



The Importance of Cashflow

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Cash is Good –

*co-opted & altered from
Dr Richard Green*

Introduction

- ▶ My Brief background
- ▶ I want this presentation to be interactive and hope you get something tangible out of it
- ▶ Why did you decide to come to this presentation?
- ▶ What do you hope to learn or take away from today?

Why did we choose this topic?

- ▶ Poor cash management or understanding are top issues as to why small/fast growing companies fail - as unfortunately too many companies learned this past year
- ▶ Good Fiscal Management
 - ▶ Is Critical for success;
 - ▶ Is a sign the company has Good Management (which is helpful when trying to raise more money or selling);
 - ▶ Gives comfort to all stakeholders; and
 - ▶ Forces managers to really understand their business
 - ▶ To name a few reasons...
- ▶ Managing Cashflow can be very easy, IMO

Why can I give this presentation?

- ▶ Responsible for Cash, Budgeting and Forecasting for 20 years at companies ranging from \$1 million to \$450 million
- ▶ Made it through a world-wide pandemic, the 2008/2009 financial crisis, special asset group with a bank and have helped two very different companies sell, under two very different circumstances

Creating a Cashflow Model

- ▶ Must start with a budget – monthly preferable, something to verify forecasted cash spending against
- ▶ Create a monthly cashflow for the year – helps to see high level need for cash
- ▶ Then create a 13-week rolling cashflow model (commonly asked for by banks, investors)

13 Week Cashflow

- ▶ Review Model

Maintaining the Model – *that's the “hard” part*

- ▶ Need to make it a priority; it can get away from you quickly
- ▶ But this is true for any process

Why is Maintaining a Priority?

- ▶ Will help you to never make promises you can't keep
- ▶ Helps to keep transparency with investors, bankers.
- ▶ Shows you have control of your company and are good fiscal stewards (which helps if you need to ask for more capital)
- ▶ NO ONE likes surprises in business!
- ▶ Will help with budgeting as you will have detailed knowledge of your operations

But what if you know you need more Cash?

- ▶ Let's talk about various capital options – and the pros & cons from my experience
 - ▶ Organic
 - ▶ Solo Owner
 - ▶ Investors
 - ▶ Friends/Family; PE, Venture...
 - ▶ Banks – Traditional
 - ▶ Equity vs Debt

Any Additional Questions

- ▶ Review Reasons everyone came to this presentation
- ▶ Any other questions/comments
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