
CASH FLOW MANAGEMENT - KNOWING YOUR CASH POSITION DURING THE COVID-19 PANDEMIC

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SPEAKER INTRODUCTIONS



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SBDC SERVICES



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Counseling
(No Fee)



Training



Resources

Disaster Loan Assistance
Lender Readiness Preparation
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Marketing Assessment and Planning
Buying/Selling a Business/Exit Strategies
Manufacturing
Technology-Commercialization
Export/International Trade
Government Contracting

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INTRODUCTION TO CASH FLOW MANAGEMENT



Cash Flow problems are one of the leading causes for small business failure. These issues can stem from:

- Cost Management
 - Debtors
 - Creditors
- Inventory
 - Cost of Goods/COGS
 - Pricing
- Debt Utilization
 - Tied-up Capital/Loans
 - Raising Capital
- Cash Position and Cash Reserves

SBDC RESOURCES



GrowthWheel



LivePlan

Plan, fund, and grow your business.

Easily write a business plan, secure funding, and get insights to help you reach your goals.

[VIDEO TOUR](#) [START YOUR PLAN](#)

Garrett's Bike Shop

Profit Cents

sageworks Industry Data

Industry: 722211 - Full-Service Restaurants
Sales Range: Yearly sales \$1 Million to \$10 Million
Location: US - Arizona
Prepared On: 1/29/2020

INDUSTRY FINANCIAL DATA AND RATIOS

Average by Year (Number of Financial Statements)

Financial Metric	Last 12 Months (I)	2019 (I)	2018 (R)	Last 3 Years (AR)	All Years (200)
Current Ratio	--	--	2.84	2.80	2.22
Quick Ratio	--	--	1.85	1.82	1.29
Gross Profit Margin	--	--	70.47%	63.16%	60.44%
Net Profit Margin	--	--	7.49%	1.70%	3.27%
Inventory Days	--	--	12.87	42.79	14.83
Accounts Receivable Days	--	--	6.15	6.83	5.16
Accounts Payable Days	--	--	7.47	13.23	17.09
Interest Coverage Ratio	--	--	10.88	21.23	12.94
Debt-to-Equity Ratio	--	--	0.93	1.20	2.21
Debt Service Coverage Ratio	--	--	9.43	10.18	6.06
Return on Equity	--	--	33.92%	32.96%	39.11%
Return on Assets	--	--	41.82%	25.19%	20.83%
Gross Fixed Asset Turnover	--	--	5.05	3.88	3.88
Sales per Employee	--	--	--	--	\$48,973
Profit per Employee	--	--	--	--	(\$183)
Growth Metric	Last 12 Months (I)	2019 (I)	2018 (R)	Last 3 Years (AR)	All Years (137)
Sales Growth	--	--	0.47%	2.41%	4.60%
Profit Growth	--	--	99.61%	18.28%	22.09%

SBDCNet.org

THE SBDC NATIONAL INFORMATION CLEARINGHOUSE SERVING THE SMALL BUSINESS DEVELOPMENT CENTER NETWORK AND AMERICA'S SMALL BUSINESS COMMUNITY.

SBDCNet
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IBIS World

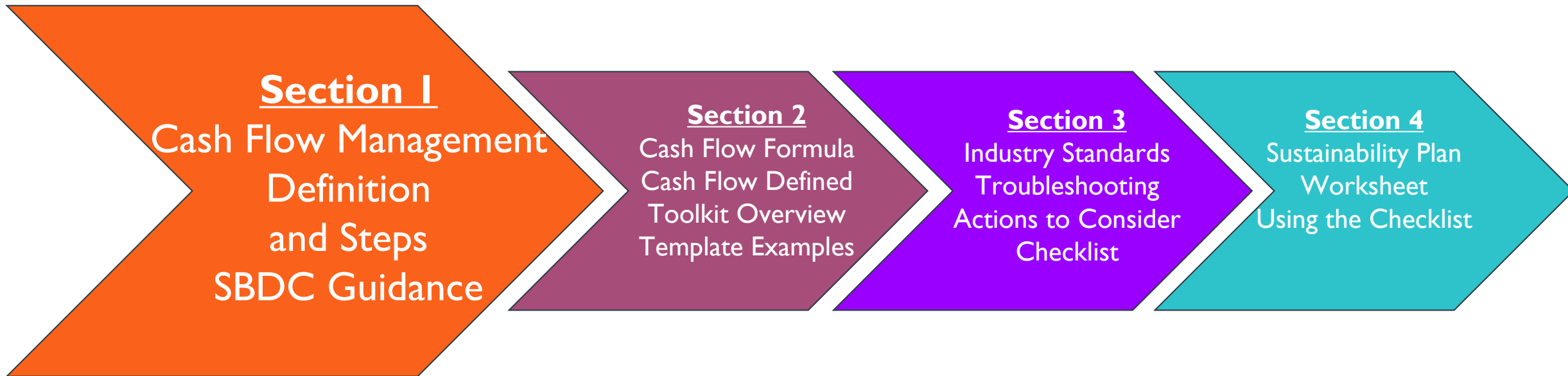
IBISWorld
Market Intelligence is Power

Coffee break: Operators will add high-margin items to appeal to health-conscious consumers

This report was prepared by Maricopa Community Colleges SBDC (21233989) on 1/29/2020 at 10:26:00 AM. All rights reserved. All data based on 2019 data.

IBISWorld Industry Report 72221b
Coffee & Snack Shops in the US
October 2019

CASH FLOW MANAGEMENT ROADMAP



CASH FLOW MANAGEMENT - BUSINESS OWNER TYPES



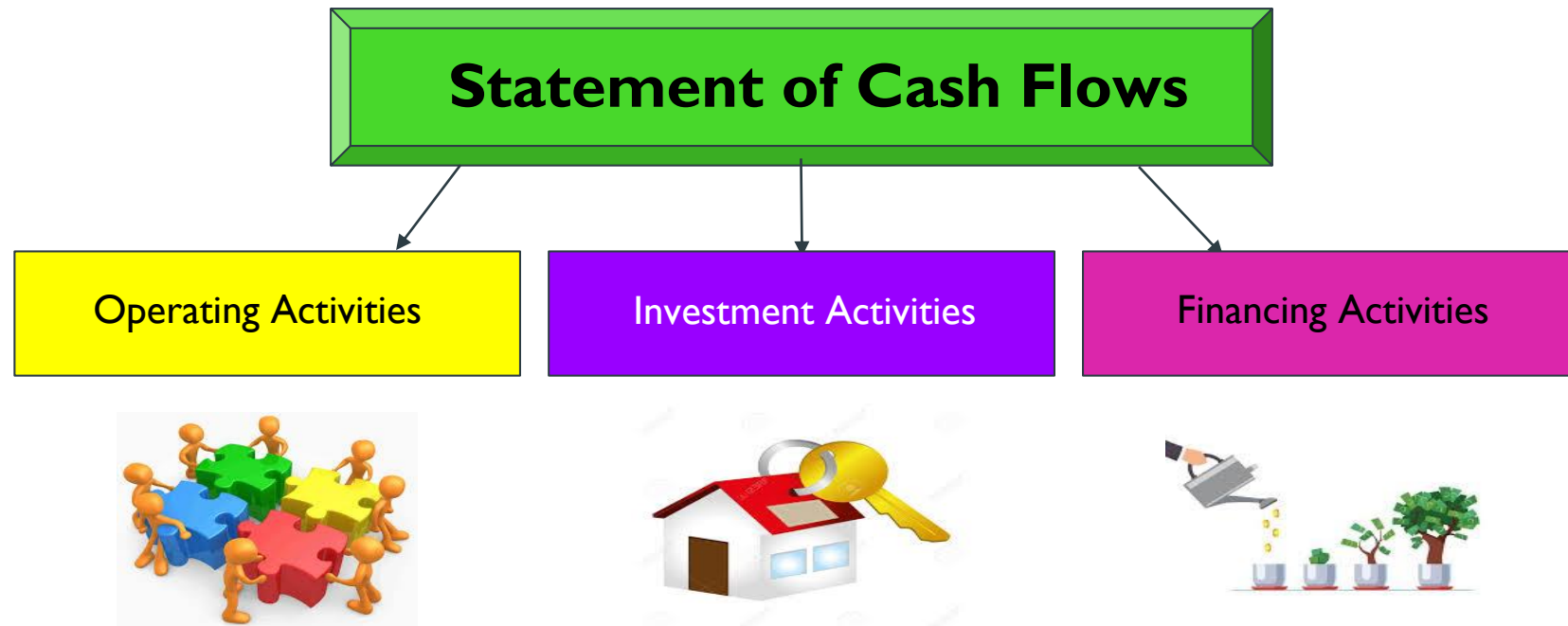
POLL THE AUDIENCE



Who has used a cash flow template?



CASH FLOW MANAGEMENT DEFINED



Simply put, it means to track how much money is coming in and going out of your business by being proactive and consistent in reviewing your financial toolkit.

SESSION TAKEAWAYS

By the end of our Cash Flow Management session, you should understand the importance of:

- 1) Understanding and knowing your cash position
- 2) Creating your Financial toolkit
- 3) Troubleshooting to identify and overcome financial challenges
- 4) Preparing for future goals using the checklist



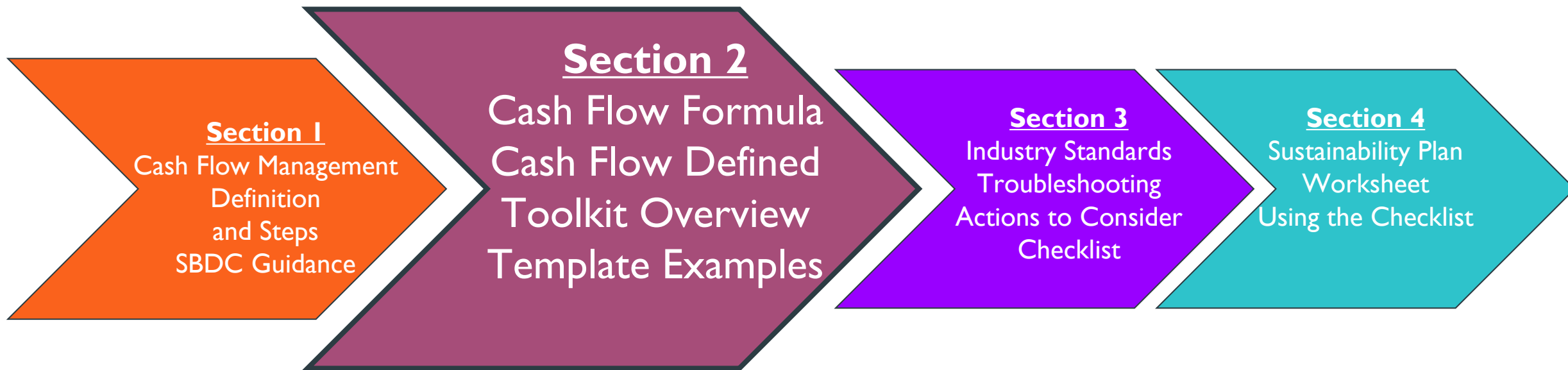
SBDC COUNSELING SUPPORT



Guess what? It's ok
if you're unsure of
how to do this.
That's why we are
here to help!



SECTION 2 – CALCULATE YOUR CASH FLOW POSITION

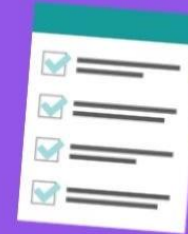


CASH FLOW FORMULAS



1
INCOME
STATEMENT

2
BALANCE
SHEET



3
CASH FLOW
STATEMENT

**Cash In-Flows from Operations,
Financing and Investing
minus
Cash Out-Flows from Operations,
Financing and Investing
= Net Cash Flow**

KNOWLEDGE CHECK



Poll question:

A Profit & Loss Statement IS different from an Income and Expense Statement.

A: True

B: False

CASH FLOW DEFINED



The process of assessing and reviewing your net cash receipts minus your net cash expenses in order to optimize your cash position.

Simply put, it means to track how much money is coming in and going out of your business.

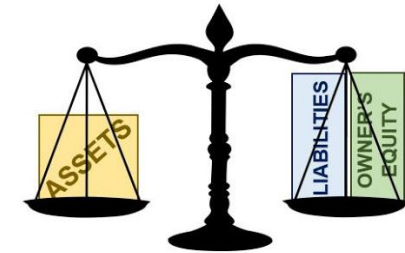


TOOLKIT- CALCULATING CASH FLOW: BALANCE SHEET

ANY COMPANY, USA		
Balance Sheet		
	Year-End	2019
Assets		
Cash	\$56,780	
Accounts Receivable	\$24,163	
Inventory	\$112,345	
Prepaid rent	\$3,671	
Prepaid insurance	\$1,245	
Total Current Assets	\$198,204	
Land/Building	\$542,340	
Equipment	\$72,410	
Vehicles	\$56,700	
Total Fixed Assets	\$671,450	
Total Assets	\$869,654	

Liabilities	
Accounts Payable	\$22,363
Accruals	\$24,510
Other Current Liabilities	\$6,254
Total Current Liabilities	\$53,127
Equipment/Operating loans	\$9,610
Mortgage Loan for Building	\$312,000
Long term Liabilities	\$321,610
Total Liabilities	\$374,737
Net Worth	
Common Stock	\$110,000
Retained Earnings	\$384,917
Net Worth	\$494,917
Total Liabilities + Net Worth	\$869,654

Balance Sheet



It has to balance

TOOLKIT- CALCULATING CASH FLOW: BALANCE SHEET



PRO FORMA BALANCE SHEET													
	STARTING BALANCES	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
ASSETS													
Current Assets													
Cash	\$30,000	\$24,446	\$17,743	\$12,842	\$10,187	\$10,337	\$13,988	\$16,013	\$26,391	\$28,601	\$54,353	\$90,787	\$140,584
Other C	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total C	\$30,000	\$24,446	\$17,743	\$12,842	\$10,187	\$10,337	\$13,988	\$16,013	\$26,391	\$28,601	\$54,353	\$90,787	\$140,584
Long-term Assets													
Long-te	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-te	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000	\$3,500	\$4,000	\$4,500	\$5,000	\$5,500	\$6,000
Total Long-term Assets	\$30,000	\$29,500	\$29,000	\$28,500	\$28,000	\$27,500	\$27,000	\$29,500	\$29,000	\$43,500	\$43,000	\$42,500	\$42,000
Total Assets	\$60,000	\$53,946	\$46,743	\$41,342	\$38,187	\$37,837	\$40,988	\$45,513	\$55,391	\$72,101	\$97,353	\$133,287	\$182,584
LIABILITIES AND CAPITAL													
Current Liabilities													
Account	\$33	\$21,369	\$26,154	\$32,001	\$39,317	\$48,474	\$59,938	\$74,295					
Current	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other C	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Liabilities	\$33	\$21,369	\$26,154	\$32,001	\$39,317	\$48,474	\$59,938	\$74,295					
Long-term Liabilities													
Long-term Liabilities	\$15,000	\$13,750	\$12,500	\$11,250	\$10,000	\$8,750	\$7,500	\$6,250	\$5,000	\$3,750	\$2,500	\$1,250	\$0
Total Liabilities	\$20,000	\$22,567	\$22,845	\$23,507	\$24,646	\$26,383	\$28,869	\$32,404	\$37,001	\$43,067	\$50,974	\$61,188	\$74,295
EQUITY													
Paid-in Capital													
Paid-in Capital	\$77,500	\$77,500	\$77,500	\$77,500	\$77,500	\$77,500	\$77,500	\$77,500	\$77,500	\$77,500	\$77,500	\$77,500	\$77,500
Retained Earnings													
Retained Earnings	\$0	(\$37,500)	(\$37,500)	(\$37,500)	(\$37,500)	(\$37,500)	(\$37,500)	(\$37,500)	(\$37,500)	(\$37,500)	(\$37,500)	(\$37,500)	(\$37,500)
Earning	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Capital	\$77,500	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Total Li Capital	\$37	\$40,988	\$45,513	\$55,391	\$72,101	\$97,353	\$133,287	\$182,584					
Net Worth	\$40,000	\$31,379	\$23,897	\$17,835	\$13,541	\$11,453	\$12,119	\$13,108	\$18,390	\$29,034	\$46,379	\$72,099	\$108,289

- CASH
- A/R's (Accounts Receivable)
- INVENTORY
- COMMON STOCKS/DIVIDENDS
- RENT OR INSURANCE
- LAND/BUILDINGS
- EQUIPMENT, VEHICLES...
- A/P's (Accounts Payable)
- CURRENT LIABILITIES
- LOANS & OTHER LONG TERM LIABILITIES



TOOLKIT-CALCULATING CASH FLOW - PROFIT AND LOSS STATEMENT



Rock Castle Construction	
Profit & Loss	
January 1 through December 15, 2015	
◊ Jan 1 - Dec 15, 15 ◊	
Ordinary Income/Expense	
Income	
40100 • Construction Income	447,537.34
40500 • Reimbursement Income ▶	<u>2,119.80</u> ◀
Total Income	449,657.14
Cost of Goods Sold	
50100 • Cost of Goods Sold	14,766.19
54000 • Job Expenses	<u>165,299.14</u>
Total COGS	<u>180,065.33</u>
Gross Profit	269,591.81
Expense	
60100 • Automobile	6,844.94
60600 • Bank Service Charges	125.00
62100 • Insurance	20,125.09
62400 • Interest Expense	1,995.65
62700 • Payroll Expenses	120,347.21
63100 • Postage	104.20
63600 • Professional Fees	250.00
64200 • Repairs	1,525.00
64800 • Tools and Machinery	2,820.68
65100 • Utilities	<u>2,269.31</u>
Total Expense	<u>156,407.08</u>
Net Ordinary Income	113,184.73

Sally Realtor Properties	
Profit & Loss	
January through December 2015	
Sample Chart of Accounts - Real Estate Agent	
Jan - Dec 15	
Ordinary Income/Expense	
Income	
Commission Income	<u>125,525.00</u>
Total Income	<u>125,525.00</u>
Gross Profit	125,525.00
Expense	
Accounting and Bookkeeping Fees	300.00
Advertising and Promotion	1,745.66
Automobile Expense	18,455.26
Client Closing Costs	41.00
Continuing Education	1,512.00
Contract Labor	350.00
Dues and Subscriptions	2,961.41
Commissions Paid	2,380.00
Internet	504.00
Gifts	289.75
Legal Expense	1,395.00
Meals and Entertainment	1,387.67
Office Supplies	866.61
Postage and Delivery	151.10
Professional Fees	2,625.00
Remax Desk Fees	6,000.00
Supplies	800.11
Telephone Expense	1,087.47
Travel	<u>353.90</u>
Total Expense	<u>43,205.94</u>
Net Ordinary Income	<u>82,319.06</u>
Net Income	<u>82,319.06</u>

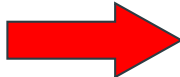
TOOLKIT-CALCULATING CASH FLOW: ANNUAL PRO FORMA OF PROFIT & LOSS



GROSS INCOME

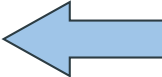


TOTAL EXPENSES



PRO FORMA PROFIT AND LOSS												
	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
SALES	\$11,000	\$13,720	\$17,117	\$21,357	\$26,654	\$33,272	\$41,545	\$51,886	\$64,817	\$80,990	\$101,225	\$126,547
Direct Cost of Sales	\$3,870	\$4,830	\$6,030	\$7,529	\$9,403	\$11,746	\$14,678	\$18,347	\$22,939	\$28,688	\$35,889	\$44,910
Other Costs of Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$3,870	\$4,830	\$6,030	\$7,529	\$9,403	\$11,746	\$14,678	\$18,347	\$22,939	\$28,688	\$35,889	\$44,910
Gross Margin	\$7,130	\$8,890	\$11,087	\$13,828	\$17,251	\$21,526	\$26,867	\$33,539	\$41,878	\$52,302	\$65,336	\$81,637
Gross Margin %	64.82%	64.80%	64.77%	64.75%	64.72%	64.70%	64.67%	64.64%	64.61%	64.58%	64.55%	64.51%
EXPENSES												
Payroll	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
Marketing/Promotion	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Depreciation	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Rent	\$500	\$500	\$500	\$500	\$500	\$500	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Utilities	\$50	\$50	\$50	\$50	\$50	\$50	\$150	\$150	\$150	\$150	\$150	\$150
Insurance	\$200	\$200	\$200	\$200	\$200	\$200	\$400	\$400	\$400	\$400	\$400	\$400
Payroll Taxes	15%	\$2,081	\$2,225	\$2,404	\$2,629	\$2,910	\$3,262	\$4,152	\$4,702	\$5,391	\$6,253	\$7,333
Website Maintenance/Hosting	15%	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Other	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
TOTAL OPERATING EXPENSES	\$19,331	\$19,475	\$19,654	\$19,879	\$20,160	\$20,512	\$25,402	\$25,952	\$26,641	\$27,503	\$28,583	\$29,936
Profit Before Interest and Taxes	(\$12,201)	(\$10,585)	(\$8,567)	(\$8,051)	(\$2,000)	\$1,014	\$1,485	\$7,587	\$15,237	\$24,700	\$38,753	\$51,701
EBITDA	(\$11,701)	(\$10,085)	(\$8,067)	(\$5,551)	(\$2,409)	\$1,514	\$1,965	\$8,087	\$15,737	\$25,299	\$37,253	\$52,201
Interest Expense	\$115	\$104	\$94	\$83	\$73	\$63	\$52	\$42	\$31	\$21	\$10	\$0
Taxes Incurred	(\$3,695)	(\$3,207)	(\$2,598)	(\$1,840)	(\$895)	\$285	\$424	\$2,264	\$4,562	\$7,433	\$11,023	\$15,510
NET PROFIT	(\$8,621)	(\$7,482)	(\$6,063)	(\$4,294)	(\$2,087)	\$666	\$989	\$5,282	\$10,644	\$17,344	\$25,720	\$36,191
Net Profit/Sales	-78.37%	-54.53%	-35.42%	-20.11%	-7.83%	2.00%	2.38%	10.18%	16.42%	21.42%	25.41%	28.60%

NET PROFIT



SCENARIO INTRODUCTION



A handwritten ledger from a business checkbook, tilted at an angle. It lists various transactions with dates, descriptions, and amounts. The entries include:

Date	Description	Amount	Balance
			850.00
9/11	paycheck		806.71
127 9/11	Village Market	43.29	767.96
128 9/11	Tom's Produce	18.75	767.96
11/19/11	Andy's Service	20.00	746.96
9/11	atm withdrawal	21.00	717.01
129 9/13	Software Exchange	29.95	582.12
130 9/15	Village Market	134.84	25.00
9/17	babysitting	25.00	607.12

The process is like using your business checkbook or business bank statement.



CASH FLOW STATEMENT - CASH POSITION



PRO FORMA CASH FLOW

CASH RECEIPTS	
Cash from Operations	
Cash Sales	
Subtotal Cash from Operations	
Additional Cash	
Sales Tax, VAT, HST/GST Received	
New Current Borrowing	
New Other Liabilities (Interest-free)	
New Long-term Liabilities	
Sales of Other Current Assets	
Sales of Long-term Assets	
New Investment	
Subtotal Cash Receipts	
EXPENDITURES	
1	2

PRO FORMA CASH FLOW

CASH RECEIPTS	
Cash from Operations	
Cash Sales	
Subtotal Cash from Operations	
Additional Cash	
1	2

EXPENDITURES	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
Expenditures from Operations												
Cash Spending	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
Bill Payments	\$5,304	\$9,173	\$10,768	\$12,762	\$15,254	\$18,370	\$22,271	\$27,258	\$33,356	\$40,989	\$50,541	\$62,500
Subtotal Spent on Operations	\$15,304	\$19,173	\$20,768	\$22,762	\$25,254	\$28,370	\$35,271	\$40,258	\$46,356	\$53,989	\$63,541	\$75,500
Additional Cash Spent												
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Subtotal Cash Spent	\$16,304	\$20,423	\$22,018	\$24,012	\$26,504	\$29,620	\$39,521	\$41,508	\$62,606	\$55,239	\$64,791	\$76,750
NET CASH FLOW	(\$5,554)	(\$6,703)	(\$4,901)	(\$2,655)	\$150	\$3,652	\$2,024	\$10,378	\$2,211	\$25,751	\$36,434	\$49,797
Cash Balance	\$24,446	\$17,743	\$12,842	\$10,187	\$10,337	\$13,988	\$16,013	\$26,391	\$28,601	\$54,353	\$90,787	\$140,584

Purchase Other Current Assets	\$0	\$0
Purchase Long-term Assets	\$0	\$0
Dividends	\$0	\$0
Subtotal Cash Spent	\$16,554	\$20,423
NET CASH FLOW	(\$5,554)	(\$6,703)
Cash Balance	\$24,446	\$17,743

Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$3,000	\$0	\$15,000	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$16,554	\$20,423	\$22,018	\$24,012	\$26,504	\$29,620	\$39,521	\$41,508	\$62,606	\$55,239	\$64,791	\$76,750

KNOWLEDGE CHECK



Poll question:

Is “Net Profit” the same as “Net Cash Flow”?

A: Yes

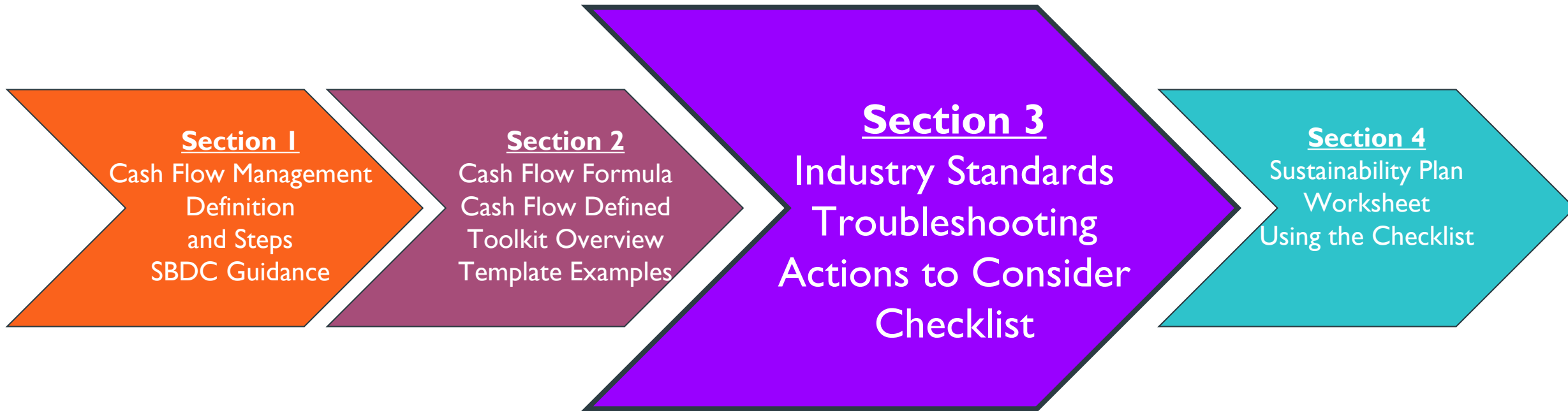
B: No

CASH FLOW TEMPLATE OVERVIEW



CASH FLOW PROJECTION												
	MO 1	MO 2	MO 3	MO 4	MO 5	MO 6	MO 7	MO 8	MO 9	MO 10	MO 11	MO 12
A. Beginning Cash Balance	-											
Cash Receipts												
B. Cash Sales	-	-	-	-	-	-	-	-	-	-	-	-
C. Miscellaneous Income	-											
D. Total Cash Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Cash Disbursements												
E. Purchases: merchandise	-	-	-	-	-	-	-	-	-	-	-	-
F. Labor Expenses	-	-	-	-	-	-	-	-	-	-	-	-
G. Non-Labor Expenses	-	-	-	-	-	-	-	-	-	-	-	-
H. Purchases: Fixed Assets												
I. Total Cash Disbursed	-	-	-	-	-	-	-	-	-	-	-	-
J. NET CASH FLOW:	-	-	-	-	-	-	-	-	-	-	-	-
K. New Debt (2nd Loan)												
L. New Owner investment												
M. Debt-Interest payments												
N. Debt-Principal payments												
O. Adjusted Net Cash Flow (J+K+L-M-N)	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance	-	-	-	-	-	-	-	-	-	-	-	-

SECTION 3 – CASH FLOW INDUSTRY COMPARISON



HOW DOES YOUR BUSINESS MEASURE UP?



What Industry are you in?

NAICS Codes are critical!

<https://www.census.gov/eos/www/naics/>

Indicators to watch for.



COMPARE TO INDUSTRY STANDARDS

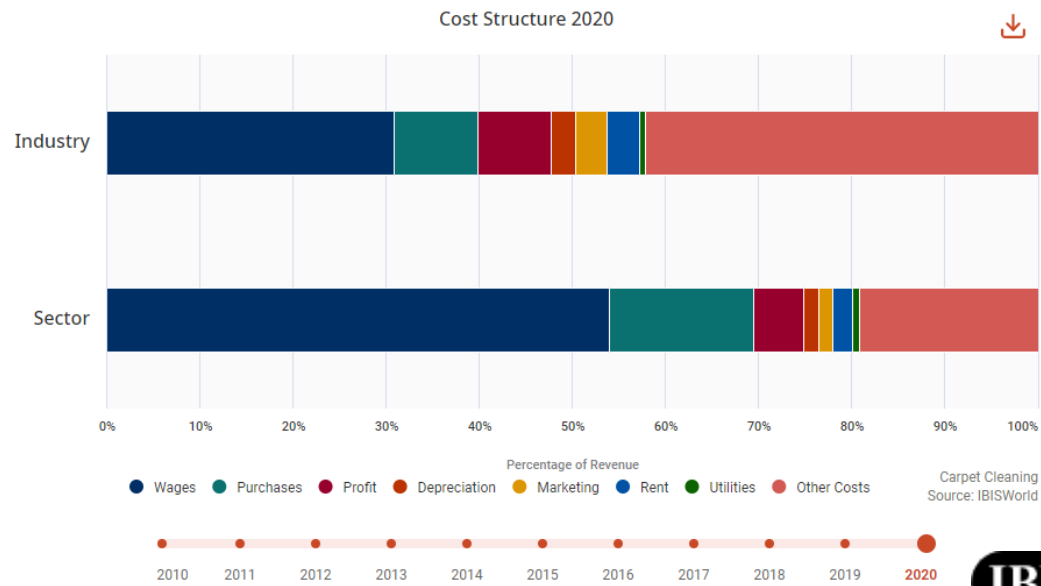


US INDUSTRY (NAICS) REPORT 56174

Carpet Cleaning in the US

Report by: Jared Ristoff | October 2020

Cost Structure Benchmarks



sageworks Industry Data

Industry: 722511 - Full-Service Restaurants
 Sales Range: Yearly sales \$1 Million to \$10 Million
 Location: US - Arizona
 Prepared On: 1/29/2020

INDUSTRY FINANCIAL DATA AND RATIOS

Average by Year (Number of Financial Statements)

Financial Metric	Last 12 Months (1)	2019 (1)	2018 (3)	Last 5 Years (40)	All Years (200)
Current Ratio	-	-	2.86	2.60	2.22
Quick Ratio	-	-	1.55	1.52	1.29
Gross Profit Margin	-	-	70.47%	53.18%	60.46%
Net Profit Margin	-	-	7.45%	1.70%	3.27%
Inventory Days	-	-	12.87	12.19	14.69
Accounts Receivable Days	-	-	0.15	0.63	1.16
Accounts Payable Days	-	-	7.47	13.23	17.09
Interest Coverage Ratio	-	-	10.68	21.23	12.94
Debt-to-Equity Ratio	-	-	0.93	1.20	2.21
Debt Service Coverage Ratio	-	-	8.43	10.18	6.06
Return on Equity	-	-	53.92%	52.96%	39.11%
Return on Assets	-	-	41.62%	25.16%	20.83%
Gross Fixed Asset Turnover	-	-	5.05	3.66	3.55
Sales per Employee	-	-	-	-	\$46,973
Profit per Employee	-	-	-	-	(\$159)

Growth Metric	Last 12 Months (0)	2019 (0)	2018 (5)	Last 5 Years (30)	All Years (117)
Sales Growth	-	-	0.47%	2.45%	4.65%
Profit Growth	-	-	99.61%	18.28%	22.99%



CASH FLOW – CAUSE AND EFFECT



Projected cash in 2020

Month	Projected Cash
Jan 20	\$250K
Feb 20	\$200K
Mar 20	\$100K
Apr 20	\$100K
May 20	\$100K
June 20	\$100K
July 20	\$100K
Aug 20	\$100K
Sept 20	\$100K

Cash at year's end: \$800K

Accounts receivable

Adjust assumptions for individual revenue streams

Sales on credit [?]

Days to get paid [?]

Accounts payable

Adjust assumptions for individual regular expenses

Purchases on credit [?]

Days to pay [?]

Inventory ON

Months to keep on hand [?]

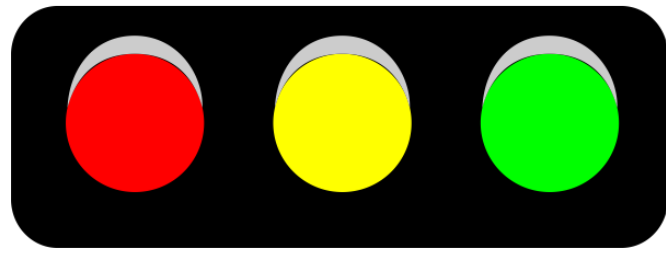
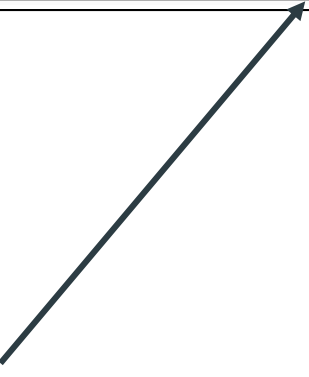
TROUBLESHOOTING: WHICH INDICATORS TO LOOK FOR



	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
NET CASH FLOW	(\$5,554)	(\$6,703)	(\$4,901)	(\$2,655)	\$150	\$3,652	\$2,024	\$10,378	\$2,211	\$25,751	\$36,434	\$49,797
Cash Balance	\$24,446	\$17,743	\$12,842	\$10,187	\$10,337	\$13,988	\$16,013	\$26,391	\$28,601	\$54,353	\$90,787	\$140,584

\$24,446
-\$ 6,703

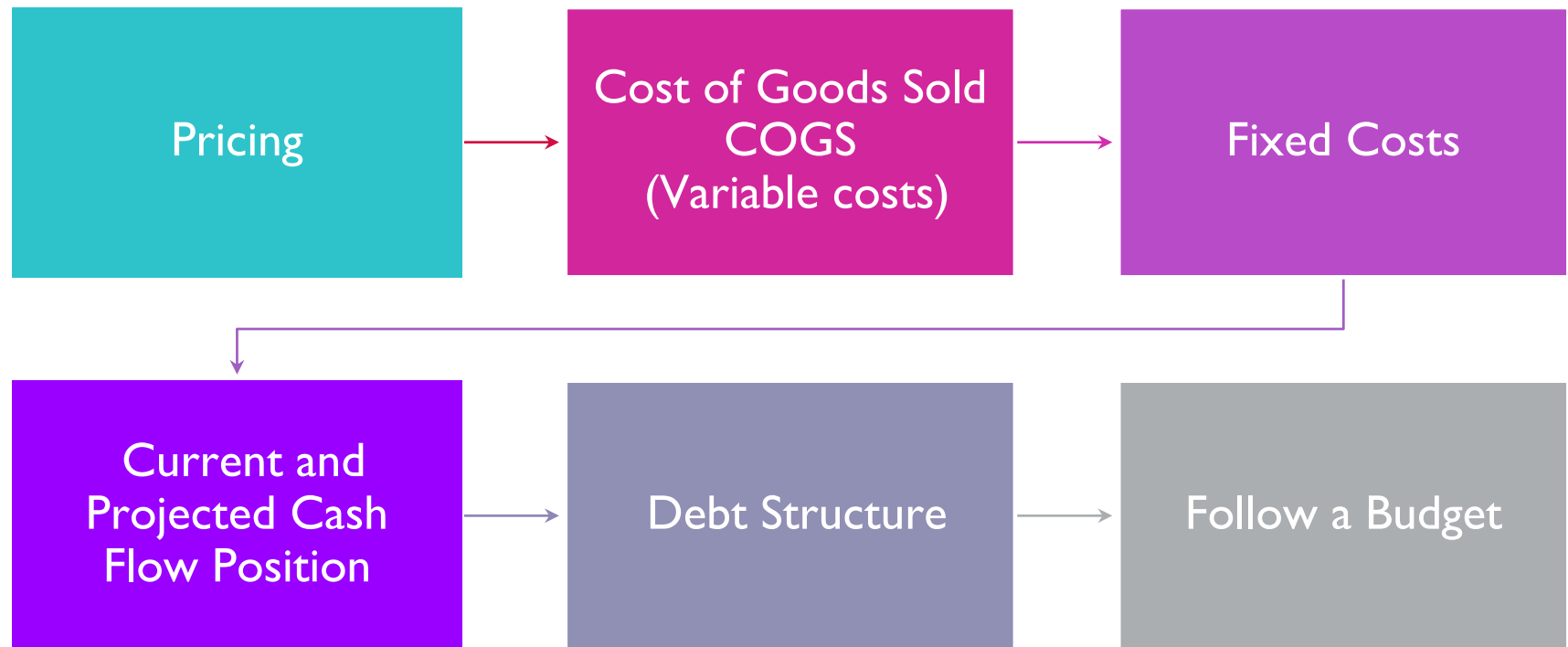
\$17,743



CASH FLOW – ACTIONS TO CONSIDER



Actions to take to uncover potential cash in your business.



NEXT STEPS – DEVELOP ACTION PLAN AND TRACK RESULTS



B1.11

OPERATIONS /Financials

DECISION SHEET
v2.2.1

Job to be done
Growth puts pressure on a company's liquidity but several initiatives can create a better cash flow.

By improving the cash flow, we get more available funds that we can use for making the company grow.

How to do it
Start by getting an overview of the listed ways to create a better cash flow in the company.
Continue by ticking off how useful you think each initiative is.
Finish by describing how to carry out the initiatives to create a better cash flow.

Next Step

- Schedule time to carry out the various initiatives.
- Delegate the tasks to your employees.
- Draw up a budget for the initiatives.

Licensed to: _____

Developed by:

Cash Management

Find ways to create better short-term and long-term cash flows

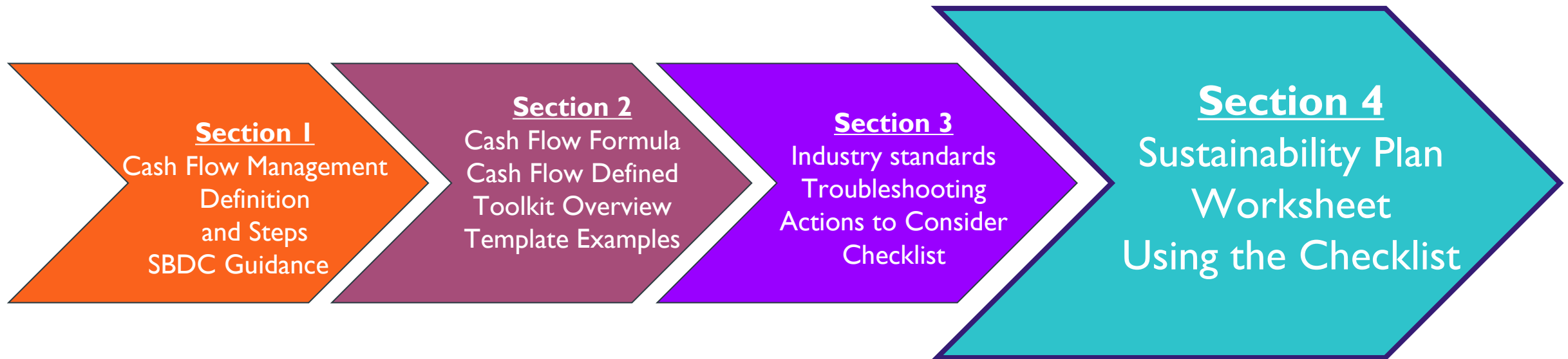
CATEGORY	WAYS TO CREATE BETTER CASH FLOW	USEFUL			HOW TO CARRY OUT THE INITIATIVES
		1	2	3	
Debtors	Shorten terms of payments				
	Convert to digital invoicing				
	Introduce advance payments				
	Improve reminder procedures				
	Introduce interest payments on overdue receivables				
Creditors	Offer cash discounts for immediate payments				
	Extend terms of payment				
	Make installment agreements with creditors				
	Make installment agreements with tax authorities				
Inventory	Bring down costs and spending				
	Cut current inventory levels				
	Make smaller order sizes to suppliers				
	Reduce minimum inventory for re-orders				
Tied-up capital	Get higher revenue rate				
	Reduce inventory through consignment				
	Sell assets				
Loans	Take loans against assets				
	Leasing of production equipment, inventory or cars				
	Get granted an overdraft				
	Take out loan from bank				
Raising capital	Get loan from personal contacts				
	Make factoring deal				
	Negotiate extension on bank loan payments				
	Loans from inventory holders				
	Capital injection from investors				

Date: _____ Name: _____ Company: _____



CATEGORY	WAYS TO CREATE BETTER CASH FLOW	USEFUL		
		1	2	3
Debtors	Shorten terms of payments			
	Convert to digital invoicing			
	Introduce advance payments			
	Improve reminder procedures			
	Introduce interest payments on overdue receivables			
Creditors	Offer cash discounts for immediate payments			
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	Negotiate extension on bank loan payments			
	Loans from inventory holders			
	Capital injection from investors			

SECTION 4 – YOUR NEXT STEPS



INCORPORATING CASH FLOW TOOLS INTO MANAGING YOUR BUSINESS



Year: _____ (Cash Basis)	BAU Total Cash Inflows	\$19,300	\$18,100	\$51,755	\$89,100	\$93,135	\$77,510	\$30,570	\$5,180	\$9,730	\$26,005	\$9,635	\$33,005	-\$295,915
Income Statement:	BAU Total Cash Available	-\$12,500	-\$17,100	-\$42,700	-\$60,500	-\$31,300	\$25,300	\$71,700	\$57,400	\$36,000	\$36,000	\$18,200	\$30,400	\$90,600
BAU Total Cash Sales & Cash Rec'd	Stress Total Cash Inflows	-\$19,300	-\$18,100	-\$51,755	-\$89,100	-\$93,135	-\$77,510	-\$30,570	\$5,180	\$9,730	\$26,005	\$9,635	\$33,005	-\$295,915
Select Stress Level: 5% Down = .05	Stress Total Cash Available	-\$12,500	-\$17,100	-\$50,755	-\$88,100	-\$92,135	-\$76,510	-\$29,570	\$6,180	\$10,730	\$27,005	\$10,635	\$34,005	-\$295,915
Stress Cash Sales & A/R Rec'd	Cash Outflows:													
BAU Cost of Goods Sold	All non-Operating Cash Paid Out	\$7,000	\$22,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$6,000	\$3,000	\$3,000	\$90,000
Select Stress Level: 5% Up = .05	BAU Ending Cash Balance	-\$19,500	-\$39,100	-\$49,700	-\$67,500	-\$38,300	\$18,300	\$64,700	\$50,400	\$29,000	\$30,000	\$15,200	\$27,400	
Stress Cost of Goods Sold	Stress Tot. Cash Outflows	\$7,000	\$22,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$6,000	\$3,000	\$3,000	\$90,000
	Stress End. Cash Balance	-\$19,500	-\$39,100	-\$57,755	-\$95,100	-\$99,135	-\$83,510	-\$36,570	-\$820	\$3,730	\$21,005	\$7,635	\$31,005	
	BAU Minimum Loan Req'd. @ \$1K	\$20,500	\$40,100	\$50,700	\$68,500	\$39,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$219,100
BAU Gross Profit	Memorandum - Loan Balances:													
Stress Gross Profit	BAU Loans Req'd - Line 48	\$20,500	\$40,100	\$50,700	\$68,500	\$39,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$219,100
Cash Operating Expense	Less: BAU ST & LT Pay'ts. Made	\$0	\$0	\$0	\$0	\$0	\$17,300	\$63,700	\$49,400	\$28,000	\$29,000	\$11,700	\$20,000	\$219,100
Select Stress Level: 5%	BAU Loan Cumulative	\$20,500	\$60,600	\$111,300	\$179,800	\$219,100	\$201,800	\$138,100	\$88,700	\$60,700	\$31,700	\$20,000	\$0	\$0
Stress Operating Expense	Stress Loan Required - Line 50	\$20,500	\$40,100	\$58,755	\$96,100	\$100,135	\$84,510	\$37,570	\$1,820	\$0	\$0	\$0	\$0	\$439,490
	Less: Stress Loan Pay'ts. Made	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,730	\$20,005	\$6,635	\$30,005	\$59,375
	Stress Cumulative Loan Req'd	\$20,500	\$60,600	\$119,355	\$215,455	\$315,590	\$400,100	\$437,670	\$439,490	\$436,760	\$416,755	\$410,120	\$380,115	\$380,115
BAU Cash NI Before Tax	Memorandum - Retained Earnings													
Income Tax Paid (Optional)	Beginning Retained Earnings	\$150,000	\$130,700	\$112,600	\$68,900	\$7,400	-\$24,900	-\$600	\$70,100	\$126,500	\$161,500	\$196,500	\$213,700	
BAU Cash Net Income After Tax	BAU Retained Earnings - Month End	\$130,700	\$112,600	\$68,900	\$7,400	-\$24,900	-\$600	\$70,100	\$126,500	\$161,500	\$196,500	\$213,700	\$240,600	
Stress NI Before Tax	Stress Retained Earnings - Month End	\$130,700	\$112,600	\$60,845	-\$28,255	-\$121,390	-\$198,900	-\$229,470	-\$224,290	-\$214,560	-\$188,555	-\$178,920	-\$145,915	
Income Tax Paid (Optional)	Memo - Ret Earn Cover/Expenses													
Stress Net Income After Tax	BAU # of Months RE/Exp. Coverage	5.11	4.40	2.69	0.29	-0.97	-0.02	2.74	4.94	6.31	7.68	8.35	9.40	
	Stress # of Months/RE Exp. Cover	5.11	4.40	2.38	-1.00	-4.31	-6.76	-7.79	-7.62	-7.62	-6.70	-6.35	-5.43	
BAU YTD NIAT Results	Recommendations:													
STRESS YTD NIAT Results	Recommended Cash Balance	\$153,600												
	Recommended Retained Earnings	\$307,200												

CASH FLOW CHECKLIST



CATEGORY	WAYS TO CREATE BETTER CASH FLOW	USEFUL		
		1	2	3
Debtors	Shorten terms of payment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Convert to digital invoicing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Introduce advance payments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Improve reminder procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Introduce interest payments on overdue receivables	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Offer cash discounts for immediate payments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Creditors	Extend terms of payment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Make installment agreements with creditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Make installment agreements with tax authorities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Tighten down costs and spending	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Inventory	Cut current inventory levels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Make smaller order sizes to suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduce minimum inventory for re-orders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Get higher revenue rate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduce inventory through consignment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tied-up capital	Sell assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Take loans against assets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Leasing of production equipment, inventory or cars	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Loans	Get granted an overdraft	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Take out loan from bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Get loan from personal contacts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Make factoring deal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Negotiate extension on bank loan payments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Raising capital	Loans from inventory holders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Capital injection from investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



How does the SBDC support business owners with their cash flow?

- Review P & L, Balance Sheet, Bank statements
- Provide feedback
 - ◆ assist in identifying issues and opportunities
 - ◆ spotting trends
- Guidance with an action plan
 - ◆ to overcome obstacles
 - ◆ create a positive cash position
 - ◆ assist with sustainability planning

REQUEST SBDC COUNSELING SERVICES



480.784.0590



COVID-19 UPDATES AND RESOURCES REQUEST COUNSELING NEW BUSINESSES EXISTING BUSINESSES
TRAINING SUCCESS STORIES SERVICES BLOG CONTACT

<https://www.maricopa-sbdc.com/>



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Please register in order to receive **free, confidential** business advice from our advisors. Registration is fast, easy, and free.

Our business counseling services are:

- **Effective** - We have years of experience helping small businesses succeed
- **Confidential** - All our clients, their businesses, and related information are kept strictly confidential - we will not sell or provide your information to anyone without your permission.
- **Free** - Our business counseling services are provided free of charge to businesses and entrepreneurs

Enter your email address and click *Continue*.

Email Address

Email address is used as your unique id

Continue



Q & A's



SPEAKER INTRODUCTIONS



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