

THE OUTLIER BRIEF

Business Intelligence · Finance · Strategy · Governance · AI Advisory

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THIS WEEK

When Money Is Expensive, Cash Is Strategy

KEY TAKEAWAY

With the policy rate held at 26.5%, the cost of bridging a working-capital gap is steep. The businesses that win this quarter are not the fastest-growing, but the ones that manage the days between paying out and collecting in.

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01 CEO IN 60 SECONDS

THE WEEK IN FOUR LINES

What happened. The Central Bank held its benchmark rate at 26.5% for a second consecutive meeting, keeping borrowing costs high.

Why it matters. Every day between paying suppliers and collecting from customers is now expensive to finance.

What to do today. Measure your cash conversion cycle and chase your oldest receivables.

Biggest mistake. Treating a profitable income statement as proof of a healthy cash position.

02 EDITOR'S NOTE

Welcome back to The Outlier Brief. With money still expensive across the economy, this week's briefing is about the discipline that separates businesses that endure from those that stall: managing cash deliberately.

A profitable business can still run out of cash. Our aim this week is to help you find, protect and shorten the cash cycle that keeps your operations running.

Rafiu Olawuyi, FCA — *Lead Consultant, Outliers Professionals*

03 EXECUTIVE SUMMARY — WHAT YOU NEED TO KNOW THIS WEEK

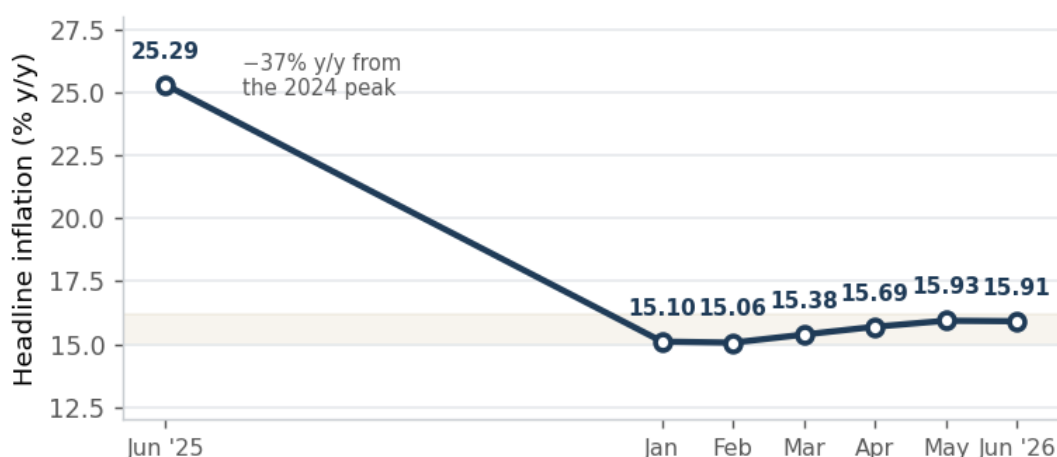
- **Rates stay high — plan for costly working capital.** The MPR is held at 26.5%; financing gaps are expensive, so avoid relying on them.
- **Profit is not cash.** Sales on credit and stock on the shelf tie up cash even when the income statement looks healthy.
- **Watch the July inflation print, released over the weekend.** It tests whether the disinflation trend held from the June 15.91% reading, while rates stay high at 26.5%. Protect margins deliberately rather than assuming cost rises can be absorbed.
- **Collections are your cheapest capital.** Shortening the cash cycle releases cash at no interest cost — the best facility available.

04 BUSINESS INTELLIGENCE DASHBOARD

Key indicators for Nigerian businesses, current at preparation (mid-August 2026).

INFLATION 15.91% ▼ easing · review pricing	POLICY RATE (MPR) 26.5% ■ held · credit stays dear	NAIRA / US\$ (OFFICIAL) ₦1,395 ■ softening slightly
NAIRA / US\$ (PARALLEL) ₦1,425 ■ gap ~₦30	PETROL (PMS) ₦1,180 ▼ easing · Dangote-led	BRENT CRUDE \$88.5 ▲ rising · Hormuz risk
EXTERNAL RESERVES \$52.0bn ■ ~11 months cover	TRADE BALANCE ₦7.55tn ▲ surplus · Q1 2026	FDI \$135m ■ Q1 2026 · 1.3% of inflows

Nigeria inflation: steep fall, then a 2026 plateau



Actual NBS readings; intermediate months not shown. Disinflation has clearly slowed into a plateau.

05 THE NUMBERS BEHIND THE NEWS

WHAT THE RATE REALLY COSTS

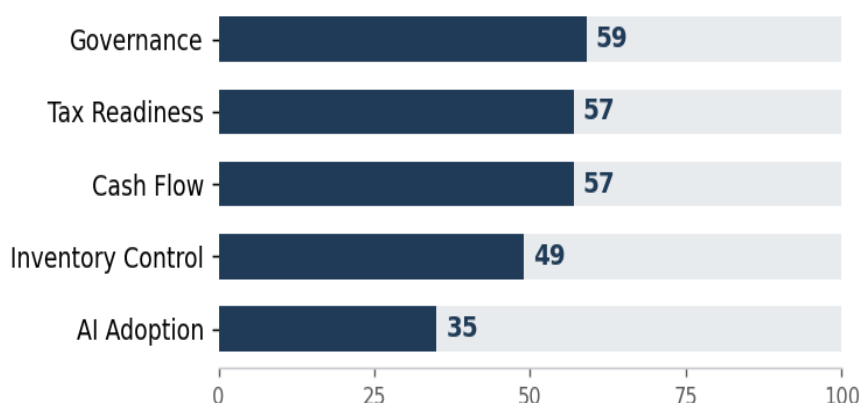
At 26.5%, a ₦50 million overdraft drawn for 90 days costs roughly ₦3.3 million in interest. Collecting your receivables ten days faster on the same sales could remove much of that need entirely — releasing cash at zero cost.

The lesson: in a high-rate economy, faster collection is cheaper than any facility. Chasing an overdue invoice is one of the highest-return activities in the business.

06 OUTLIERS INDEX™

The Outliers SME Confidence Index™ is our proprietary weekly read of operating conditions for Nigerian small and mid-sized businesses, scored from 0 to 100 across five dimensions. It is an expert index maintained by the Outliers editorial office.

Outliers SME Confidence Index™ (0-100) · Composite 51



WHAT CHANGED THIS WEEK

Cash Flow slips to 57 as high borrowing costs bite, pulling the composite to 51. Tax Readiness continues its gradual climb as businesses adapt to the NRS transition; AI Adoption remains the weakest component.

07 FEATURE: CASH IS STRATEGY

With the Monetary Policy Rate held at 26.5%, the cost of money in Nigeria remains high. In this environment the businesses that thrive are not necessarily those growing fastest, but those managing cash most deliberately. Growth funded by unmanaged working capital is fragile; disciplined cash management is a genuine competitive advantage.

The revenue trap

A profitable income statement can coexist with a cash crisis. Sales booked on credit, stock sitting in the warehouse and prepayments to suppliers all represent cash that has left the business but not yet returned. When bridging that gap costs upward of a quarter in annual interest, every week of delay is expensive.

Three levers to pull now

- **Receivables.** Tighten credit terms, invoice promptly and accurately, and follow up systematically. Ageing that drifts from 30 to 60 days quietly finances your customers at your expense.
- **Inventory.** Identify slow-moving and obsolete stock. Capital tied up in unsold goods earns nothing while your financing costs accrue.
- **Payables.** Negotiate terms that match your collection cycle. Paying suppliers earlier than necessary donates working capital you may soon need.

A rolling thirteen-week cash flow forecast converts cash from a monthly surprise into a managed variable, giving you time to arrange facilities on your terms rather than the bank's — a meaningful advantage when those facilities are expensive.

WHAT THIS MEANS FOR YOUR BUSINESS

If your team measures profit closely but rarely looks at the cash conversion cycle, you are managing the wrong number. Start tracking the days between paying for inputs and collecting from customers; shortening that figure, even modestly, frees cash without a single naira of new borrowing.

08 THE CASH CONVERSION CYCLE

Cash leaves your business when you pay suppliers and returns only when customers pay you. The gap between the two is the cash conversion cycle — and financing that gap is what a high policy rate makes expensive.

The Cash Conversion Cycle



The shorter the distance from “pay supplier” to “collect cash,” the less you need to finance.

09 OUTLIERS INTELLIGENCE™

ONE INSIGHT · ONE DECISION

Most businesses chase revenue when they are short of cash. The faster route is usually to chase what they are already owed: the cash conversion cycle is the cheapest lever a business owns, and it sits entirely within its own control.

The decision this week is to pick your single largest overdue receivable and resolve it — then build the follow-up discipline that stops the next one ageing.

10 BUSINESS NUMBERS THAT MATTER

Indicator	Latest	Why it matters
Inflation	15.91%	Impacts pricing power and real purchasing power
Policy rate (MPR)	26.5%	Sets the cost of borrowing and financing gaps
Naira / US\$ (official)	~ ₦ 1,395	Drives the cost of imports and foreign obligations
Naira / US\$ (parallel)	~ ₦ 1,425	Signals retail FX pressure and demand
Petrol (PMS), pump	~ ₦ 1,175–1,250	Feeds logistics, energy and distribution costs
Brent crude, per barrel	~\$88	Drives oil revenue, FX earnings and energy costs
External reserves	~\$52.0bn	Signals currency stability (~11 months import cover)
Trade balance (Q1 2026)	₦7.55tn	A trade surplus — exports well above imports
FDI (Q1 2026)	\$135.1m	Direct investment — a small share of capital inflows

11 WHAT WE'RE SEEING

Across the Nigerian market this month, cash-related patterns are visible among small and mid-sized businesses — shared at market level, without reference to any individual client:

- Payables stretched to their limits as businesses hold on to cash.
- Growing reliance on overdrafts to fund routine operations.
- Receivables ageing quietly past agreed terms.
- Discounting offered simply to accelerate collection.
- Little or no forward visibility of cash beyond the current month.

12 FINANCE SCHOOL

LESSON 2 OF AN ONGOING SERIES

Cash flow is the story your P&L doesn't tell.

Your profit-and-loss account shows performance over a period; it can look healthy while cash quietly drains away into receivables and stock. The cash flow statement tells the other half of the story — whether the profit actually turned into money.

A simple habit closes the gap: each month, compare profit to the change in cash, and explain the difference. That single reconciliation is where most early warnings live. Next lesson: working capital — the fuel tank of the business.

13 AI & TECHNOLOGY SPOTLIGHT

AI IN FINANCE — PART 2 OF AN ONGOING SERIES

AI for forecasting and dashboards

The second use of AI in finance is turning scattered data into a forward view. Spreadsheet copilots and business-intelligence assistants can build cash-flow forecasts, flag variances against budget, and produce dashboards that update as new data arrives — work that once consumed days of manual effort.

The same two rules apply: keep confidential and personal data out of public tools, and treat every projection as a draft for professional review. A forecast is only as good as the assumptions behind it, and those remain a human responsibility.

TOOL OF THE WEEK

Cash-Flow Forecasting Tools

Examples. Dedicated forecasting apps (such as Float or Fathom) and business-intelligence tools like Power BI, layered over your accounting system.

What it does. Projects cash weeks ahead, models scenarios, and shows the cash impact of decisions before you make them.

Who should use it. Any business that has ever been surprised by a cash shortfall — which is most of them.

Common mistake. Building the forecast once and never updating it; a forecast earns its value only when it is kept current.

Cost consideration. Ranges from a modest subscription to a capable spreadsheet template — the discipline matters more than the tool.

Business benefit. Fewer surprises, calmer financing decisions, and facilities arranged on your terms.

14 PRACTICAL TOOLKIT — CASH & WORKING CAPITAL CHECKLIST

Work through these this week. Each item closed is a risk removed.

- ☐ Calculate your cash conversion cycle in days.
- ☐ Review the receivables ageing report and chase everything over 60 days.
- ☐ Identify slow-moving or obsolete stock to release tied-up cash.
- ☐ Start or refresh a rolling 13-week cash flow forecast.
- ☐ Review supplier payment terms against your collection cycle.
- ☐ Confirm facility headroom before you need it, not after.
- ☐ Reconcile all bank and control accounts for the month.

15 COMPLIANCE WATCH

- **This month.** July VAT and WHT returns are due by 21 August — file on time to protect cash.
- **Withholding tax.** Collect and file WHT credit notes promptly — they are cash you can offset later.
- **Facilities.** Review loan covenants and reporting obligations while headroom is comfortable.

16 CASE STUDY

ILLUSTRATIVE · ANONYMISED

A mid-sized distributor was profitable but perpetually short of cash, leaning on an expensive overdraft to pay suppliers. A review found receivables ageing well beyond terms and stock turning slowly.

By tightening credit terms, introducing disciplined weekly collections and clearing obsolete stock, it shortened its cash conversion cycle materially over two quarters — and reduced its overdraft reliance without raising a single new facility.

17 OUTLIERS RECOMMENDATION

THIS WEEK'S RECOMMENDATION

Every business should maintain a rolling 13-week cash flow forecast, reviewed weekly. It is the single cheapest early-warning system available — and in a high-rate economy, foresight is worth more than any facility.

18 CEO & BOARDROOM QUESTIONS

TWO QUESTIONS WORTH SITTING WITH

CEO question. Do you know your cash conversion cycle in days — and is it getting shorter or longer?

Boardroom question. If sales fell 20% next quarter, how many months could the business operate on the cash it holds today?

19 THE OUTLIERS PERSPECTIVE

It is tempting, when cash is tight, to reach for growth — more sales, more products, more markets. But growth consumes cash before it produces it, and unmanaged growth in a high-rate economy is how profitable businesses fail.

The more durable move is to master the cash you already generate: collect faster, hold less stock, and see further ahead. Cash discipline is unglamorous, but it is the foundation on which every other strategy stands.

20 CLOSING INSIGHT

Revenue is vanity, profit is sanity, but cash is reality. When money is expensive, the discipline of managing every day of the cash cycle is worth more than a percentage point of growth.

YOUR MOVE THIS WEEK

Download the Outliers 13-Week Cash Flow Forecast template and put this week's insight to work — or book a 30-minute working-capital review. outlierspro.com · Lagos | Abuja.

Each week rotates the action: download a checklist · complete an assessment · register for a webinar · read the full guide · book a consultation.