SOLUTIONS

Working Capital Reimagined: How CFOs Unlock Value Beyond Core Finance Levers

For many chief financial officers (CFOs), the working capital agenda begins with decisive action. Finance tightens cash governance, strengthens collections, challenges inventory targets and pushes on payment terms. Reporting becomes more rigorous, processes tighten and an initial wave of cash is released. Then momentum stalls.

The reality is, once finance has pulled the levers squarely within its direct control, further improvement becomes materially harder. Yet the remaining opportunity is not sitting in policies or dashboards; it is embedded in how the business operates: Inventory levels reflect network design, planning maturity, service ambitions and product complexity. Receivables performance is shaped by commercial strategy, customer mix and pricing architecture. Payables outcomes depend on sourcing strategy, supplier power and resilience priorities.

Across industries with complex supply chains and long cash conversion cycles, this pattern is consistent. Initial working capital programs deliver incremental optimization, but step-change improvement requires something different. It demands cross-functional alignment and structural choices that sit at the intersection of finance, operations, supply chain and commercial leadership.

For CFOs under pressure to fund growth, protect margins and maintain balance sheet strength, the implication is clear: The next wave of working capital performance cannot be delivered by finance alone. It must be orchestrated across the enterprise.

Structural and cross-functional working capital opportunities

Not all working capital levers carry equal weight; nor do they sit within equal reach of finance. While traditional policy and governance actions remain necessary, their impact is inherently bounded. The most material liquidity opportunities occur where enterprise design meets cross-functional decision-making. This dynamic is best understood through the lens of impact versus control (see Figure 1).

Figure 1

Sample view of working capital levers

Note: S&OP=sales and operations planning; SKU=stock keeping unit; DIO=days inventory outstanding; DPO=days payable outstanding; DSO=days sales outstanding
Source: L.E.K. research and analysis

Turning structural opportunity into cash

Recognizing where the opportunity resides is only the starting point. L.E.K. Consulting brings together end-to-end supply chain expertise and deep industry knowledge to help CFOs unlock structural working capital improvement.

Our experience across asset-intensive, service-critical and high-complexity sectors underscores a consistent theme: Sustainable liquidity gains are achieved when working capital is treated not as a reporting metric or a finance initiative but as an enterprise design question. In practice, that requires deliberate choices across the operating model, for example:

- **Service-level architecture:** recalibrating service commitments where incremental availability does not generate commensurate economic return
- **Portfolio and SKU complexity:** rationalizing product breadth that drives disproportionate inventory and planning variability
- **Network and manufacturing footprint:** redesigning distribution and production footprints, including postponement strategies, to reduce structural buffer stock
- **Inventory positioning and decoupling strategy:** aligning safety stock placement with true demand variability rather than historical norms
- **Supplier economics and financing:** optimizing payment terms, supplier segmentation and supply chain financing structures to improve liquidity while preserving resilience
- **Commercial contract architecture:** embedding working capital considerations into customer terms, rebates, consignment models and pricing strategy
- **Make-versus-buy and sourcing strategy:** aligning sourcing decisions with capital intensity and balance sheet impact

A leadership imperative for CFOs

In an environment defined by the elevated cost of capital, supply chain volatility and sustained investor scrutiny, balance sheet performance is no longer a periodic efficiency initiative. It is a key differentiator and a strategic imperative.

The next wave of working capital opportunity will come not from revisiting traditional controls but from CFOs willing to extend their mandate, align commercial ambition with operational design, reshape their portfolios and commercial relationships, and embed capital efficiency into decision-making at every level of the organization. This is not a new challenge, but it is a persistent one. And the companies that consistently outperform are those that view working capital as a set of levers that can strengthen returns, develop resilience and sharpen capital discipline throughout the organization.

The opportunity is substantial. The complexity is real. The question is not where the levers reside but whether the enterprise is designed to capture their full value.

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