40 DAS RAIDS

DSO (Days of Sales Outstanding)

Average number of days that a company takes to collect revenue

$$DSO = \left(\frac{\text{Trade Receivables}}{\text{Revenue}}\right) \times 360$$

Trade Receivables

Generated upon selling products and services on credit

CLIENTS



DPO (Days of Payables Outstanding)

A company's average payable period

$$DPO = \left(\frac{\text{Trade Payables}}{\text{Cost of Goods Sold}}\right) \times 360$$

Trade Payables

Generated upon purchasing products and services on credit SUPPLIERS



DIO (Days of Inventory Outstanding)

How long it takes a company to turn its inventory into sales

$$DIO = \frac{\text{Inventory}}{\text{Cost of Goods Sold}} \times 360$$

Inventory

The amount of raw materials, WIP, and finished products held by the company COMPANY















Suppliers deliver **Raw Materials**

Raw Materials in the company's warehouse

Company pays for the Raw Materials to suppliers

Clients buy the finished products Clients pay for the finished products

DPO