



The Cash Conversion Cycle



Buy stock from supplier

Pay supplier for stock

Sell stock to customer

Receive payment from customer



Cash Conversion cycle =

CASH OUT

CASH IN

Avg. stockholding days **+** Avg. receivable days **-** Avg. payable days **=** Days to convert inputs to cash

65 days **+** **45 days** **-** **35 days** **=** **75 days**

YOUR CYCLE: days **+** days **-** days **=** days