

5 Cash Flow Killers Slowing Your Cash Conversion Cycle

How CFOs and Controllers Are Unlocking Liquidity, Reducing DSO, and Turning Revenue Into Cash Faster

Why Cash Conversion is Now a CFO Priority

For decades, finance leaders have focused primarily on revenue growth and profitability as the primary indicators of financial success.

Today, however, a new metric has emerged as equally important: **cash velocity**.

In an environment defined by rising interest rates, margin pressure, and increasingly complex revenue models, organizations must convert revenue into cash **faster and more predictably**.

This is why the **Cash Conversion Cycle (CCC)** has become a critical indicator of financial resilience.

Research shows companies can unlock significant liquidity simply by improving working capital efficiency.

2-5%

Companies can unlock **2-5% of annual revenue in additional cash** through better working capital management.¹

\$10M-\$25M

For a \$500M company, this represents **\$10M-\$25M in potential liquidity**.

Despite this opportunity, many organizations struggle to accelerate cash conversion.

Recent finance research indicates that nearly half of B2B invoices are paid late, creating persistent cash flow challenges.

48%

48% of B2B invoices in North America are paid late.²

Understanding why cash slows down – and how to remove those barriers – has become a top priority for CFOs and finance leaders.

1. McKinsey – Working Capital Optimization
2. Atradius Payment Practices Barometer



The Hidden Cost of Slow Cash

When cash conversion slows down, the financial consequences ripple across the entire organization.

Delayed payments create operational pressure in several areas:

- Reduced liquidity
- Increased borrowing costs
- Inaccurate cash forecasting
- Increased working capital requirements

Research from PwC indicates that many companies have significant capital trapped in inefficient processes.

7–10%

7–10% of company revenue is typically tied up in working capital inefficiencies.³

\$70M – \$100M

This means a \$1B company may have \$70M–\$100M of capital locked inside slow operational processes.

Improving cash conversion is therefore not just an accounting exercise – it is a strategic financial initiative. However, many organizations focus on the wrong improvement levers.

3. PwC Working Capital Study



Cash Flow Killer #1

The DSO Obsessed

Many finance teams attempt to accelerate cash by focusing heavily on collections and DSO reduction. While collections discipline remains important, this strategy addresses only the **final stage of the revenue lifecycle**.

Research from the Hackett Group shows a dramatic difference between companies that excel at cash conversion and those that struggle.

18 Days

Top-performing companies operate with **DSO up to 18 days lower** than median performers.⁴

However, most payment delays originate **before the collections process even begins**.

Common upstream issues include:

- Inaccurate invoices
- Delayed billing
- Contract interpretation errors
- Fragmented revenue systems

When these issues occur, collections teams spend time resolving disputes instead of accelerating payments.



Improving invoice accuracy and billing speed often delivers greater DSO improvements than collections intensity alone.

4. Hackett Group Finance Benchmark

Cash Flow Killer #2

Hybrid Revenue Complexity

Modern revenue models have become significantly more complex.

Companies increasingly operate across multiple monetization models simultaneously, including:

- Subscriptions
- Usage-based pricing
- Milestone billing
- One-time product sales

Recent research shows hybrid monetization is now the norm.

82% 

82% of organizations now operate hybrid revenue models.⁵

While these models create flexibility and new revenue opportunities, they introduce significant operational challenges.

Finance teams must now manage:

- Complex pricing logic
- Evolving contract structures
- Multiple billing systems
- Usage event reconciliation

Without strong operational governance, these complexities often result in billing inconsistencies that delay invoicing and payment.

5. RecVue Cash Conversion Study



Cash Flow Killer #3

Invoice Errors and Disputes

Invoice disputes remain one of the most common barriers to faster cash conversion.

Even minor discrepancies can delay payment while finance teams investigate the issue.

Industry research indicates that invoice accuracy remains a widespread challenge.

39% 

39% of invoices contain errors requiring rework or clarification.⁶

These errors often stem from:

- Inconsistent pricing logic
- Manual billing processes
- Incomplete contract data
- Disconnected revenue systems

25% 

The impact on payments can be significant. Research from Ardent Partners indicates that disputes account for **approximately 25% of delayed B2B payments.**



Cash Flow Killer #4

Manual AR and Collections Processes



Many organizations still rely on manual processes to manage invoicing, collections, and dispute resolution. These processes slow down both operational efficiency and cash visibility.

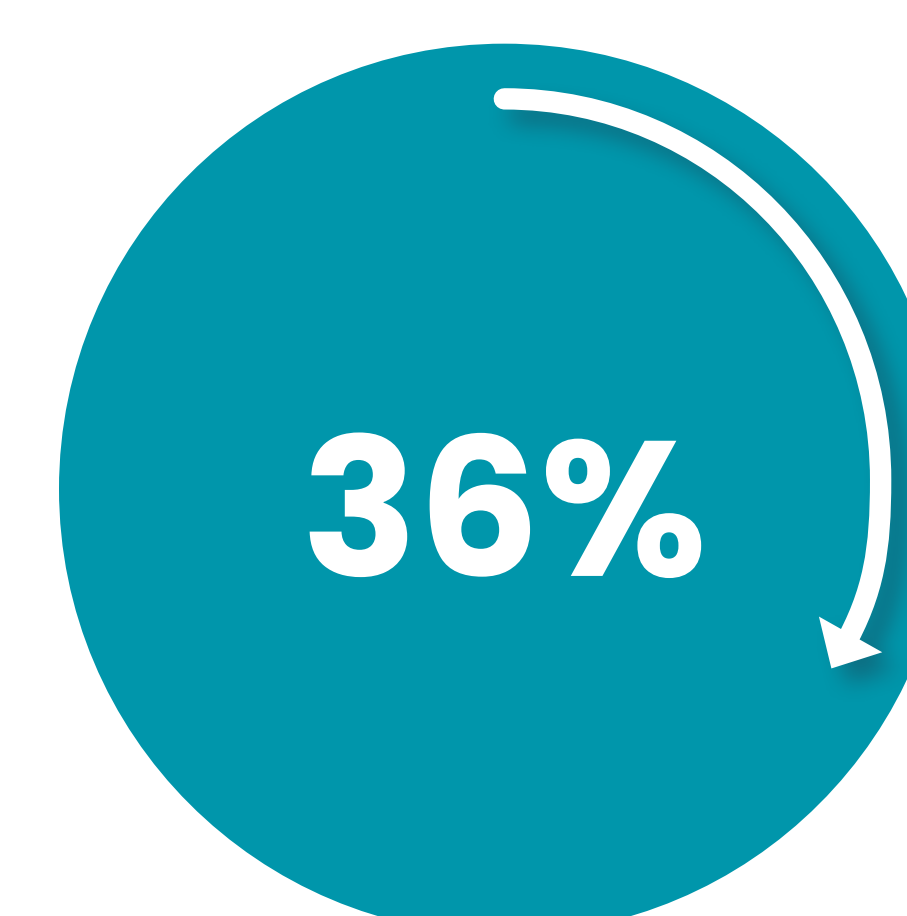
Finance research shows that AR teams spend a large portion of their time resolving issues instead of driving collections.

30% - 40%



Finance teams spend **30–40% of AR staff time resolving invoice disputes and exceptions.**⁷

Manual AR processes also limit the ability to forecast cash accurately. In fact, many organizations struggle to predict short-term collections reliably. RecVue research shows that only a minority of organizations achieve highly accurate short-term cash forecasts.



Only 36% of organizations achieve <5% forecast error in 13-week cash projections.⁸

7. CFO Dive
8. RecVue Cash Conversion Study

Cash Flow Killer #5

Fragmented Revenue Systems

Perhaps the most significant driver of delayed cash is **system fragmentation across the revenue lifecycle**.

Many organizations operate separate platforms for:

- CPQ and pricing
- Contract management
- Billing systems
- Revenue recognition
- Collections and cash application

When these systems are not integrated, operational gaps emerge between revenue events and billing execution.

Our research indicates that many cash delays originate upstream – within billing execution, contract changes, pricing complexity, and system fragmentation.⁹

These issues cascade into:

- Invoice errors
- Delayed billing
- Disputes
- Unpredictable collections cycles

9. From Days to Dollars Cash Conversion Cycle



Cash Conversion Self-Assessment



How Healthy Is Your Cash Conversion?

Use this quick diagnostic to determine whether operational friction may be slowing your cash cycle.

QUESTION 01

Are invoices consistently generated within **24–48 hours of revenue events**?

QUESTION 02

Do finance and collections teams have **real-time access to contract and billing details** when resolving disputes?

QUESTION 03

Are pricing rules and billing logic governed by a **single system of record**?

QUESTION 04

Can your finance team accurately forecast collections within a **13-week horizon**?

QUESTION 05

Are most invoice disputes resolved within **five days or less**?



If you answered **“No” to two or more questions**, operational friction may be slowing your cash conversion cycle.

What Leading Finance Teams Do Differently

Organizations that accelerate CCC focus on **structural improvements across the revenue lifecycle**, not just collections.

Finance leaders increasingly prioritize:

- Automated invoicing workflows
- Unified pricing and billing logic
- Ai-driven pre-bill validation
- Automated dispute resolution

Companies that implement AR automation and modern finance platforms often see meaningful improvements in cash performance.



Companies adopting AR automation **reduce DSO by up to 20%**.¹⁰

10. Hackett Group Digital Finance Benchmark

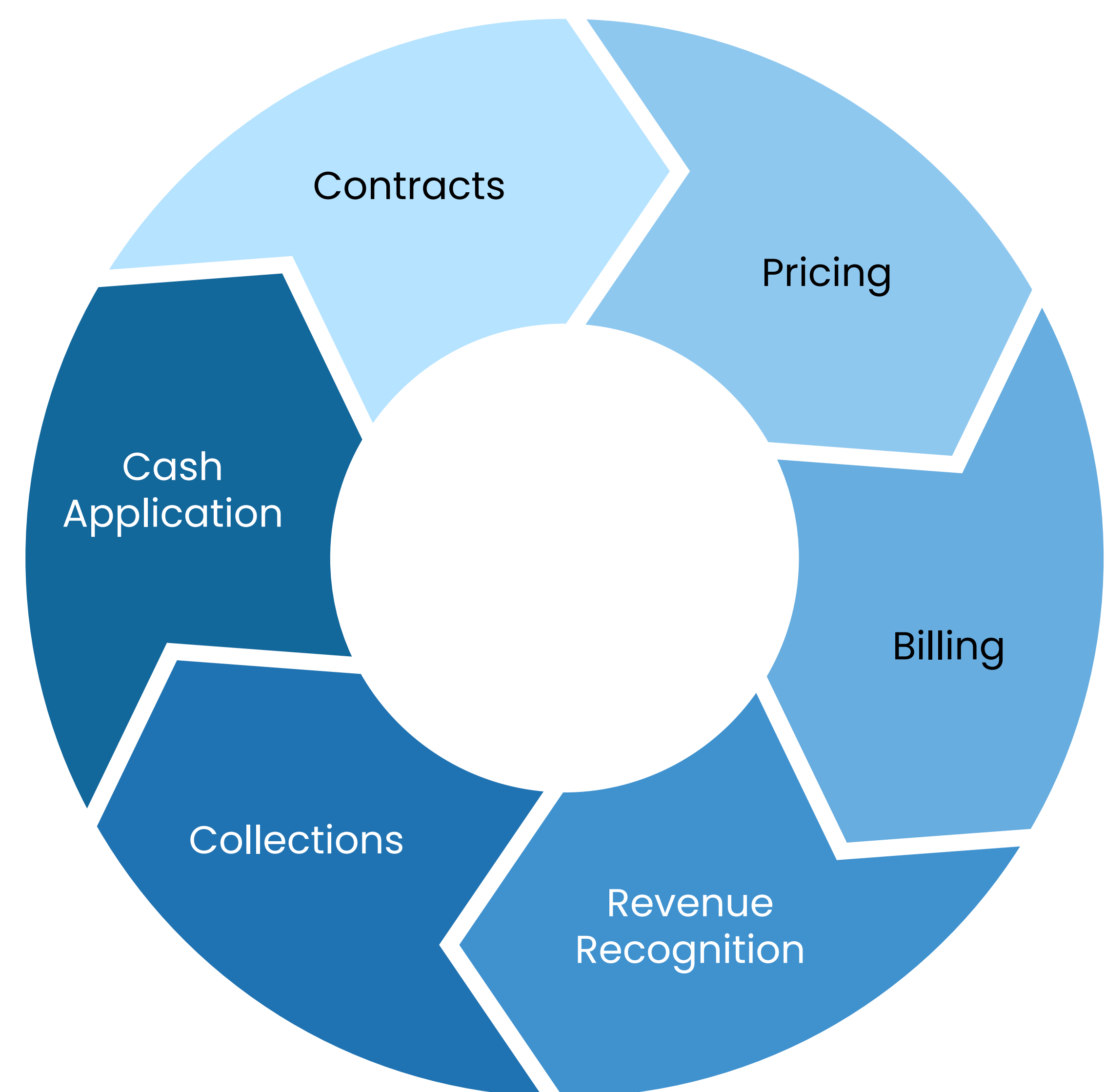


The Next Evolution: Cash Conversion Platforms

To support complex revenue models, many finance leaders are adopting platforms that unify the entire monetization lifecycle.

These solutions connect:

- Contracts
- Pricing
- Billing
- Revenue recognition
- Collections
- Cash application



This architecture enables finance teams to detect issues **before invoices are issued**, dramatically reducing disputes and accelerating cash conversion.

Solutions like **RecVue Cash Conversion** extend this approach by combining intelligent collections workflows, dispute management, and AI-driven anomaly detection.



Conclusion: Turning Days into Dollars

Improving cash conversion is one of the most effective ways organizations can strengthen financial resilience.

By addressing the structural drivers of slow cash — including invoicing accuracy, dispute resolution, and revenue system alignment — finance leaders can unlock significant working capital and improve financial predictability.

Organizations that modernize the revenue lifecycle are better positioned to convert revenue into cash **faster, more accurately, and more consistently.**





Accelerate Cash Conversion with RecVue

Discover how RecVue helps finance teams:

Reduce DSO

Improve collections productivity

Eliminate billing disputes

Increase working capital visibility

www.recvue.com

SOURCES:

[McKinsey & Company – Uncovering Cash and Insights from Working Capital](#)

[McKinsey & Company – Unlocking Cash from Your Balance Sheet](#)

[Atradius – Payment Practices Barometer North America](#)

[The Hackett Group – Working Capital Survey](#)

[JPMorgan – Treasury Insights: Working Capital Optimization](#)

[RecVue – From Days to Dollars: Cash Conversion Under Pressure](#)

[IOFM Accounts Receivable Benchmark](#)

[PwC Working Capital Study](#)