THE IMPORTANCE OF CASHFLOW

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Introduction

- Brief background

- I want this presentation to be interactive and hope you get something tangible out of it

- Why did you come to this presentation?

- What do you hope to learn or take away from today?
Poor cash management is one of the top issues as to why small/fast growing companies fail.

Good Fiscal Management is critical for success and is a sign of Good Management (which is helpful when trying to raise more money or sell). Gives comfort to all stakeholders.

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 2008/2009, special asset group and got to a sale with a coal-focused international construction company

- Most recently with a tech company doubling in revenue & people YOY and then sold at a premium (29 to 229 people in 2 yrs)
Creating a Cashflow Model

- Must start with a budget – monthly preferable, something to verify forecasted cash spending against

- Can then do a monthly cashflow for the year – helps to see high level need for cash

- But we are going to focus on the 13-week rolling cashflow model (commonly asked for by banks, investors)
13 Week Cashflow

- Tepper 13 week Cashflow.xlsx
Maintaining the Model – the “hard” part

- Need to make a priority; it can get away from you quickly

- Reconcile & Update weekly
  - Weekly bank reconciliation
  - Can update AP when entering new invoices and when paying
  - Can update AR when cash is received and new invoices created
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
Any Additional Questions

- Review Reasons everyone came to this presentation
- Any other questions/comments
- I can provide this spreadsheet to anyone who would like to have it as a starting point