



SKR+CO WEBINAR SERIES

APR 14 | Business Resources, Cash Flow + Financial Analysis



Welcome + Webinar Tips



Marjorie Noleen

Marketing + Client
Relations Director

Webinar Facilitator

- Attendees are in listen-only mode.
- CPE Credit
- Handouts are available.
- Questions:
 - Post using the question function.
 - We will pause to answer questions periodically.
 - You may also email questions to communications@skrco.com
 - There will be time for questions at the end as well.
- Webinar is being recorded.

Agenda



SKR+CO and Coronavirus Updates



SBDC Executive Director Welcome



Business Disruption Cash Flow



Strategic Financial Planning



Updates and Discussion

Stockman Kast Ryan + Company



- Business + Individual Tax
- Audit + Assurance
- Bookkeeping + QuickBooks
- Interim CFO Services
- Estate + Trust Planning
- Litigation Support
- Business Advising
- Business Valuations

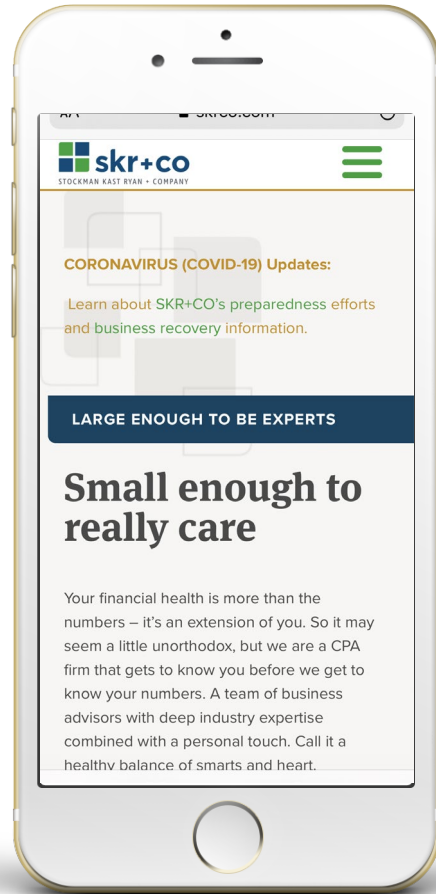
**A TOP ACCOUNTING FIRM,
MOUNTAIN REGION**

Accounting Today
2017, 2018, 2019, 2020

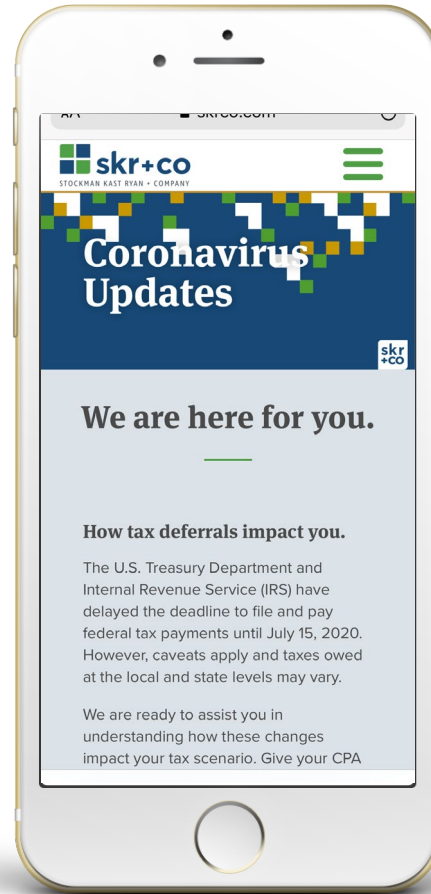
Committed to This Community



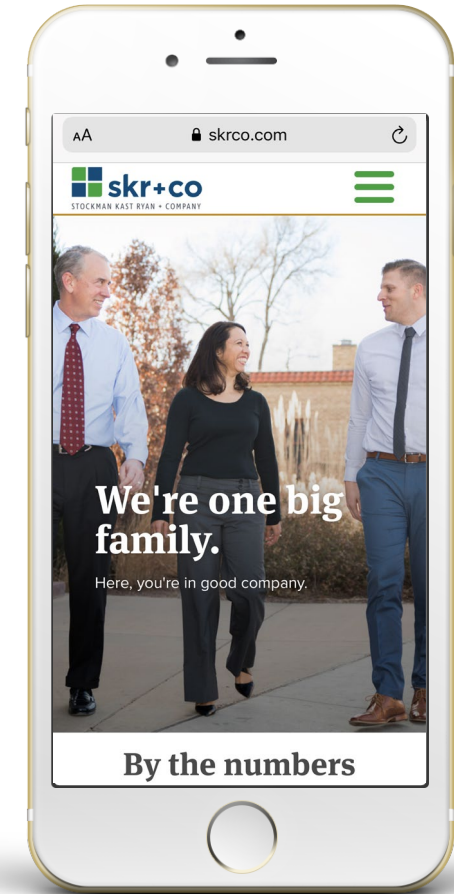
SKR+CO and Coronavirus Updates



Communication
Channels



Coronavirus
Updates



SKR+CO
Operations

Today's Speakers



**Aikta
Marcoulier**

SBDC Executive
Director



**Jordan
Empey, CPA**

Tax
Partner



**Brian
Mena**

Financial Planning &
Analysis Manager

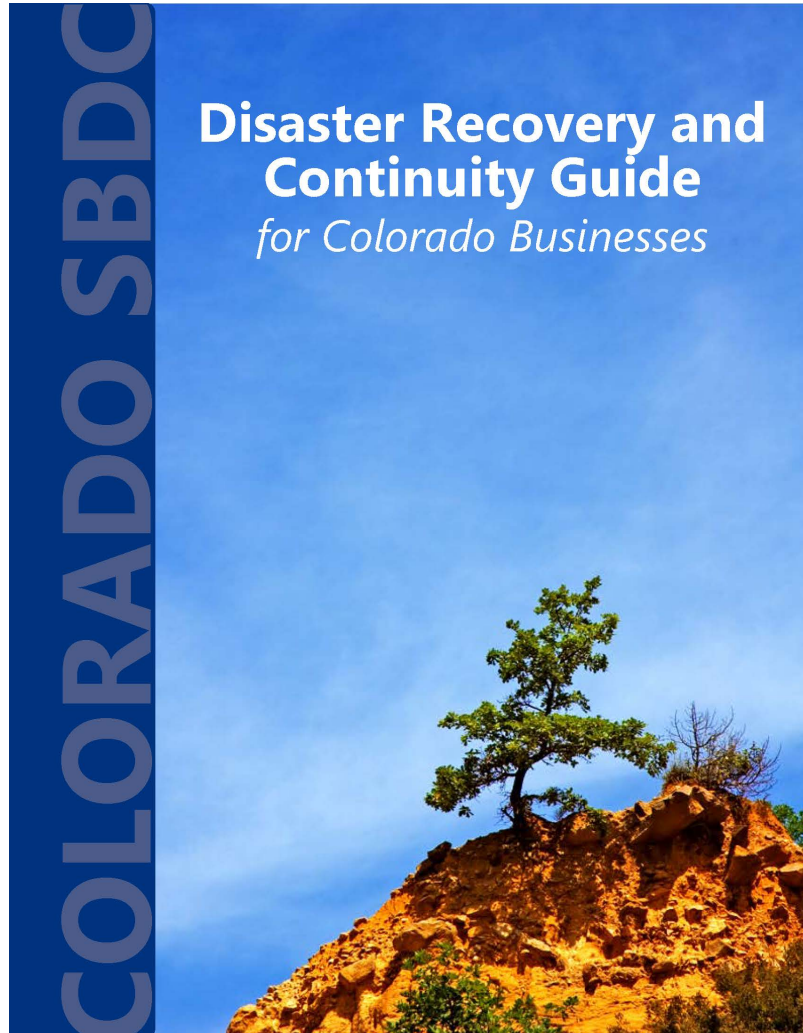




Small Business Development Center

Aikta Marcoulier, MBA

Pikes Peak SBDC Update



- SBA vs. SBDC – How we work together
- Community role and services
- Current resources and website



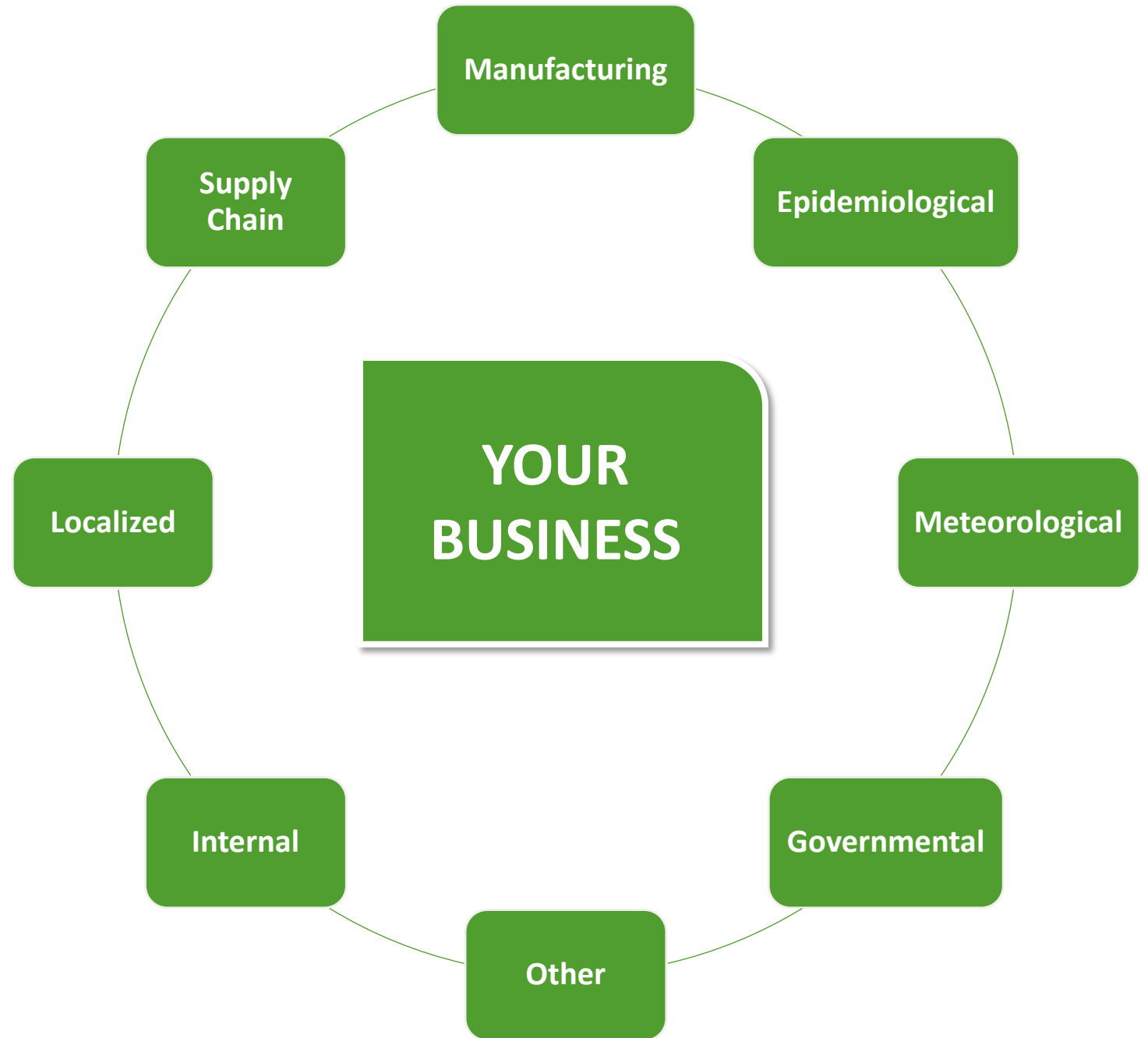


Business Disruption — Mitigation and Recovery Strategies

Presented By: Brian Mena

Types of Business Disruption

Business disruption is an **internal** and **external** experience.



The Impact of Business Disruption



- Revenue
- Outstanding receivables
- Supply
- Unexpected expenses
- Increased customer payment default
- Decline in customer satisfaction
- Missed debt payments
- Business shut down/closure

Mitigating Disruption



1. Identify and collaborate with key stakeholders
2. Define a **Business Impact Analysis (BIA)**
3. **Build Mitigating Business Disruption Plan (MBDP)**
4. Work your strategic recovery plan

Breakthrough Disruption

Non-Disruptive Environment

Every business should have a well-defined strategic plan supported by base line assumptions on the market and competitive landscape that drives increased enterprise value.

In a **disruptive** environment, it is vital to:

- **Shake-up**, if not throw out, the baseline assumptions
 - Redesign, or rethink, new assumptions
 - Ensure the resiliency of operational and financial targets
- **Educate** yourself on the government response
 - Stimulus efforts
 - Regulatory (Executive Orders, Mandates, etc.)
- **Create** a rapid response team
- **Develop** an immediate crisis management plan
 - Remove chokepoints
 - Focus on operational and financial critical functions
 - Understand existing + additional disruptions and consequences
 - Define + prioritize strategic actions and mitigation efforts

A woman with long dark hair, wearing a white button-down shirt and a watch, is seated at a desk in a modern office. She is looking down at a document on the desk, with her hand resting on it. The desk is cluttered with various items: a laptop, a keyboard, a mouse, a white mug, and a small potted plant. In the background, there are several computer monitors displaying data and charts. The office has large windows that let in natural light, creating a bright and airy atmosphere. The overall image has a blue tint.

Cash Flow – Focus on the Stream

Presented by: Brian Mena

Cash Management



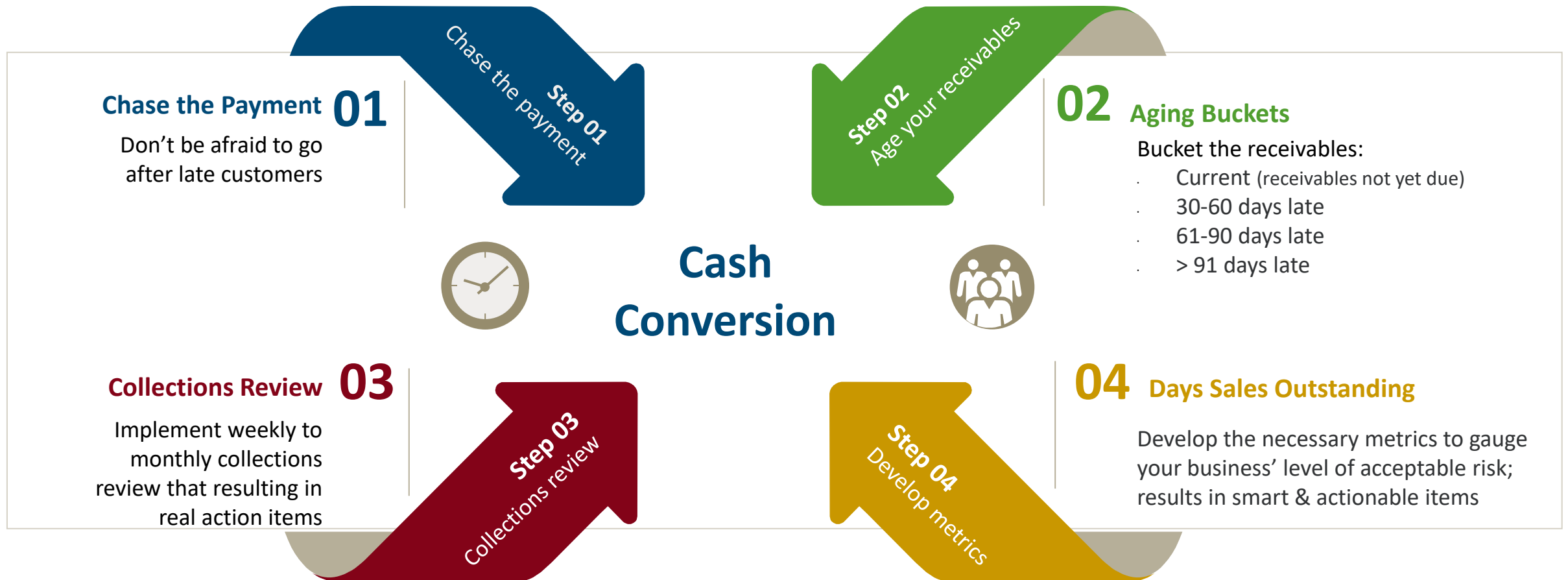
In uncharted territories, like today's COVID-19, the uncertainty that surrounds **liquidity and solvency** should drive a business to an immediate need for greater visibility.

- Implement a heightened sense of focus on strategic efforts and processes that improve cash in-flow.
- In disruptive environments, standard performance metrics such as **financial margin percentages** may not apply.
 - In a declining revenue environment, margin expectations hold less water as a key performance indicator (KPI). Instead it should become more of an actionable item.
- The focus will need to shift toward **strategic cash management**.

Strategic Invoicing Opportunities

Increase	Submit	Utilize	Set up	Understand	Manage
Increase invoicing speed by implementing standard, streamlined templates	Submit invoices electronically	Utilize technology (smart phone capabilities)	Set up friendly customer reminders when payment is near due	Understand the frequency to bill	Manage new agreements on payment terms

Strategic Receivables Management Opportunities



Inventory Management & Cost/Overhead Control

INVENTORY MANAGEMENT

- Strategically reduce or drive to lower inventory on hand.
- Implement inventory metrics:
 - Days of Inventory on Hand = $(\text{Average annual inventory} / \text{annual COGS}) * 365$
 - Inventory Turnover = $\text{COGS} / \text{Avg Inventory}$
- Tie your purchases to your monthly budget/forecast or Short-Range Plan.

COST/ OVERHEAD CONTROL

- Assess opportunities in strategic spending.
- Execute with cost of goods sold and with general overhead.
 - Can I purchase my supplies at a better cost?
 - Can I find lower logistical costs such as considering co-loading transport rather than LTR?
 - Should I buy versus lease?
 - Can I sustainably delay a spend without impacting the final product/service/customer satisfaction?
- Identify when the last time strategic cost purchasing was assessed.

Colorado Springs General Business, Inc.
Weekly Cash Flow Projection
Week of: 3.30.2020

Available Funds	\$ 500,000
Receipts	
Check Payment	30,000
Conversion of AR	150,000
Other Sources	-
Total Receipts	180,000
Disbursements	
Payroll	85,000
A/P Paydown	58,000
Distributions	-
Other	-
Total Disbursements	(143,000)
Cash Excess/ (Shortfall)	537,000

Outstanding

	Receivables	Payables
Current	150,000	(80,000)
1-30	45,000	(22,000)
31-60	56,000	(10,000)
61-90	22,000	-
>90	2,500	-
Total	275,500	(112,000)

Colorado Springs General Business, Inc.
Weekly Cash Flow Projection
Week of: 4.06.2020

Available Funds	\$ 537,000
Receipts	
Check Payment	15,000
Conversion of AR	78,000
Other Sources	-
Total Receipts	93,000
Disbursements	
Payroll	-
A/P Paydown	37,000
Distributions	-
Other	-
Total Disbursements	(37,000)
Cash Excess/ (Shortfall)	593,000

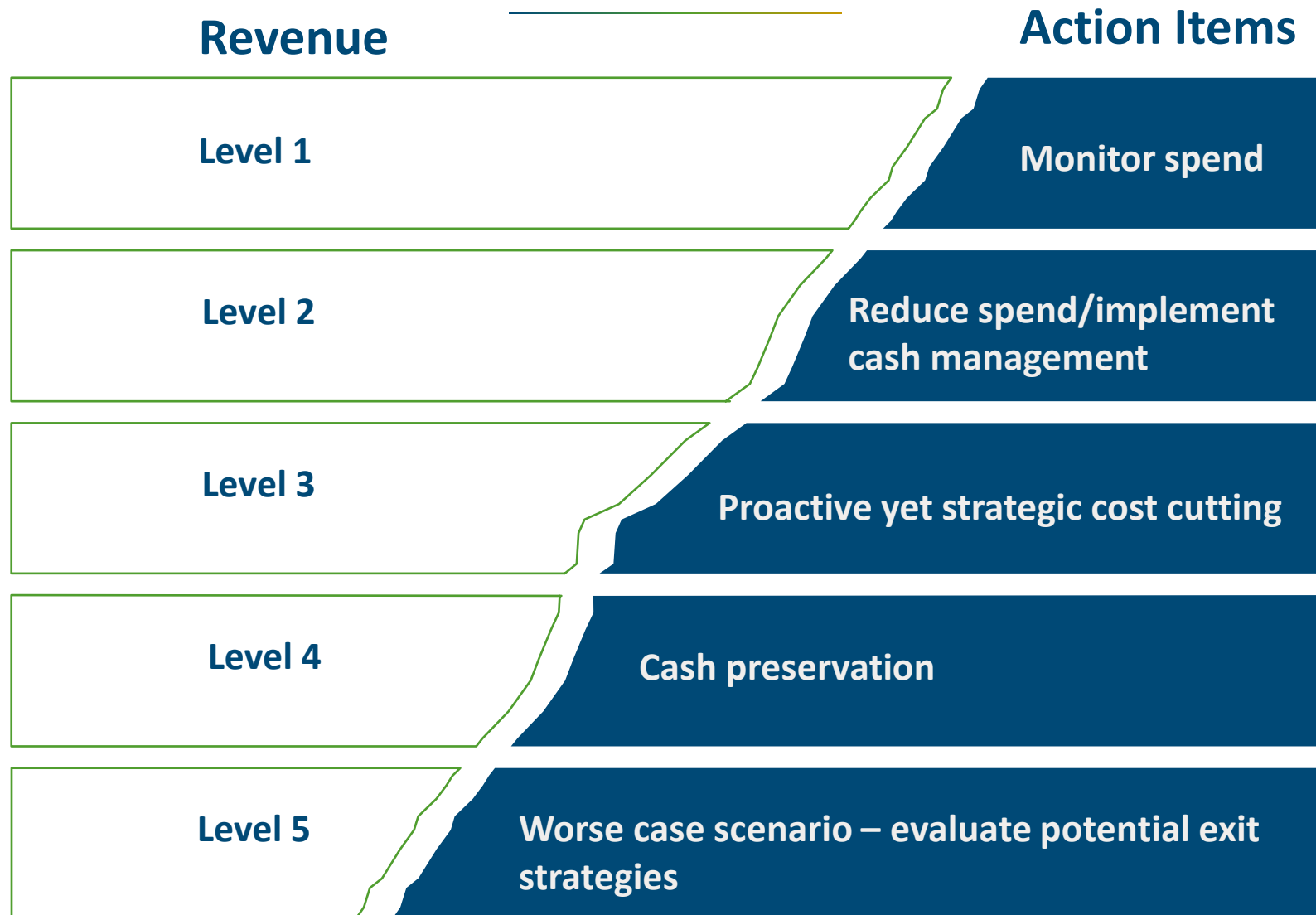
Outstanding

	Receivables	Payables
Current	135,000	(60,000)
1-30	60,000	(15,000)
31-60	-	-
61-90	-	-
>90	2,500	-
Total	197,500	(75,000)

Extended Cash Flow Visibility

- Design, Develop and Implement a weekly cash forecast position.
- In non-disruptive environment, a two-to three-week outlook will suffice.
- Typically backed up with an end of month cash flow outlook during Monthly Operational Reviews (MOR).
- In a disruptive environment, every business should extend the weekly forecast beyond 8-10 weeks.
- Visibility provides views on:
 - Cash in the door (cash/checks)
 - Cash conversion (AR)
 - Payroll
 - Payable paydown
 - Outstanding AR and AP

Risk Levels





Strategic Business Financial Planning — Preparing for the Future

Presented by: Brian Mena

Financial Outlooks



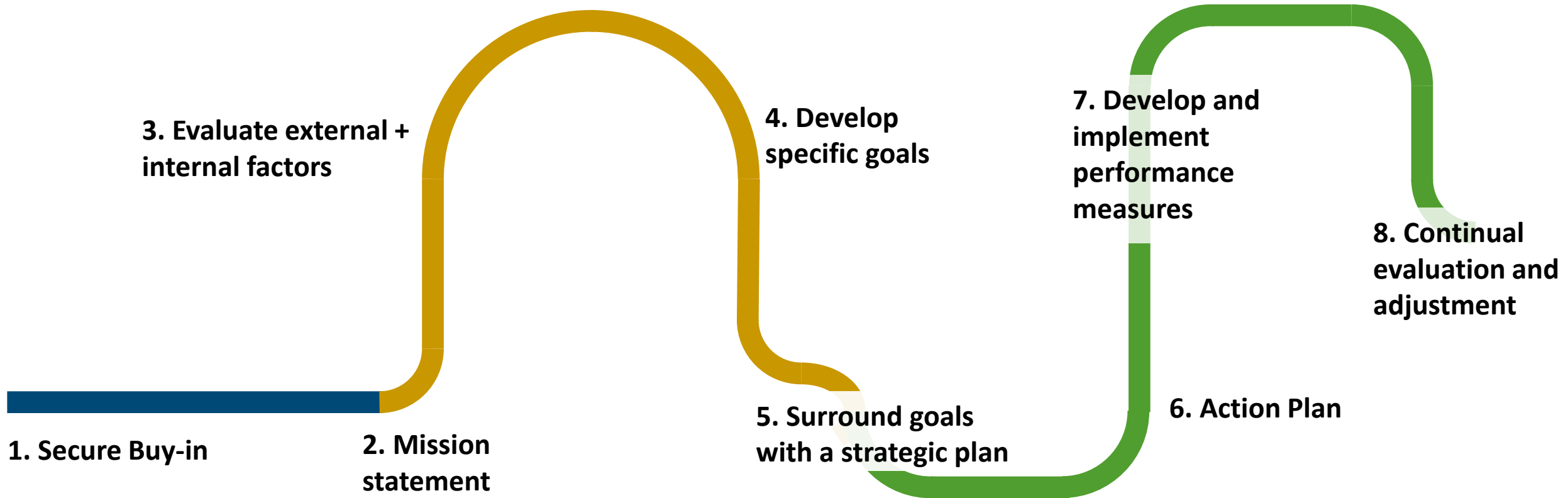
- All financial outlooks are driven by company initiatives.
- At a minimum a 12-month budget should be developed and implemented.
 - Includes developing integrated financial statements that “speak” to each other
 - Executed monthly
 - Prior comparable periods (PCP)
 - Emphasis on the balance of the year expected performance
 - Understand margin leakage
- At a maximum a 2-5-year Long Range Plan (LRP) should be developed.
- In between, develop and adopt an over-arching strategic plan.

Strategic Planning – The Roadmap

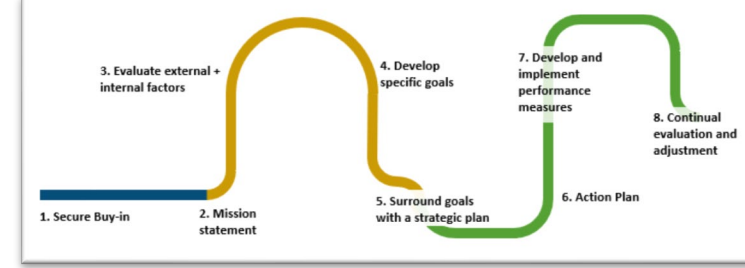
Establishing ground rules

Developing the plan + the tactics

Executing + Evaluating Progress



Strategic Planning – The Roadmap



Establishing ground rules

1. Secure the buy-in

- Acquiring the agreement with the executive team and all relevant stakeholders, Internal & External

2. Mission Statement

- Define your position
 - This is who you are
 - This becomes your guiding principle
 - **“To Do or Not To Do”**

Strategic Planning – The Roadmap



Developing the plan + the tactics

3. Evaluate external + internal factors

- Perform a proper SWOT Analysis
- SW – Internally Focused
 - Production Capacity
 - Labor Availability
 - Internal Intellectual capital
 - OT – Externally Focused
 - Market
 - Competition
 - Supply Chain

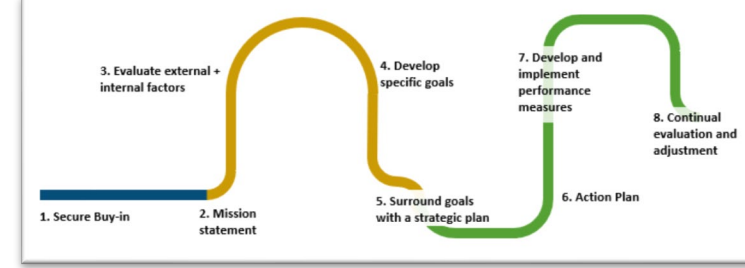
4. Develop specific goals

- Realistic
- Reasonable
- Growth Oriented
 - Avoid the “Lazy” Approach
 - Challenge the business to grow

5. Surround the goals with a strategic plan

- Refines and directs the goals into a specific lane

Strategic Planning – The Roadmap



Executing + Evaluating Progress

6. Action plan

- Roadmaps the tactical execution of how the goals will be attained

7. Develop + implement performance measures

- Creating the guardrails of expectations and the delivery of your goals
- Assigns accountability and ownership
- Streamlines communications
- Prevents cannibalization effects of duplicative, non valued added efforts

8. Continual evaluation + adjustment

- Analytical progress reports that ensures the delivery of the goals
- Anticipation and immediate implementation of corrective behaviour against changes in internal and external environment

A nighttime photograph of a city skyline, likely Salt Lake City, featuring several illuminated skyscrapers and buildings against a dark blue sky. The city lights are visible in the foreground and background.

Coronavirus Updates

Presented by: Jordan Empey, CPA



Poll

- Please take a minute to answer the poll.



Your Tuesday Update



IRS extends more tax deadlines to cover individuals, trusts, estates corporations and others (IRS Notice 2020-66)



HHS payments for health care providers



What we're hearing from business community



Roundtable with SBDC

Upcoming Webinars

APR 28 | Financial Livelihood + CV19 Relief Updates

Presented by Jordan Empey, CPA



Go to skrco.com/client-center/CoronavirusUpdates for post webinar materials.