

PolyPanel. Financing Growth

Preparation Sheet (3rd Session)

Learning Objectives

- Diagnosis of the problem. NFO vs. WC.
- Action plan to solve the problem.
- Financial needs in situations of growth.

Material

- Same material of previous sessions.

Suggested Questions

5. **Diagnosis of the problem.** Why does PolyPanel need more and more money each year? Look at the trend in NFO and WC. Remember that the diagnosis must be concise, clear and complete.
6. **Action Plan.** Assume you are the financial advisor of PolyPanel. Present your actions to solve the problems. Remember that your plan must be realistic (it could be done), effective (it solves the problem) and efficient (cheap). Specifically:
 - Would you recommend Mr. Lichstein to go ahead with his planned growth or to slow it down? Why? How would you slow growth?
 - What other recommendations would you give to Mr. Lichstein? Show the effects of your recommendations on the forecasted P&L and balance sheet. You may propose actions targeted at the balance sheet (NFO or WC) or at P&L.
 - Early payment discount of 2% to the supplier. Would you recommend to use it or not? Analyze the consequences in the P&L and balance sheet.
 - How much can PolyPanel grow without raising its credit limit?
 - And any other ideas that you may have.

Final Recommendation

- After these three sessions I recommend that you review your class notes. If you do not feel sufficiently confident, you may try to solve the case in Chapter 3 of the book and then go to the solution of the case in the same chapter. Good luck!