

**Operational Challenges & Best Practices  
CFO Services Mandates Case Studies  
Closely held family businesses  
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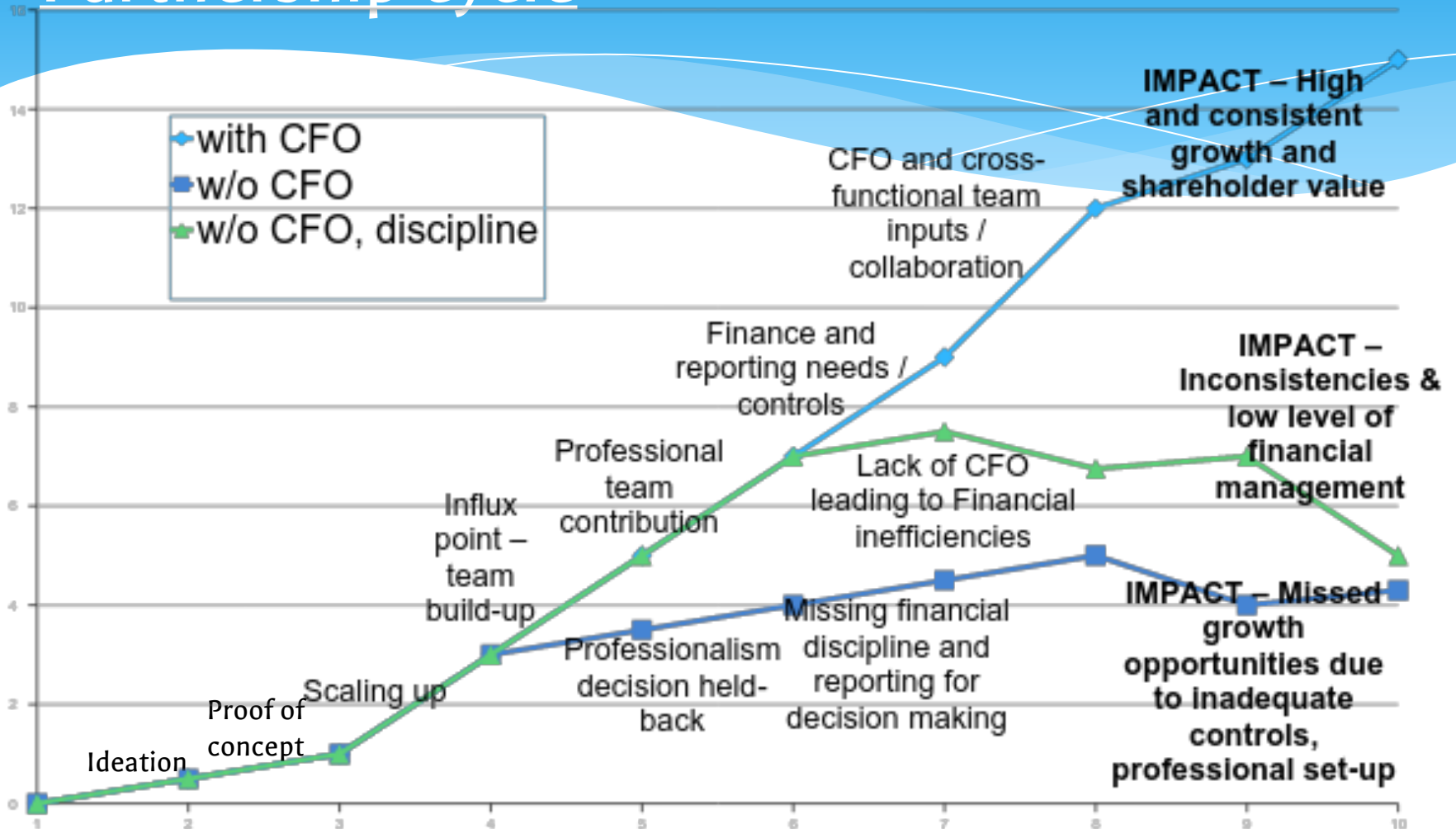
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CFO Services

# Typical Business Owner/CEO-CFO Partnership cycle



# Navigator of the business

Promoter is the Owner

CEO is the driver



CFO is the NAVIGATOR  
with an important role to  
ensure that the Ship does  
not loose its way



# 4 C's of a good CFO

## **Cash flow management –**

- ✓ Managing right time and accurate billing
- ✓ Collection process – Debtors management
- ✓ Working capital cycle
- ✓ Sourcing finance at right time at right price

## **Controls –**

- ✓ Internal control to be built-in for –
  - Billing & Collection
  - Inventory & Time management
  - Operational inputs with finance MIS

Key elements for  
an CFO

## **Closing process –**

- ✓ Running time-table for monthly closing of books
- ✓ Deriving reporting requirements out of books – MIS reports
- ✓ Timely Board reports and discussion with senior management, highlighting exceptions and operational KPIs

## **Compliance management –**

- ✓ Define calendar for compliance timelines
- ✓ Track developments in the laws and its impact on business model
- ✓ Timely review by independent expert to ensure complete compliance

# Execution model at IxCFO

Key benefits to business owners with IxCFO lies in –

- \* Clear identification of scope and timeline to define and meet expectation on deliverables
- \* Deep dive into the area under scope – Improvising existing system and process (IT/Non-IT) with constant innovation based on experience and knowledge pool @ IxCFO
- \* Differentiating experience with our *hands-on* approach
- \* Regular interaction / meeting with business owner updating the developments and seeking feedback
- \* Migrate from traditional CFO/Controllershship traditional role (Tx & Fx) to more strategic role (Ix) as assignment progresses

# Case Study: A

- \* Co. A a leading technology solutions provider based out of Pune providing development solutions to clients Europe & USA. It is owned & managed by a husband wife duo.
- \* Challenge : The finance function was struggling with hygiene issues , reporting problems and banking challenges.
- \* Solution :
  - \* Able to put in place proper financial accounting and MIS reporting within six months of its introduction
  - \* Forex conversion rate benchmarked & improved significantly
  - \* Further Ixcfo advised management on structuring of transactions with overseas clients vis-à-vis DTAA, FEMA
  - \* Assisted new ventures structuring under existing entity
- \* Benefits : Significant benefits in terms of quality MIS, forex hedging and well trained tier-2 finance tea,

# Case Study: B

- \* Co. B is a major business process management & KPO unit located out of Navi Mumbai. Owned by two brothers-in-law.
- \* Challenges : No framework on budgeting, Collection pattern - DSO loosely defined, Incentive policy was not in place for BU/Sales Head and MIS analytics points were not taken into account
- \* Solutions & Benefits :
  - \* Ixcfo partnered with the management in collecting overdue AR's and bought down average DSO from 120 days to 75 days (in rupee terms - from 12 cr to 7 cr)
  - \* Budgeting and Incentive policy was put in place with well defined pattern to achieve scale and business growth in new verticals
  - \* MIS points were captured in well organised cross functional ops review
  - \* Renegotiated the banking arrangement of Rs.10 cr. favourably with bankers saving on interest & banking operational cost with its network of Banks ( Foreign/Private/ Public Sector Banks)
  - \* Structuring legal entities outside India in European Countries

# Case Study – C

- \* A mid size family owned corporate group owned by two brothers, with three manufacturing plants operating in electrical panels with revenue base of ~Rs 2,000m with significant growth plans
- \* Challenges : Loose controls on Inventory, Collection pattern, Operational level IT system (ERP), redefining BU's. Performance Matrix and realignment of fund v non-fund limits
- \* Solutions & Benefits :
  - \* Introduced significant change management across IT, costing, budgeting, organization structure, performance tracking, internal controls etc. – Resumt -
  - \* Reengineered IT systems on productivity tracking
  - \* Structured BU with defined P&L responsibility & Incentive matrix
  - \* Introduced annual budgeting exercise across functions
  - \* Completely restructured the banking limits of fund and non-fund of Rs. 50 Million in line with business BU, billing pattern and customer segment
  - \* Introduced compliance calendar, inventory reinstatement/ verifications at periodical interval & improved receivables

Company tracking its growth better with control on gross margins improvement by 1% on a revenue of INR 2000m and significant improvement in cash conversion cycle by bringing DSO to 70 from 110 days earlier.



# Case Study: D

- \* Co. D is a Services provider in Health and Nutrition based Services Provider in healthcare segment with prevention of ailments as a focus
- \* Challenges : Poor balance sheet with thin capitalisation, debt raining for growth, improper MIS and unstructured finance team
- \* Solutions & Benefits :
  - \* MIS points were captured with ageing of current centre, break even point, opex/capex plan for each centre, cash flow and margin analysis were broadened to capture analytics better
  - \* Restructured balance sheet with proper capital to raise bank funding
  - \* Introduced operating lease/rentals mechanism from NBFC
  - \* Built the banking arrangement of Rs.5 cr. favourably with bankers saving on interest & banking operational cost with its network of Banks ( Foreign/Private/ Public Sector Banks)
  - \* Helping company to gear up for VC/PE funding by preparing organised finance function
  - \* Introduced high level of PE/Family set-ups for funding of Rs.50 cr.

# Case Study – E

- \* “The Company” is a family owned SME with two legal entities engaged in manufacturing , export & domestic trading
- \* Introduced IxCFO Partner as a member of Core Team and also participate in the Sales/Ops Meetings with structured MIS dash boards from finance perspective and have been able to identify and focus the teams efforts on areas of weakness and drive improvement of business, focus on the Customer schedules and quality requirements, governance & compliance etc.
- \* Enhancement of Packing Credit limit by 200%
- \* Introduced refinement into SAP ERP system by segregating duties across finance function team members for well defined controls & building additional functionalities for reporting/alerts
- \* Helped in operational, financial & risk mitigation strategy in opening up retail arm with the opening up of FDI for retail by Government

These are only the selective case studies and  
not the exhaustive list for mandates done  
by IxCFO

Thanx