



**TRANSFORM BUSINESS FROM
CREDIT TO CASH**





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الداعي الاجل سيدنا عالي قدر مفضل سيف الدين طع فرماوے چھے:

"روکڑو وپار کرو۔ اہا برکۃ چھے انے سکون چھے،

Credit سی وپار کرو اما پریشانی رہے چھے نے،

Credit - ادھار، ام اپی دے پیسہ، لاکھو اپی دے انے کتنی فکر ہوئی کر والے، والے تو برابر مگر گھنی واریم بنے چھے کر اپتا نہیں پاچھا، لاکھو روپیہ ام، مہیناؤ نکلے، ورسو نکلے، انے ابھائی نے کتنو نقصان تھئی جائی، قرضاً حسنا اپیئے، نہیں تو پچھی بنک نا ہاتھ پھیلاوا پڑے۔ بنک نا پاسے، تھائی چھے نے؟ برابر؟

CREDIT نا اندر ہرگز نہیں، CASH نا اندر،

خدا یر تماری جہ نرق چھے تر لکھیلو چھے، اتنورنق اپسے خدا تمنے، اکھو لکھیلو چھے نے، تو سوں کام پچھی؟!

برابر کوشش کروئی جوئی، ایم نہیں کر کوشش نہ کرو، کوشش تو کروئی جوئی۔"

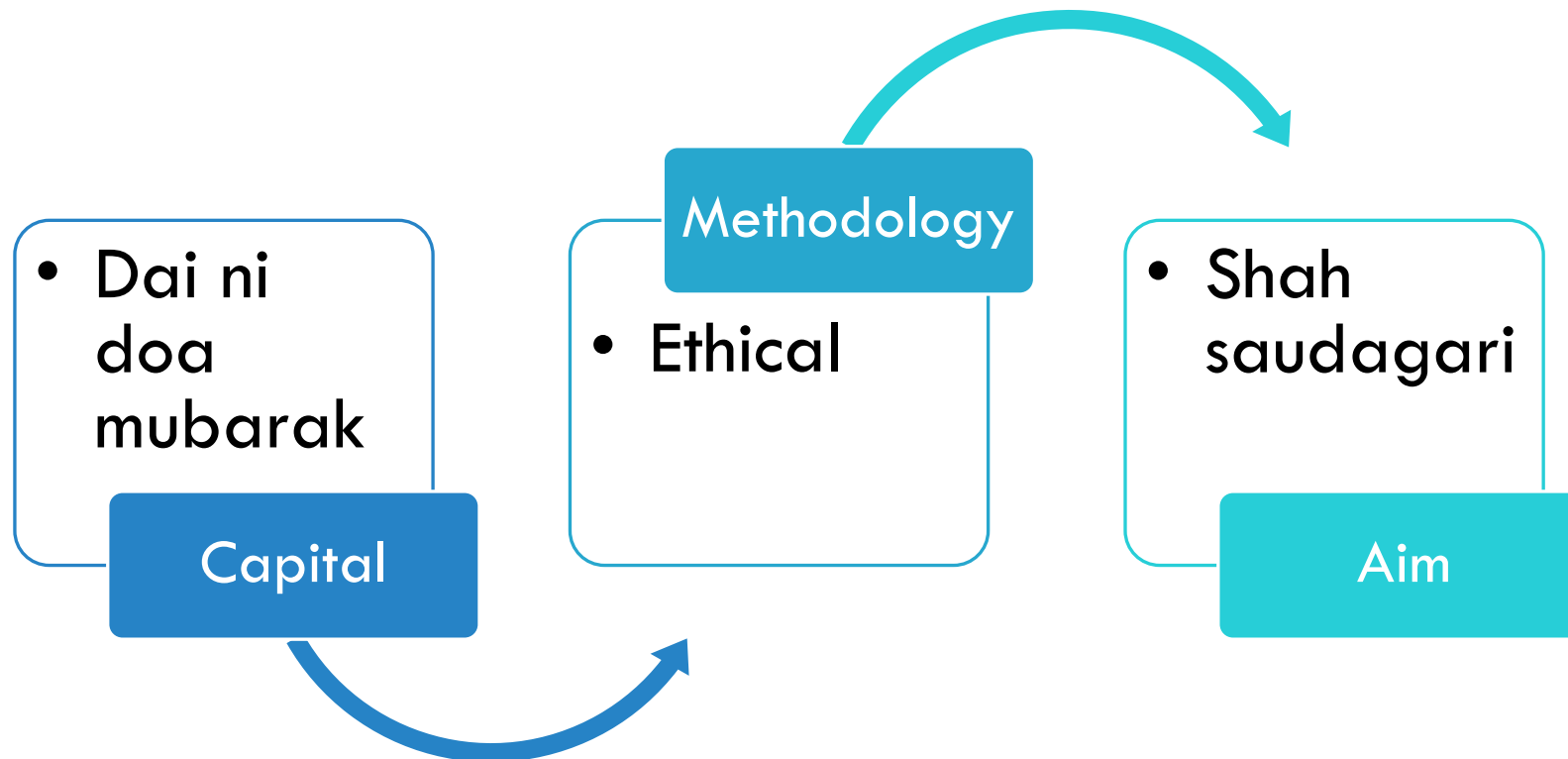


APPROACH

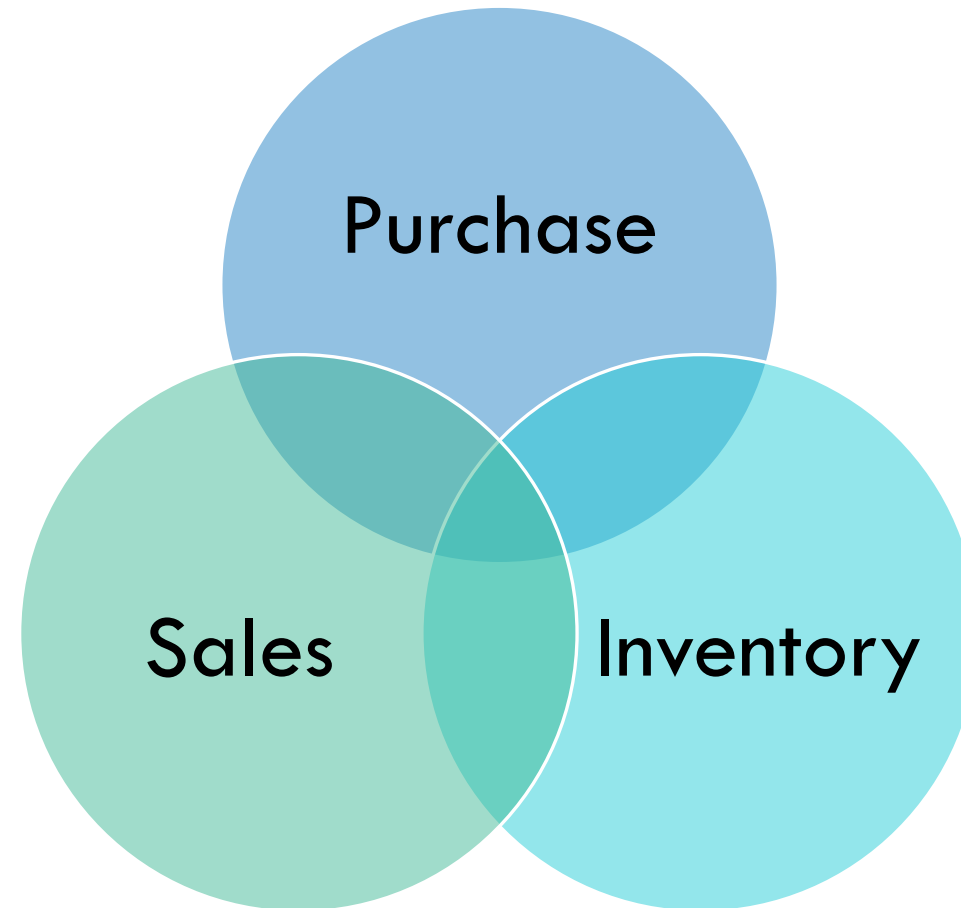
- Belief
- Develop your 'Master Plan'
- Step by step implementation
- Revisit and improvise

BELIEF.... نعمة بلا سؤال

- Al fiqho thumm al matjar – what is fiqh?



PREPARE YOUR MASTER PLAN ... *COMPONENTS*





MASTER PLAN ... *PURCHASE*

Understand the supplier market

- Immediate 'halt' on credit purchase
- List payables of purchases on pareto basis
- Design and agree on repayment plan based on cut off date with new supplies on cash basis
- Pledge cash purchase in future
- Negotiate better prices from suppliers

How to raise capital:

- 1. Internally (frozen investment / overstocking etc*
- 2. Qardan Hasana*



MASTER PLAN . . . *SALES*

Understand the customer market

- Immediate 'halt' on credit sales
- List receivables - analyze and categorize (pareto)
- Design a plan to bring them towards cash (e.g.)
- Aggressive payment collection

An example:

Category A – loyal customers

Category B – repayment plan on previous credit – new terms (90 – 45 – 0)

Category C – convert immediately to cash (risk of losing customers – risk mitigation)

MASTER PLAN ... *INVENTORY*

- Analyze current stocks – categorize and plan
 - Fast moving
 - Profitable
 - Slow moving / Dead
- Return or exchange
- Sale at discounted rates
- Bundle off



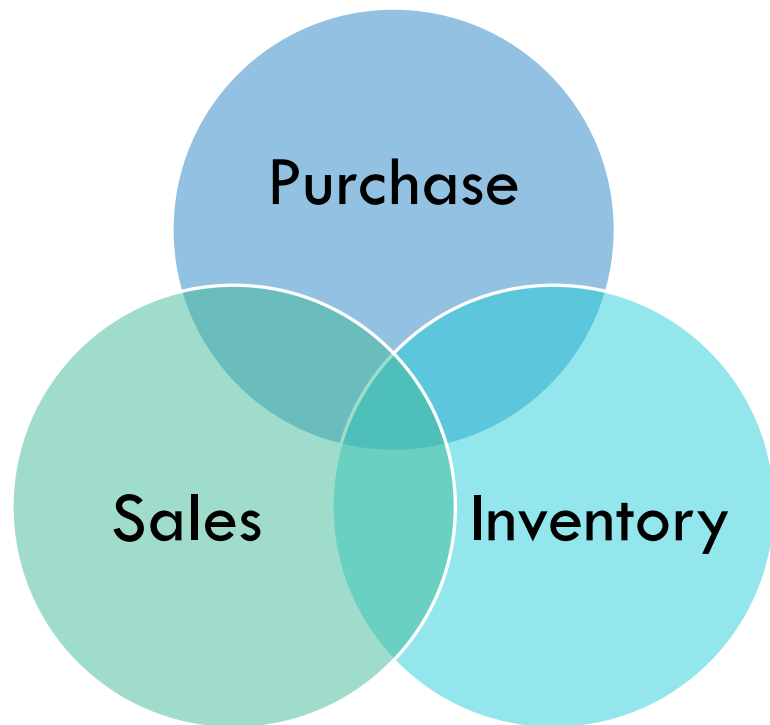
XYZ Company

24th June 2020

Steps to move to cash-based business by 31st of December 2020.

- 1. On customer-based analysis, any business under AED 5,000 will be based on cash with immediate effect.
 - a. Current active customer base is of 148 customers
 - b. Out of which 64 customers are under AED 5000 and hence move to cash
 2. Analysis of top 15 customers who are giving 68% of the total business.
 - a. Reduce their credit by 30 days each month for July / August / September
 - b. Negotiate with them current sales on secured basis with reducing credit so they get to cash basis within a month by end of Dec 2020
 - c. Some strategic products move to cash to culturize them that business shall be on cash
 - d. Build such strategic products range
 3. Analysis of very difficult customers who are price conscious and bad paymasters. Analyse their credit and move them to cash immediately. Undertake risk management so as not to lose the outstanding payments.
 4. Contractors customers analysis – link their supplies based on what is needed on site and payment to be affected once material delivered to site. However, to give them the comfort that their material is safely kept in our showroom so their work shall not be affected in any way as deliveries shall be made on time once asked for. In other words, their goods stored in our stores.
 5. Tender business – payments strictly cash or against bank guarantee which shall be encashed if payment does not come on as per the schedule.
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BUSINESS IMPACT



- Business is in our control
- Improvement in profitability
 - Lower costs (holding cost)
 - Lower expenses (stock management / sales team / commissions)
- Peaceful (religiously / personally)
- Focus on excellence (strategic planning)



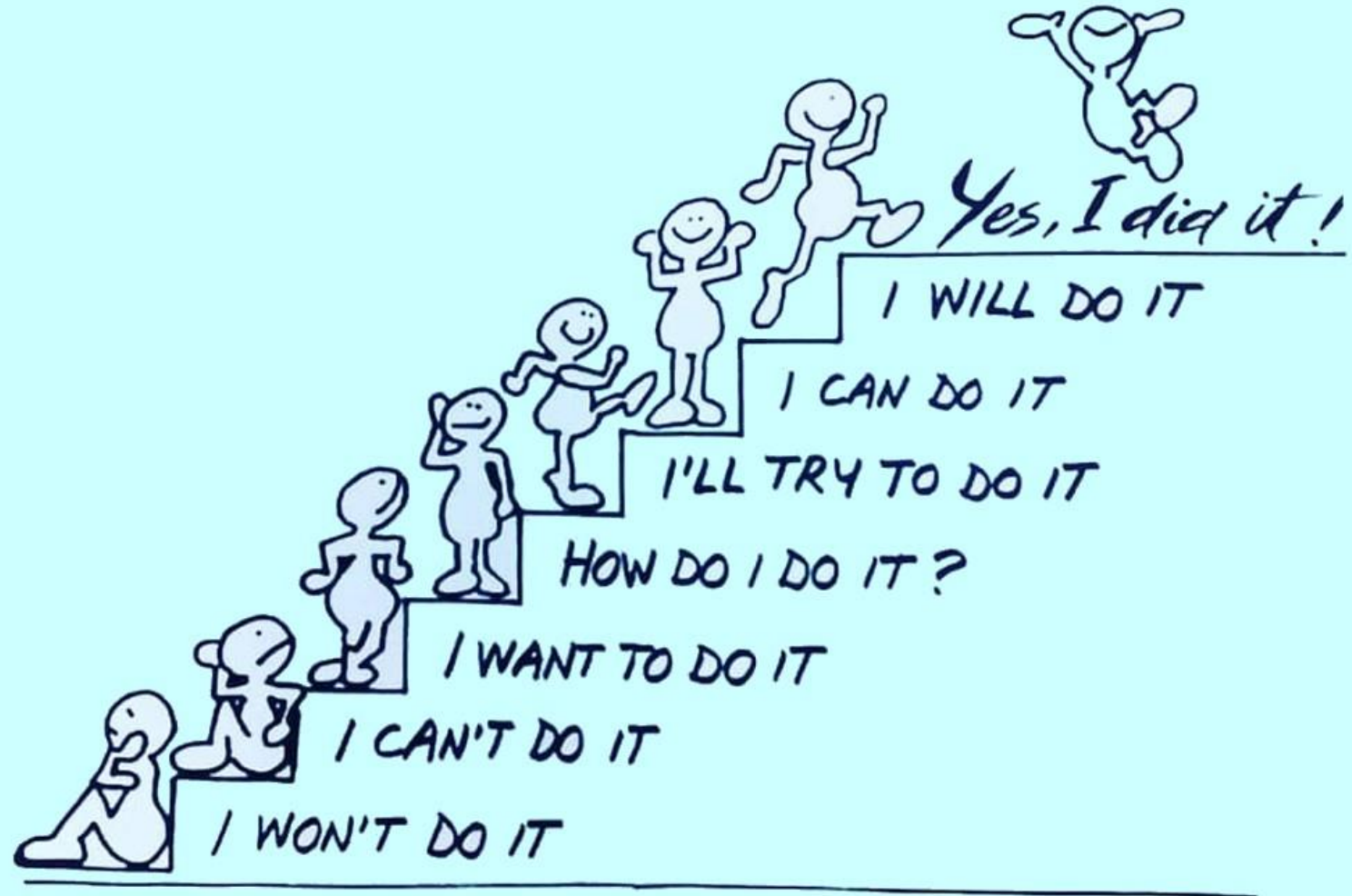
Husn

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SOME TIPS

- Credit market is a conditioning – we have the power to reverse it
- There are markets which accept your way of working and that is where growth potential lies





Thank you