

10 Cash KPIs

Cash Burn Rate

Net Cash spent by a company in a specific time frame (usually monthly or normalized to a year).

FORMULA: Cash Spent (monthly average) - Cash Received (monthly average)

Average Days Delinquent (ADD)

Measures effectiveness of collection efforts. Often used at client level to compare with the others.

FORMULA: Days Sales Outstanding (DSO) - Best Possible Days Sales Outstanding (BPDSO)

Operating Cash Flow (OCF)

Money generated by daily operations.

FORMULA: Net Income + Non-Cash Expenses - Increase in Working Capital

Free Cash Flow (FCF)

Expands on the OCF concept by also excluding interest payments and including asset purchases.

FORMULA: OCF - Interest Payments + Asset Purchase

Overdues Ratio

Measures your effectiveness of collecting cash and the quality of your receivables.

FORMULA: Overdues / Total Receivables

Days of Inventory Outstanding (DIO)

Average number of days that a company holds inventory for before turning it into sales.

FORMULA: Average Inventory / Yearly Cost Of Goods Solds (COGS) x 365 days

Days Sales Outstanding (DSO)

Average number of days that it takes a company to collect payment for a sale.

FORMULA: Average Account Receivables / Annual Sales x 365 days

Days Payables Outstanding (DPO)

Average number of days that it takes a company to pay its suppliers.

FORMULA: Average Account Payables / Yearly Cost Of Goods Solds (COGS) x 365 days

Cash Conversion Cycle (CCC)

Days to convert inventory into cash flows from sales.

FORMULA: DIO+DSO-DPO

Cash Reserves in Days

Measures of how long your organization could survive if cash dried up tomorrow.

FORMULA: Cash Reserves / Average Daily Expenses