



Inventory & Cashflow Protection Strategy

For UAE & KSA Trading, Manufacturing & UAE Real Estate Businesses During Long Regional Conflict

In prolonged geopolitical instability, the two biggest survival factors are **inventory availability** and **cashflow stability**. Most companies collapse because inventory stops, collections slow, and working capital gets blocked. This framework focuses exclusively on protecting both.

Part 1

Inventory Protection Strategy

Part 2

Cashflow Protection Strategy

Goal

Survive, preserve liquidity, and emerge stronger

STRATEGIC BRIEFING

BOARD-LEVEL RISK

by

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Part 1

Inventory Protection Strategy

4-Level Inventory Classification

Category A:

Critical Survival

Raw materials, spare parts, core items. Keep **3–6 months** stock. Never allow stockout.

Category B:

Fast-Moving Revenue

Raw materials, spare parts, core items. Keep **3–6 months** stock. Never allow stockout.

Category C:

Medium Moving

Moderate sales. Maintain limited stock. Reduce purchasing frequency.

Category D:

Dead / Slow Stock

Liquidate, discount, bundle, export, or clear immediately. **Dead stock destroys cashflow.**

Key Operational Rules

→ Safety Stock Targets

Manufacturing: 4–6 months | Trading: 3–4 months | Spare parts: 6 months | Imported items: higher buffer

→ Supplier Diversification

Never depend on one country. Build backup sources across India, Türkiye, Vietnam, Saudi Arabia, UAE, and Egypt.

→ Avoid Panic Buying

Over-purchasing blocks cash, pressures warehouses, and stresses banks. Only increase stock for critical, high-margin, or fast-moving items.

→ Aging Control

0–90 days: healthy | 90–180: monitor | 180–365: clearance plan | 365+: liquidate urgently

⚠ Before any purchase ask: Is it essential? How fast can it sell? What is the cash conversion cycle? What if demand drops?

Part 2

Cashflow Protection Strategy

During crisis, **profit is secondary** — **cash survival is primary**. The CFO must monitor bank balances, receivables, upcoming payments, and supplier dues daily, with a weekly 13-week cashflow forecast across three scenarios: Best (stable sales), Medium (20–30% slowdown), and Worst (severe disruption).



Collections Management

Categorize customers: Strong → continue credit | Medium Risk → reduce exposure | High Risk → advance payment only. Reduce credit periods from 90 days to 45–60 days. Offer early payment discounts.



Payment Priority Order

1. Salaries 2. Critical suppliers 3. Utilities 4. Loan obligations 5. Government dues.
Freeze non-essential CAPEX: office upgrades, non-essential vehicles, speculative investments.



Banking Protection

Secure liquidity *before* it's needed. Negotiate overdraft limits, trade finance, LC facilities, and emergency working capital. Banks support early planners.



Emergency Cash Reserve

Trading: 6 months expenses | Manufacturing: 9 months | Real Estate: 6–12 months maintenance & loan reserve. UAE real estate: prioritize occupancy — vacant property destroys cashflow faster than lower rent.

📌 Cash Conversion Cycle Formula: $CCC = DIO + DSO - DPO$. Goal: reduce inventory days, reduce customer collection days, extend supplier payment days carefully.

Ideal Crisis Strategy & Top 10 KPIs

Inventory Side

- Buy smart — avoid speculative purchasing
- Protect critical Category A stock
- Eliminate dead stock immediately
- Diversify suppliers across multiple countries

Cashflow Side

- Collect faster — tighten credit terms
- Spend slower — freeze non-essential CAPEX
- Preserve liquidity at all times
- Build and maintain emergency reserves

Inventory without sales = dead cash
Sales without collections = fake profit
Growth without liquidity = danger

Top 10 KPIs — Review Daily

KPI	Ideal Direction
Cash balance	↑ Increase
Receivable days	↓ Reduce
Inventory days	🔧 Optimize
Dead stock value	↓ Reduce
Collection ratio	↑ Increase
Supplier dependency	↓ Reduce
Emergency liquidity	↑ Increase
Gross margin	🛡️ Protect
Fast-moving availability	✅ Maintain
Operating cashflow	✅ Positive

A Message to Business Owners

"This situation is unexpected and not ideal, but we cannot choose the crises we face. When we look for the positive side, we find ways to adapt, grow, and move forward with confidence."

— **Dr. Shaik Ibrahim**
ABIA Management Consultancy & Human Resources

Our Purpose

To support business owners with additional insights and practical guidance — helping them become their best in all situations, no matter the challenge. This analysis is part of Dr. Ibrahim's ongoing work supporting business owners through global crises since 2002.

Our Philosophy

Every crisis brings its difficulties, but it also opens the door to new opportunities. As business owners, our strength lies in focusing on the opportunities ahead rather than the worries around us. When we look for the positive side, we find ways to adapt, grow, and move forward with confidence.



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About ABIA

ABIA Management Consultancy & Human Resources has been a trusted partner for business owners navigating complex and challenging environments since 2002 — providing actionable advisory support to help businesses not just survive, but thrive.

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