



Figure 6: Automobile Industries for United States and Japan

The scatterplot for the U.S. highlights the role of General Motors and Ford. Each firm's accounts receivable are approximately 30 times as large as the third highest firm (the plots are in logarithmic scale). The dominance of General Motors and Ford in the U.S. auto industry is well known, but both have the unusual feature that accounts receivable are many times larger than accounts payable, and almost as large as annual sales⁷. For GM, receivables are 6 times payables and 83% of annual sales. For Ford, receivables are over 8 times payables and 89% of annual sales.

A closer look highlights the special nature of the two firms' businesses. Both firms have large financial subsidiaries and receivables include the large loan portfolio on the asset side of the financial subsidiary's balance sheet. In effect, Ford and GM are banks, as well as car makers. When finance receivables are excluded, accounts receivable only amount to \$5.9 billion for

⁷GM's receivables are \$151.3bn, payables are \$25.4bn, and annual sales are \$182bn.. Ford's receivables are \$145.4bn, payables are \$17.4bn, and annual sales are \$164.2bn.