventory that moves slowly, prepaids that were booked and forgotten, deposits that were never reclaimed, and deferred costs that no longer serve the business. The System CFO audits the entire balance sheet for trapped cash and builds processes to prevent future accumulation.

C. INVENTORY AND PREPAID ASSET MANAGEMENT

11	Inventory turnover (if applicable) meets or exceeds industry benchmarks — slow-moving inventory is identified monthly, and excess stock is liquidated, returned, or written off within	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
12	Prepaid expenses are reviewed quarterly — each prepaid balance is validated as a current, active asset, and any prepaid that has expired or is no longer providing benefit is written off	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
13	Security deposits, vendor advances, and employee advances are tracked in a register — with defined recovery timelines and named owners responsible for reclaiming each asset.	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
14	Deferred costs and contract assets are reviewed for recoverability — any capitalized cost that no longer meets the criteria for deferral is recognized as expense in the current	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
15	The total cash trapped in working capital (receivables + inventory + prepaids - payables - deferred revenue) is reported monthly — with a target to reduce it as a percentage	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION C SCORE: Total: _____ / 25 Average: _____ / 5



QUESTIONS 16-20

Section D: Working Capital Governance and Continuous Improvement

Who Owns Working Capital — and Is It Getting Better Every Quarter?

Working capital optimization is not a one-time project — it is a permanent operating discipline. The System CFO builds a governance framework where working capital metrics are reviewed weekly, improvement initiatives are tracked with named owners and deadlines, and progress is reported to the executive team and board as a key indicator of operational health and financial discipline.

D. WORKING CAPITAL GOVERNANCE AND CONTINUOUS IMPROVEMENT

16	Working capital has a named executive owner — one person is accountable for the Cash Conversion Cycle and reports on it monthly to the executive team with specific improvement	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
17	Working capital targets are set annually — DSO, DPO, inventory turns, and CCC targets are established, cascaded to responsible teams, and tracked against actual performance	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
18	Cross-functional alignment exists on working capital goals — sales understands the impact of payment terms on DSO, procurement understands the impact of vendor terms on DPO, and	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
19	Working capital improvement initiatives are tracked as projects — with business cases, expected cash impact, named owners, milestones, and completion dates reviewed monthly.	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best
20	The Cash Conversion Cycle trend is included in board reporting — showing the trajectory over 8+ quarters with benchmarks against industry peers and commentary on improvement	1 Non-Ex	2 Ad Hoc	3 Dev	4 Estab	5 Best

SECTION D SCORE: Total: ____ / 25 Average: ____ / 5

OVERALL ASSESSMENT SCORE
 Section A: ____ / 25 Section B: ____ / 25 Section C: ____ / 25 Section D: ____ / 25 TOTAL: ____ / 100 AVG: ____ / 5

GAP TO GOAL

Gap-to-Goal Action Plan

Bridging the Gap — Working Capital Efficiency Scorecard

Transfer your five lowest-scoring questions. For each gap, define the target state, specific actions, owner, timeline, and success metric. Focus on highest-impact gaps first.

GAP #	Q REF	CURRENT	TARGET	SPECIFIC ACTION TO CLOSE GAP	OWNER	DEADLINE	METRIC
1	Q__	___/5	___/5	_____	_____	_____	_____
2	Q__	___/5	___/5	_____	_____	_____	_____
3	Q__	___/5	___/5	_____	_____	_____	_____
4	Q__	___/5	___/5	_____	_____	_____	_____
5	Q__	___/5	___/5	_____	_____	_____	_____

ASSESSMENT SUMMARY

Completed by: _____ Date: _____

Overall average score: ___ / 5 Items scored 1-2 (critical): ___

Items scored 3 (developing): ___ Items scored 4-5 (strong): ___

Top strength: _____

Most critical gap: _____

One action this week: _____

READY TO GO DEEPER?

This free assessment identified your gaps. The Premium System CFO Toolkits provide the frameworks, templates, and action plans to close them. Visit EfuturesCFO.com





READY TO GO DEEPER?

This Assessment Identified the Gaps. The Premium Toolkit Closes Them.

PREMIUM: The Cash Conversion Cycle Optimizer (12 Pages)

The full premium toolkit includes the complete CCC decomposition framework, AR collection acceleration playbook, AP optimization decision matrix, inventory management templates, working capital release quantification worksheets, and the monthly working capital governance dashboard with trend analysis.

Plus. Access the Super Exclusive 40-Page

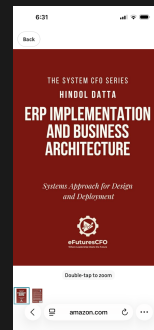
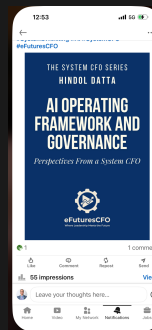
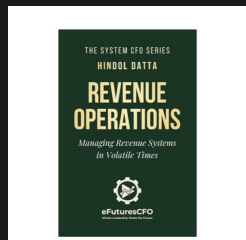
System CFO Organizational Finance Assessment Kit

ABOUT THE AUTHOR

Hindol Datta

25+ years as CFO and VP Finance | \$150M+ in M&A | CPA, CMA, CIA, PMP, CPIM

Author of The System CFO Series | MS Analytics, Georgia Tech



EfutureCFO.com

LinkedIn: Hindol Datta | YouTube: @efuturescfo

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