

# Days Sales Outstanding (DSO)

*Benchmarks, Definition & Measurement Details*

**SAMPLE  
CONTENT & DATA**



# Days Sales Outstanding (DSO)

## Definition & Measurement Details



### What is Days Sales Outstanding (DSO)?

The number of days, on average, required for a company to collect their outstanding accounts receivable balance (the amount of money owed by customers/clients) from customers. Days Sales Outstanding (DSO) is one of three components of the Cash Conversion Cycle.

### Why should this KPI be measured?

Days Sales Outstanding (DSO), sometimes referred to as Average Days in Accounts Receivable (AR), measures the quality and efficiency of the AR Department in billing customers and collecting payments from them.

### How is this KPI calculated?

Two numbers are used to calculate this KPI: (1) the company's accounts receivable balance (i.e., the amount they owed to the company) at the end of the period and (2) the daily average amount of sales.

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# Days Sales Outstanding (DSO)

Benchmarks & Characteristics of High Performers



## Days Sales Outstanding (DSO)

(Ending Accounts Receivable Balance / (Average Amount Billed to Customers per Day))



### Characteristics of High Performers

- KPIs are well-defined, tracked and tied to performance reviews
- Robust self-service options for customer

Sample Size: XX

KPI Type: XX

Unit: XX

Is High or Low Best?: XX

**How to read this chart:** This chart summarizes the performance gaps between high (Top 5%), mid (Median) and low (Bottom 5%) performers for this Key Performance Indicator (KPI). For example, the column labeled "Top 5%" represents a company that outperformed 95% of the peer group observed for this metric.

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