



Follow the Money Brick Road

How Procurement Influences the Journey of Cash | ISM Carolinas-Virginia Spring Conference |
Speakers: Christal Adkins & Jonathan Allen

Who Influences When Bills Get Paid?

Supplier Says

"Can you pay faster?"

- Suppliers need quick payment to manage their own cash flow and operations.
- Earlier payment = happier suppliers but less working capital for you.

Finance Says

"Can we pay slower?"

- Finance wants to hold cash as long as possible to maximize working capital.
- Later payment = more cash on hand but potential supplier relationship damage.

Procurement Asks

"Can't we all just get along?"

- Procurement sits in the middle, negotiating terms that balance supplier relationships with financial optimization.
- The \$ character is caught in the middle of these competing priorities.

Meet Our Example Company: BrickRoad Athletics

- BrickRoad Athletics is our fictional athletic wear company—with fabric suppliers in Taiwan, rubber suppliers in Vietnam, and manufacturing in Indonesia.
- When BrickRoad pays its Taiwan supplier for fabric, the \$ begins its journey down the money brick road.
- Our \$ travels thousands of miles through production, shipping, warehousing, and retail before customers pay and it finally makes it back home to the company vault.

Taiwan: Fabric Supplier

materials sourced



Vietnam: Rubber Supplier

components sourced



Indonesia: Manufacturing

shoes produced



Cargo Ship

International shipping



Distribution Warehouse

Inventory storage



Retail Store

Customer purchases

The Supply Chain Journey

- For BrickRoad Athletics, the journey starts when they pay Taiwan for fabric and Vietnam for rubber—cash leaves the building.
- Production in Indonesia converts materials into finished running shoes, but cash is still outside the business.
- Through cargo ships, distribution warehouses, and retail stores, the \$ is still traveling the yellow brick road until customers finally pay.

Supplier

Payment made, cash leaves company



Manufacturing

Materials converted to products



Shipping

Products in transit



Warehouse

Inventory stored



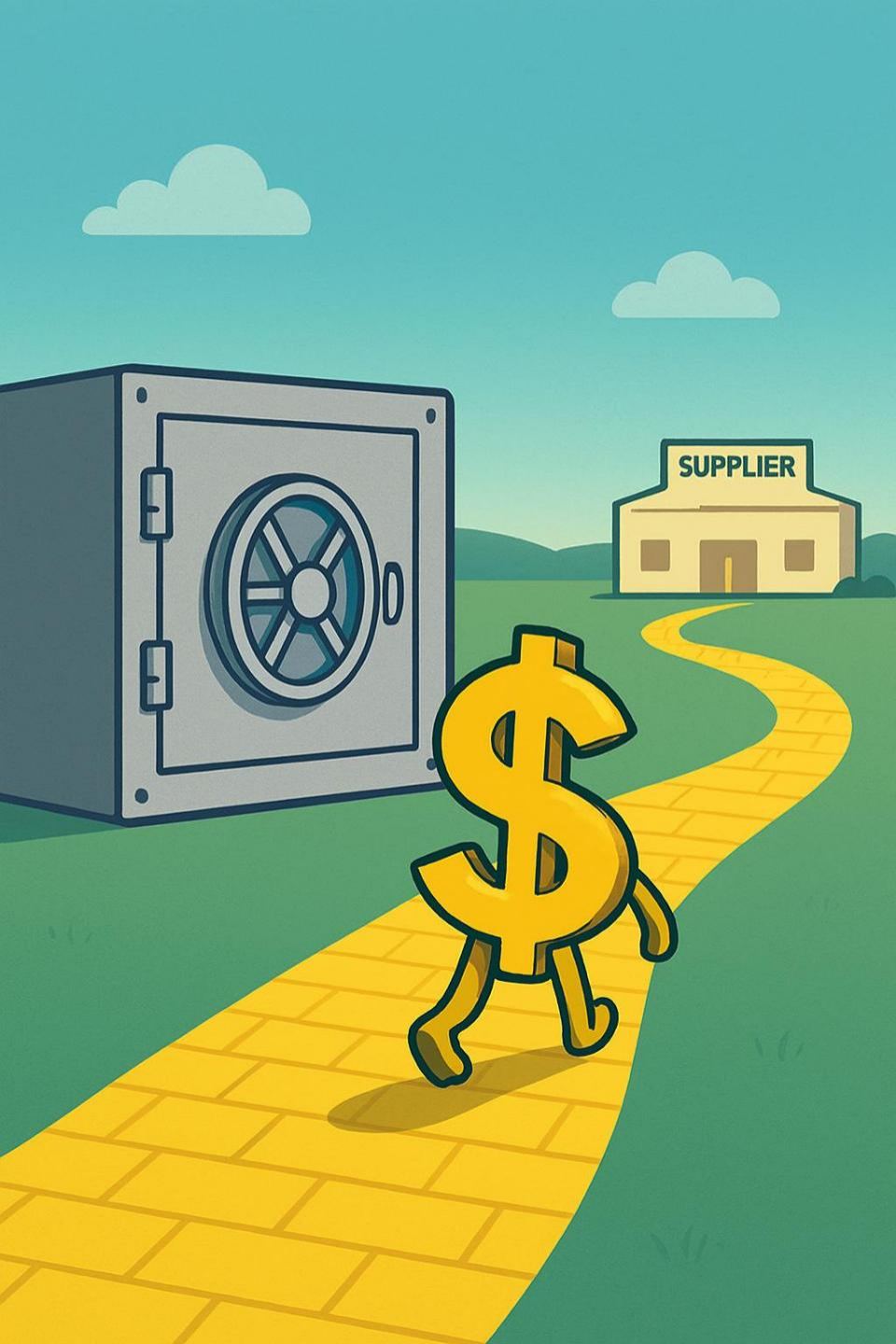
Retail

Products sold to customers



Customer

Payment received, cash returns home



Where the Cash Journey Begins

- BrickRoad pays Taiwan fabric supplier, cash moves from company's bank account to supplier's account.
- Dorothy leaving Kansas—\$ starts journey and won't return until customers pay for finished shoes.
- Understanding this starting point is critical because procurement controls WHEN journey begins through payment term negotiations.

The Money Brick Road—Follow the Yellow Brick Road

- Just like Dorothy singing "Follow the Yellow Brick Road" to reach the Emerald City, our \$ follows the Money Brick Road to get back home.
- Each stage adds days to the journey—Taiwan fabric takes weeks to ship, Indonesia production takes time, warehouse storage delays sales.
- The longer the journey, the more cash remains trapped in Oz (operations) rather than safely back in Kansas (company vault).

Supplier Payment

Cash leaves (Kansas → Oz)



Manufacturing

Materials → Products



Shipping

Products in transit



Inventory

Stored in warehouse



Sales

Products sold



Customer Payment

Cash returns home!

Procurement's Daily Reality



**Suppliers want
faster payment**



**Finance wants to
hold cash**



**Operations wants
reliability**



**Sales wants
inventory**

- Suppliers push for quick payment (Net 15 or Net 30) because they need cash flow to run their Taiwan and Vietnam operations.
- Finance pushes to extend payment terms (Net 60 or Net 90) to keep cash in the business as long as possible for working capital.
- Operations needs reliable suppliers who deliver on time—if Taiwan fabric arrives late, Indonesia production stops.
- Sales wants enough inventory on hand to fulfill customer orders—but excess inventory traps cash in the warehouse poppy field.

Component**Description**

DPO	Days Payables Outstanding: How long before paying suppliers.
DIO	Days Inventory Outstanding: How long inventory sits unsold.
DSO	Days Sales Outstanding: How long customers take to pay.

How Finance Measures the Journey

- The formula: $CCC = DIO + DSO - DPO$ measures how many days cash is trapped outside the business.
- DPO is good—longer payment terms mean cash stays home longer before leaving for Taiwan and Vietnam suppliers.
- DIO and DSO are bad—longer inventory storage and customer payment delays mean cash takes longer to complete the yellow brick road journey and return home.

Let's Calculate the Journey—Holy Schnikes Batman!

\$13.7M

Working Capital Tied Up in 50-Day Cycle [\[1\]](#)

\$100M

BrickRoad Athletics Annual Revenue

ca.\$274.000

Daily Revenue (100M ÷ 365 days)

50 Days

Cash Conversion Cycle Example

\$1.37M

Capital Released by 5-Day Reduction

Holy schnikes Batman, we control that! Procurement can shorten this journey and bring millions back home faster!

SHORTENING THE JOURNEY



**SLOW CASH
CYCLE**



**OPTIMIZED
CASH CYCLE**

Shortening the Journey

- A slow cash cycle looks like Dorothy taking every detour through Oz—late Taiwan deliveries, excess warehouse inventory, slow customer payments.
- An optimized cash cycle is the straight path home—reliable suppliers, lean inventory, efficient production, fast customer collections.
- The visual shows that shortening the journey isn't just about speed—it's about removing the bottlenecks where cash gets trapped.

Negotiating the Journey

The Supplier Ask

- Vendors request faster payment to manage Taiwan operations cash flow.
- Suppliers face their own cash conversion challenges.
- Many prefer payment certainty over extended terms.

The Procurement Response

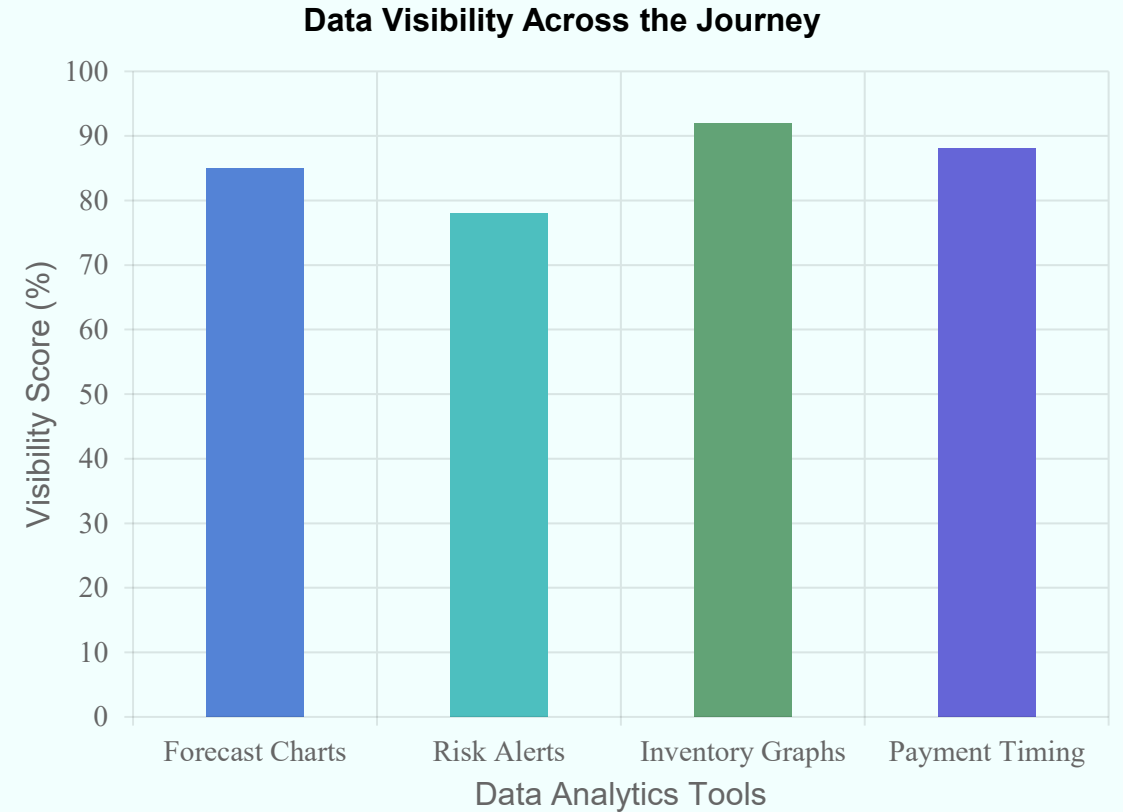
- Responds: "Make me an offer I can't refuse"
- Taiwan supplier may offer 3% discount for faster payment.
- Or priority production slots through finance programs.
- Turns payment timing into a negotiation tool.

Treasury Tools

- Supply Chain Finance: Bank pays supplier early, buyer pays later.
- Dynamic Discounting: Early payment for discount, optimizing cash.
- Commercial Cards: Immediate supplier payment, buyer retains float.
- Virtual Cards: Secure single-use credentials with enhanced security.

Seeing the Journey Through Data

- Forecast charts show when BrickRoad Athletics needs to order Taiwan fabric based on retail demand patterns.
- Risk alerts flag when Vietnam rubber suppliers show delivery delays or financial instability.
- Inventory graphs reveal when warehouse stock is building up—cash getting stuck in the poppy field.
- Payment timing dashboards show exactly how long the dollar spends at each stage of the yellow brick road.



Where AI Helps Procurement

- AI doesn't replace procurement expertise—it helps the \$ avoid getting stuck by predicting problems before they happen.
- Demand forecasting prevents BrickRoad from over-ordering Taiwan fabric that sits in warehouses.
- Supplier risk monitoring flags when Indonesia manufacturing partners show early warning signs of delivery delays.

AI Capabilities Supporting Procurement

AI Capability	Purpose
Demand Forecasting	Predict purchasing needs
Supplier Risk Monitoring	Detect disruptions early
Price Trends	Optimal buying timing
Inventory Optimization	Reduce excess stock
Geopolitical Monitoring	Tariff and policy changes

Behind the Scenes: Running AI Systems

- Data flows from BrickRoad's ERP system (orders, invoices), inventory systems (stock levels), and shipping data (Taiwan delivery times).
- AI models analyze patterns—like Taiwan fabric suppliers historically delivering 2 days late during monsoon season.
- Monitoring systems track real-time performance against predictions.
- Alerts notify procurement teams when the \$ is about to get stuck—time to take action before problems cascade.

Data Sources

ERP, inventory, shipping systems



AI Models

Pattern recognition and predictions



Monitoring Systems

Real-time tracking dashboards



Alerts

Automated notifications to procurement



The Question to Take Back to Your Team

- The question: "**How long does your company's money stay outside the business?**"
- For BrickRoad Athletics with a 50-day cycle, the answer is **\$13.7M tied up** in the yellow brick road journey.
- When you can answer this question for YOUR company, you transform procurement from a cost center to a strategic partner.
- Just like Dorothy clicking her heels three times, procurement has the power to bring cash home faster—**you've had the power all along!**