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Cash Flow as Strategy

The CFO's Accounts Receivable Playbook for South Africa

Prepared for publication | April 2026

Kredcor



Boardroom Brief

Accounts receivable is often treated as a finance process, but in practice it is a strategy system. It determines how quickly revenue turns into cash, how much management attention is consumed by old debt, how much avoidable funding pressure builds in the business, and how much risk is allowed to concentrate in a few customers or sectors.

For South African financial leaders, that strategic view matters even more in a low-growth, cost-sensitive environment. The South African Reserve Bank kept the policy rate at 6.75% in early 2026, while its April 2026 Monetary Policy Review projected growth of about 1.4% and inflation of about 3.7% for the year. At the same time, National Treasury's supplier-payment reporting continued to show material late-payment pressure in the wider system. In that environment, weak receivables discipline is not a back-office inconvenience. It is a direct threat to liquidity quality.

This paper argues that strong AR management is not mainly about chasing harder. It is about policy discipline, executive visibility, exception control, and a review rhythm that forces decisions while value can still be protected. The businesses that do this well do not merely collect faster. They allocate capital better.

Executive Takeaways

Theme	Executive point	What to do
Receivables as strategy	AR quality affects liquidity, margin protection, and risk concentration.	Move AR from admin-only reporting into CFO and executive packs.
Operating discipline	Terms, limits, authority levels, and dated escalation paths reduce drift.	Treat exceptions as decisions that require ownership, not informal favours.
KPI visibility	Balances alone are not enough. Behaviour and friction matter too.	Track DSO, ADD, broken PTPs, dispute ratio, and concentration risk monthly.
Review cadence	A monthly AR review creates timely decisions.	Use a repeatable review pack with top exposures, trends, exceptions, and actions.

1. Why AR belongs on the strategy agenda

Receivables sits at the intersection of sales, finance, operations, and risk. That is why it should not be framed only as a collections activity. The same invoice can be a revenue line to sales, a cash-conversion delay to finance, a fulfilment proof problem to operations, and a concentration issue to management. Good companies bring those views together early. Weak companies let them collide late.

This strategic perspective is especially important in a narrow-margin market. When growth is modest, borrowing costs remain meaningful, and customer payment behaviour is uneven, every day of delay carries more weight. Even a technically collectible debt can already be damaging the business if it ties up working capital, increases management drag, or forces replacement sales just to stand still.



Cash Flow as Strategy

Five management disciplines that turn receivables into a strategic asset



Figure 1. Receivables becomes strategic when finance, policy, visibility, and timing work together

2. The South African operating environment for CFOs

South African CFOs are operating in a context where ordinary cash discipline matters more, not less. The SARB’s policy stance remained moderately restrictive in early 2026, and its April 2026 review continued to frame the economy as one of modest growth, contained but still relevant inflation risk, and an environment where businesses need resilient internal controls rather than optimistic assumptions.

National Treasury’s payment-compliance reporting adds another layer to the picture. The Q3 2025/26 report showed 90,856 invoices older than 30 days and still unpaid at quarter-end, with a rand value of R15.5 billion. Whatever sector a company operates in, this wider payment culture matters. It signals how delay and administrative friction can spread through supply chains and weaken the cash position of businesses that thought they were dealing with normal commercial timing.

Table 1. Current context indicators that make AR discipline strategically important

Indicator	Figure used	Strategic implication
SARB policy rate	6.75%	Funding is still costly enough for delayed cash conversion to matter.
SARB 2026 GDP projection	1.4%	Low growth leaves less room for sloppy working-capital discipline.
SARB 2026 inflation projection	3.7%	Cost pressure is lower than crisis levels but still relevant for margins.
Treasury overdue supplier invoices	90,856 invoices / R15.5bn	Late payment remains a system-wide pressure signal, not an isolated event.



3. The receivables control model: policy, limits, exceptions, authority

Most AR problems are not caused by a missing reminder. They are caused by policy drift. Terms are stretched without approval. Credit limits are exceeded in the name of “the relationship.” Temporary exceptions quietly become permanent. By the time the ageing worsens, the problem is no longer one invoice. It is a governance failure.

A strong CFO playbook therefore starts with policy architecture. Terms should be defined. Limit authority should be tiered. Exceptions should be logged. Exposure to large accounts or pressured sectors should be visible. The objective is not bureaucracy. It is clarity. Clarity reduces avoidable conflict between sales, finance, and leadership because everyone knows what must happen when an account starts moving outside policy.

Table 2. Example AR authority and exception matrix

Decision type	Operational owner	Escalation point	Control principle
Standard credit terms	Credit control / finance	CFO if exception requested	Terms should be policy-led, not customer-led.
Temporary extension request	Finance manager	CFO or delegated executive	Extensions require written rationale and review date.
Credit limit increase	Credit committee / CFO	Executive approval if material	Exposure changes should reflect current risk, not optimism.
Supply while over terms	Business unit + finance	CFO / CEO depending on size	Continuing supply while overdue is a strategic decision.
External handover	Finance / credit lead	CFO oversight for major accounts	Use dated escalation rules before drift hardens.

4. The monthly AR review pack

A strategic AR function needs an executive rhythm. The monthly review pack is one of the simplest ways to create it. The purpose is not to produce another PDF for filing. It is to force decisions while an account is still manageable. By the time old debt reaches crisis language, the business has often already lost value through delay, admin drag, or uncontrolled exposure.

A good monthly pack should be short, repeatable, and comparative. It should show ageing trends, top exposures, risk movement, broken promises to pay, dispute concentrations, policy exceptions, and recommended actions. That allows management to see where discipline is slipping and where leadership decisions are required.



The Monthly AR Review Pack

A simple executive rhythm for keeping old debt visible and actionable



The point of the review pack is not paperwork. It is decision-making while value can still be protected.

Figure 2. A monthly review rhythm converts reporting into decision-making

Table 3. Suggested monthly AR review-pack sections

Pack section	What management sees	Why it matters
Ageing movement	Current bucket totals and trend vs prior month	Shows whether the book is improving or drifting.
Top 10 exposures	Largest overdue customers by amount and age	Highlights concentration and decision priority.
Broken PTPs	Promised dates vs actual receipts	Turns vague debtor optimism into measurable behaviour.
Dispute map	Accounts with repeated queries or reconciliations	Separates real issues from repeated friction.
Action log	Decisions taken, owners assigned, next review date	Creates accountability rather than passive visibility.

5. The KPI set that should appear in every executive pack

Not every metric deserves boardroom attention. These five do. DSO shows cash-conversion speed. ADD shows how far actual behaviour is moving beyond agreed terms. Broken promises to pay show reliability of debtor commitments. Concentration risk reveals whether too much old exposure sits in too few places. Dispute ratio reveals how much of the ageing book is being trapped behind process friction.

Together, these metrics show more than ageing buckets can show on their own. They reveal whether the problem is duration, behaviour, concentration, or process. That is what makes them strategically useful.



Five KPIs Every CFO Should See

A visual scorecard for receivables quality and cash-flow control

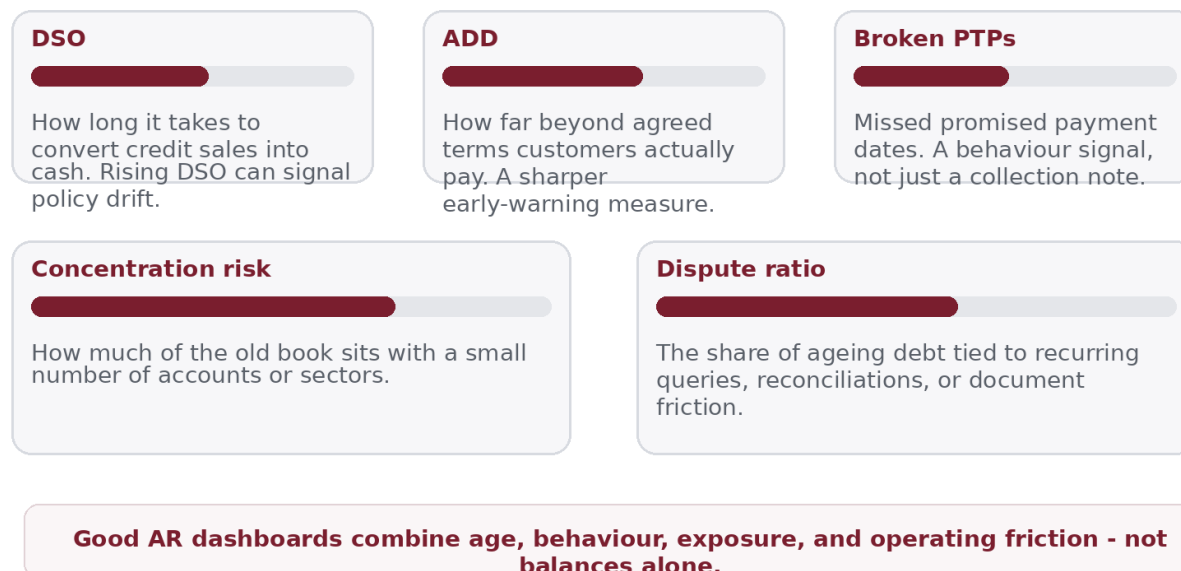


Figure 3. Balances matter, but behaviour and concentration matter too

Table 4. KPI definitions and practical management triggers

KPI	Definition	Why it matters	Example trigger
DSO	Average time to convert credit sales into cash	Measures overall collection velocity	Escalate if trend rises for two consecutive cycles
ADD	Average days paid beyond agreed terms	Shows deterioration even when sales remain strong	Review customer-level drivers when it exceeds tolerance
Broken PTPs	Missed promised payment dates	Captures behavioural unreliability	Escalate repeated slippage as a risk signal
Concentration risk	Share of old debt held in a few accounts/sectors	Highlights vulnerability to one failure event	Tighten terms or reduce fresh exposure where concentration climbs
Dispute ratio	Portion of ageing debt tied to recurring queries	Shows process friction and stalling risk	Resolve genuine document issues quickly, then escalate repeats

6. Building a practical CFO playbook

A useful CFO playbook does not depend on dramatic language. It depends on disciplined steps. Start by defining the policy. Then assign authority levels. Then create the monthly review rhythm. Then force exceptions into view. Then ensure that ageing accounts have dated escalation paths rather than endless narrative updates.

The emphasis should stay on protection of value, not theatre. Serious customers can work with firm, clear processes. What harms relationships most is inconsistency: one month of flexibility, another month of pressure, and no common rule for deciding which is which. Strategic AR management replaces that confusion with predictability.



7. Practical checklist for finance teams

- Treat AR as a strategic liquidity asset, not only an admin process.
- Give the CFO or finance lead direct visibility of ageing trends and policy exceptions.
- Use a monthly review pack with ageing, top exposures, disputes, broken PTPs, and actions.
- Set authority levels for terms changes, limit increases, and overdue supply decisions.
- Track DSO and ADD together so that speed and lateness are both visible.
- Measure broken promises to pay as behaviour indicators, not casual notes.
- Monitor concentration risk by customer and sector, especially in pressured markets.
- Resolve genuine document issues quickly, then escalate repeated friction.
- Require written rationale and review dates for every meaningful exception.
- Remember that strategy is often won or lost in the quality of monthly operating discipline.

8. Closing argument

The strongest finance teams do not treat cash flow as a forecasting exercise alone. They treat it as a discipline of conversion, control, and executive decision-making. That is why receivables belongs on the strategy agenda. It is where revenue, margin, liquidity, and risk meet in one operating system.

In South Africa's current environment, that strategic view is not optional. Low growth, meaningful funding costs, and visible payment friction across the wider system mean that weak AR governance can quietly damage a business long before a write-off is discussed. The point of this paper is therefore simple: if cash matters strategically, receivables must be managed strategically too.

That is where Kredcor can build real authority. Not only by recovering after failure, but by helping clients structure the policies, visibility, and decision rhythms that protect value earlier.

Source notes

1. South African Reserve Bank, January 2026 Monetary Policy Committee statement: policy rate held at 6.75%.
2. South African Reserve Bank, Monetary Policy Review, April 2026: projected 2026 growth around 1.4% and inflation around 3.7%.
3. National Treasury, Third Quarter Report on non-compliance with payment of suppliers within 30 days, 2025/26: 90,856 invoices older than 30 days unpaid at quarter-end, valued at R15.5 billion.
4. Kredcor website positioning: debt recovery, cash flow improvement, credit-risk minimisation, and article-led market education.
5. The KPI, dashboard, and authority-matrix tools in this paper are management devices intended to improve executive control and operating clarity.



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