

NICHE-SEARCH

WORKSHEET 4 OF 9

CCC Optimization Sprint — 90-Day Baseline to Target

Use this once, at the start of a formal CCC improvement program, to set a documented baseline, assign per-component targets, and calculate the capital freed if each target is achieved.



Complementary worksheet for
Working Capital Management
by Ibrahim Anwar

What This Is For

This worksheet is the founding document of a working capital optimization program. It is not a monitoring tool — that is the weekly CCC check. This one is used exactly once per program cycle: at the moment the operator decides to treat working capital efficiency as a managed program rather than a condition they notice and react to. The output is a written record of where CCC stood on a specific date, what each component's industry benchmark is, what target the operator is committing to for each, and how much capital that target represents.

The operator who reaches for it is often preparing for a bank facility renewal, facing a cash shortfall that CCC improvement can partially solve, or beginning the documentation an investor or auditor will eventually ask for. The sheet is also the foundation that makes a 90-day check-in meaningful — without a dated baseline, any improvement can be attributed to external factors rather than the program. With a dated baseline, the numbers speak for themselves.

Benefits

What you get when you actually run this worksheet on a real situation:

- Creates a dated, auditable baseline against which every subsequent CCC improvement can be measured and claimed.
- Quantifies the capital freed per component in dollars so decisions about which lever to pull first are based on magnitude, not intuition.
- Produces the target CCC document that banks and investors expect when they ask 'what is your working capital optimization program?'
- Forces a comparison against industry benchmarks, making it visible whether the current CCC is a real inefficiency or simply the floor for the sector.
- Sets a 90-day review date at the time of the sprint, ensuring the program does not stall in the first month for lack of a defined checkpoint.

Framework To Use

— Three-Component Sprint Map

Each CCC component has its own benchmark, its own target, and its own capital-freed calculation. Optimizing all three simultaneously dilutes focus. Rank by impact and tackle in sequence.

Capital freed per 10-day component reduction (illustrative, \$10M annual COGS)

| | | |
|--------------|--|--------|
| DSO -10 days |  | 274000 |
| DIO -10 days |  | 274000 |
| DPO +10 days |  | 274000 |

How To Use

Follow these steps in order. Each one builds on the previous.

- 1 Step 1: Calculate the current values for DSO, DIO, and DPO from the most recent three months of actual data. Use the average of three months, not a single month's figure, to avoid seasonality distorting the baseline.
- 2 Step 2: Record the baseline date. This date is permanent — do not update the baseline row. All future comparisons reference this row.
- 3 Step 3: Enter the industry benchmark for each component. For distribution: DSO 30–45 days, DIO 20–35 days, DPO 25–40 days. For manufacturing: DSO 35–55 days, DIO 45–75 days, DPO 30–50 days. Use the range appropriate to your sector.
- 4 Step 4: Set your 90-day target for each component. Targets should be directionally aggressive but operationally realistic: a written credit policy can reduce DSO by 10–15 days within 90 days if enforcement starts immediately. An ABC classification can reduce DIO by 8–12 days within the same window. A vendor payment schedule can raise DPO by 10–20 days starting in week one.
- 5 Step 5: Calculate capital freed per component: $(\text{Current days} - \text{Target days}) / 365 \times \text{Annual COGS}$. Sum the three rows for total capital freed if all targets are achieved.
- 6 Step 6: Rank the three components by capital freed. The component with the largest impact and the most actionable intervention is the first sprint priority.
- 7 Step 7: Assign a named responsible person and a specific first action for each component. 'Someone will work on DSO' is not an assignment. 'Finance manager will draft written credit policy by [date]' is.
- 8 Step 8: Write the 90-day check-in date at the bottom of the sheet. On that date, recalculate actual DSO, DIO, and DPO from the most recent month's data and compare to targets.

Example Use

A distribution business with \$8M annual COGS begins a working capital optimization program in January. Current CCC is 72 days. The owner wants a documented program before approaching the bank about a facility increase.

The operator calculates three-month averages: DSO 52 days, DIO 38 days, DPO 18 days. $CCC = 52 + 38 - 18 = 72$ days. $NWC\ requirement = (72/365) \times \$8,000,000 = \$1,578,082$.

Industry benchmark (distribution): DSO 38 days, DIO 28 days, DPO 32 days. Implied benchmark $CCC = 38 + 28 - 32 = 34$ days.

Targets for the 90-day sprint: DSO to 42 days (-10 days), DIO to 32 days (-6 days), DPO to 28 days (+10 days). Target $CCC = 42 + 32 - 28 = 46$ days.

Capital freed per component:

DSO: $(10/365) \times \$8,000,000 = \$219,178$

DIO: $(6/365) \times \$8,000,000 = \$131,507$

DPO: $(10/365) \times \$8,000,000 = \$219,178$

Total: \$569,863

Ranking: DSO and DPO are tied at \$219,178 each. DPO is faster to move — switching to a terms-based vendor payment schedule takes one week to implement and produces results in the next billing cycle. The operator starts with DPO (week one: build vendor payment schedule), then DSO (week two: draft written credit policy), then DIO (month two: ABC classification).

The 90-day check-in date is set for April 15. The bank receives the baseline document, the targets, and the three intervention assignments with their start dates.

The Worksheet

Tear this out, copy it onto a fresh sheet, or fill it in directly.

CCC Optimization Sprint — 90-Day Baseline to Target

Use this once, at the start of a formal CCC improvement program, to set a documented baseline, assign per-component targets, and calculate the capital freed if each target is achieved.

| COMPONENT | BASELINE (DAYS) | INDUSTRY BENCHMARK (DAYS) | 90-DAY TARGET (DAYS) | CAPITAL FREED IF TARGET HIT (\$) | FIRST ACTION | RESPONSIBLE PERSON |
|-----------|--------------------|---------------------------------|----------------------------|---|-----------------|-----------------------|
|-----------|--------------------|---------------------------------|----------------------------|---|-----------------|-----------------------|

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Reflection Prompts

After filling in the worksheet on the previous page, work through these.

1. Sum the 'capital freed' column for all three components. That total is the NWC reduction achievable from internal operations alone — at zero interest cost. Compare it to the KMK interest you paid last year. Which is larger?
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2. Which component has the largest gap to its industry benchmark? Is that gap primarily an operational problem (needs a new procedure) or a relationship problem (requires a vendor or customer negotiation)? The answer determines the timeline. Operational changes can start this week. Relationship renegotiations need 60–90 days of lead time.
-

Tips and Traps

TIPS

- Use a three-month average for the baseline, not the most recent month. A single month can be distorted by a large collection event or an unusual purchase. The average is more defensible to an auditor or investor.
- Set targets that are achievable within 90 days given your current team and systems. An aspirational target that fails creates a document showing you did not achieve your own plan. A realistic target achieved is more credible.
- Record the baseline document date and do not modify the baseline row afterward. The whole value of the document lies in the fixed reference point. Updating the baseline when results are slow erases the record.

TRAPS

- Running the sprint worksheet without assigning a specific person and a specific first action to each component. Three targets with no owners will produce zero improvement and a document that records good intentions.
- Using the industry benchmark as the target rather than as a reference. If your current DSO is 52 and the benchmark is 38, targeting 38 in 90 days may require changes in customer base and credit terms that take 18 months. Target 42 in 90 days — a real 10-day improvement — and recalibrate from there.
- Not filing the completed sprint worksheet with a date. When the 90-day check-in arrives, you need the original document to show the starting point. A verbal recollection of 'we were around 72 days' is not a baseline.

Appendixes

Appendix A – Industry CCC Benchmarks by Sector (Indonesia, Illustrative)

| Sector | DSO range | DIO range | DPO range | CCC range |
|-------------------------|------------|------------|------------|-------------|
| Consumer distribution | 30-45 days | 20-35 days | 25-40 days | 15-40 days |
| Component manufacturing | 35-55 days | 45-75 days | 30-50 days | 30-80 days |
| Construction | 45-75 days | 30-60 days | 20-35 days | 40-100 days |
| Retail (cash-dominant) | 5-15 days | 30-50 days | 30-60 days | -25-35 days |
| Pharmaceutical dist. | 40-60 days | 60-90 days | 35-55 days | 45-95 days |

Source: IDX 2023 sector averages, Fitrianty et al. 2025, Brealey Myers Allen 2020.
Use as a starting reference. Your specific sub-sector and customer mix will determine where inside these ranges a realistic target sits.

Appendix B – Capital Freed Formula and 90-Day Check-In Template

Capital freed per component = (Baseline days - Target days) / 365 x Annual COGS

90-day check-in (complete on the date set at sprint start):

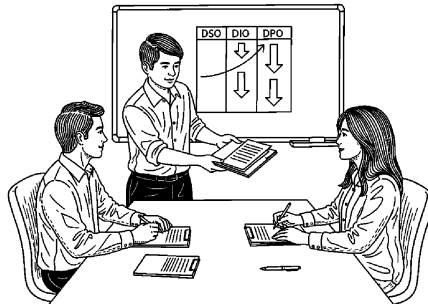
Actual DSO today : ____ days (target was ____ days)
 Actual DIO today : ____ days (target was ____ days)
 Actual DPO today : ____ days (target was ____ days)
 Actual CCC today : ____ days (target was ____ days)

Gap to target per component:

DSO: ____ days (positive = still above target)
 DIO: ____ days
 DPO: ____ days

For each component more than 5 days from target:

Identify the specific operational step that did not execute.
 Assign a corrective action with a named person and a date.
 Do not revise the target – revise the action.



WHERE THIS WORKSHEET COMES FROM

Working Capital Management

Working Capital That Gets Stuck Is a Decision, Not Fate

by Ibrahim Anwar

This worksheet is one of nine in the *Working Capital Management* companion worksheet pack. The full pack is grouped into three categories: high-volume worksheets you can run weekly, niche-search worksheets for rare but high-value situations, and specific-case worksheets that walk you through a single concrete scenario.

Every framework, decision filter, and figure used in these worksheets is drawn from the chapters of the source book. The book sets the diagnosis, the worksheets give you the form to act on it.

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