

# What is DSO?

Avg. time to convert \$1 of turnover into \$1 of cash.

## 2 ways of calculating DSO

Accounting Method • Easiest way

$$\text{DSO} = \frac{\text{Accounts Receivables at the end of the period}}{\text{Gross revenues over the period}} \times \# \text{ of days in the period}$$

Countback Method • More accurate

Moving backward in time, by subtracting the revenues posted each month against the initial stock of accounts receivables until there's none left.

## DSO Cheatsheet

Receivables (down) / Sales (right)	↘↘	↘	-	↗	↗↗
↘↘	-	↘	↘↘	↘↘↘	↘↘↘↘
↘	↗	-	↘	↘↘	↘↘↘
-	↗↗	↗	-	↘	↘↘
↗	↗↗↗	↗↗	↗	-	↘
↗↗	↗↗↗↗	↗↗↗	↗↗	↗	-

## Analytics By Upflow

Automatically calculate your DSO. [Sign-up now](#)

u.

