



For Immediate Release

CASH IS KING
Maintain Liquidity, Build Capital, and Prepare
Your Business for Every Opportunity

By Peter W. Kingma

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FOSTERING A CASH CULTURE
In His New Book CASH IS KING, Business Expert Peter Kingma
Provides A Framework for Building Organizational Liquidity

“Few people outside of senior finance executives really understand the importance of cash in their businesses,” writes expert Peter Kingma in his new book **CASH IS KING: Maintain Liquidity, Build Capital, and Prepare Your Business for Every Opportunity** (Wiley; May 2024). With over thirty years of experience helping companies drive operational resilience with better cash management, Kingma has an unparalleled perspective on the necessity of developing a “cash culture.”

“Revenue is important, but cash is king,” he explains. “In many companies, there is far too often a fixation on revenue alone. Profitable businesses can go out of business without adequate cash. Good ideas can’t get launched, new products can’t be developed, markets cannot be expanded without cash. There needs to be a positive balance between cash inflow and outflow.”

CASH IS KING is not a typical book about finance. Kingma illustrates his advice by telling the story of Owens, Inc., a fictional, mid-sized manufacturing company. Quarter after quarter, as Owens sales grow, the company’s CFO becomes increasingly concerned about cash flow. The business is now more complex. Interest rates are rising, inventory is growing faster than sales, the demand for capital improvements is at an all-time high, and customers are paying more slowly than ever.

With humor and an eye for detail, Kingma illustrates how the Owens executives decide to solve their problems by creating a Cash Leadership Office (CLO). As Kingma explains, the

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CLO's purpose is to develop an organizational culture where everyone makes cash decisions in balance with other priorities such as sales growth, customer service, and profit margin. A CLO helps organizations identify opportunities to improve. Kingma refers to this as the art of the possible. How effective and efficient can an organization be at generating and preserving cash from operations? He goes on to explain that there are seven important aspects of this approach:

Strategy alignment: Review capital requirements of the business and decide how much cash it will need, taking into account headwinds the company might face.

Opportunity identification: In order to meet the cash needs, decide what actions need to be taken.

Initiative management: Follow-through is often a struggle. It's vital that the initiatives deliver the forecasted value creation on time and on budget.

Metrics and reporting: Ensure that the right things are being measured and that stakeholders and others have the reports they need to drive change.

Incentives: The company should adjust compensation and incentives to drive desired behaviors.

Training and communication: Leaders cannot assume the team knows what to do or why the business is changing. Training and communication is essential.

Business operating model: Ultimately, the goal of the Cash Leadership Office is to embed this new approach into the business operating model.

"Companies that truly have a cash culture ensure that people have the right tools and training to make good decisions. They promote processes and policies that improve cash generation. And they align incentives and metrics to ensure compliance and sustainability," writes Kingma. In **CASH IS KING**, he delivers the guidance that businesses need to achieve these goals. It is the ideal book for leaders, managers, directors, or anyone else concerned about how cash affects the viability of businesses.

About the Author

Peter W. Kingma, author of **CASH IS KING**, leads the working capital practice in the Americas for Ernst & Young LLP. With over thirty years of experience, he advises global companies on all aspects of cash management across such sectors as manufacturing, consumer products, retail, aerospace, and defense. He has written for publications including CFO Magazine and CNBC online. Kingma, who earned a BS in economics from Purdue University, lives in Chicago and Columbia, Missouri. You can learn more at www.peterkingma.com.