



भारतीय प्रबंध संस्थान बेंगलूर

INDIAN INSTITUTE OF MANAGEMENT  
BANGALORE

The Decision Sciences Area at IIM Bangalore  
welcomes you to a webinar, titled:

## How to manage cash flow volatility (disruptions)?

By  
**Dr. Ravi Ranjan**

**Date: August 20, 2021**  
**Time: 3:00 p.m. - 4:00 p.m.**



**Abstract:** *Efficient working capital management is necessary to ensure a firm's ability to cope up with its operating costs and debt obligations. It becomes even more crucial for operations and finance executives to be highly proactive when the firm faces volatile cash flow periods. In this paper, we explore the behaviour, actions, and the performance of a firm under operating cash flow volatility. The existing literature primarily focus on aggregate level effects of cash flow volatility on firm performance whereas our empirical investigation explores various facets of this relationship considering firm's heterogeneity. We evaluate differential responses of a firm to operating cash flow volatility based on their components of cash conversion cycle, size, liquidity status and the working capital. Using a dataset of 3475 firms, we also classify this impact and actions based on "shock susceptibility" and "shock response time" of the firm. We find actions which can help firms to lower their shock response time. This would give working capital managers and investors a micro-level short- and long-term perspective on designing shock recovery and investment strategies, respectively.*