OPTIMIZATION OF CASH FLOWS AT THE ENTERPRISE

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The relevance of the optimization of cash flow for any business entity is increasingly important in the conditions of the scarcity of productive resources, including money funds. The financial state of many of the Ukrainian enterprises is not satisfactory. The reason for the shortage of money funds is the low efficiency of the usage and involvement of money supply. One of the ways of its improvement is the optimization of cash flow due to balance and consistency of its individual types, achieving growth in net cash flow, which will increase the solvency, financial stability and the possibility of self-financing of enterprises.

The purpose of this work is to consider methods for optimizing cash flows at an enterprise, which provide an economic entity with the need and sufficiency of financial resources for sustainable activities.

The optimization of cash flows means choosing the most rational management of their volume in time and space, taking the industry specifics and features of the company's business processes. The main principle of cash optimization is to ensure a balance between the volumes of positive and negative cash flows, since both deficit and excess cash flows create negative consequences for the economic activity of the enterprise.

With the insufficient cash flow, a business entity becomes less mobile and solvent. Excessive, in turn, is characterized by a large positive indicator of net cash flow, which is not used in the operating activities of the enterprise, which leads to a depreciation of the company's free funds, a decrease in capital turnover and deprivation of the potential income from the placement of capital in investment activities [5]. It is because of the correspondence of positive and negative cash flows a balance of the volume of cash flows can be achieved.

The most frequently used method for optimizing scarce cash flows is the “System of acceleration – deceleration of payment transactions” [3]. Using this system, the company accelerates the attraction of incoming cash flows and slows down their payment.
Measures to accelerate fundraising include: [4]
- providing large price discounts when selling products for cash;
- in case of overdue accounts receivable, taking measures to accelerate its collection;
- shortening the terms of providing buyers with a commodity credit;
- prepayment must be partial or full for products that are in great demand on the market.

Measures to slow down payment of funds are: [4]
- slowing down the collection of own payment sources using a float (the period which the issued payment documents pass before they are paid);
- the use of leasing in the acquisition of long-term assets;
- with the consent of the suppliers, the increase in the terms of granting the enterprise a commodity loan;
- transfer of loans received by the enterprise through restructuring from short-term to long-term.

However, the "System of acceleration-deceleration of payment transactions" also has some disadvantages. Since this system provides a balance of the deficit cash flow in a short period of time, this can lead to an increase in the deficit in the future period. The solution to this shortcoming is the introduction of additional measures to balance the deficit cash flow, but already in the long term.

Balance over time is a fundamental criterion for optimizing the company's cash flows. In the process of such optimization, the methods of equalization and synchronization of cash flows are used [2].

The alignment of cash flows is focused on smoothing their size in the context of individual intervals of the considered period of time. This optimization method allows to eliminate to a certain extent seasonal and cyclical differences in the formation of cash flows (both positive and negative), simultaneously optimizing the average fund balances and increasing the level of absolute liquidity. The results of this method of optimizing cash flows over time are estimated using the standard deviation or the coefficient of variation, which must decrease during the optimization process [2]. Consequently, the convergence of the periods of receipt and disposal of funds, the overlap of the periods of payments and receipts equalizes the aggregate cash flow of the enterprise.

With the synchronization method, the difference between positive and negative cash flow is minimal. The assessment is carried out using the correlation coefficient, which should tend to the value +1 in the optimization process [4]. Therefore, the synchronization of cash flows ensures the solvency of the enterprise in each of the intervals of the future period and maintains the optimal balance of "cash".

The imbalance in cash flows leads to their low liquidity in certain periods of time. If such periods are long enough, there may be a threat of bankruptcy of the enterprise. Thus, the balance of cash flows over time is an important stage in the mechanism of their optimization.

The last stage of optimization is to maximize the net cash flow. Measures to maximize net cash flow are: [1; 6]
- reducing the amount of fixed costs;
- reducing the level of variable costs;
- pursuing an effective pricing policy, which will lead to an increase in the level of profitability of operating activities;
- introduction of accelerated depreciation;
- selection of the optimal taxation system;
- reduction of the amortization period of the intangible assets used by the enterprise;
- sale of unused fixed assets and intangible assets;
- for the timely and complete collection of penalties, claims work should be strengthened.

By maximizing the net cash profit, the company reduces its dependence on external sources.

Thus, the use of modern methods of optimizing cash flows and ensuring their effective management guarantee the success of any enterprise. The process of optimizing cash flows is one of the main functions of cash flow management, ensuring solvency, liquidity and accelerating the implementation of the strategic goals of the organization. The considered mechanism of cash flow management guarantees the maintenance of the equilibrium of companies in the process of their financial and economic activities. That is why it is necessary to further investigate the issue of optimizing cash flows, because it is the key for the financial stability of any company or enterprise.

References: