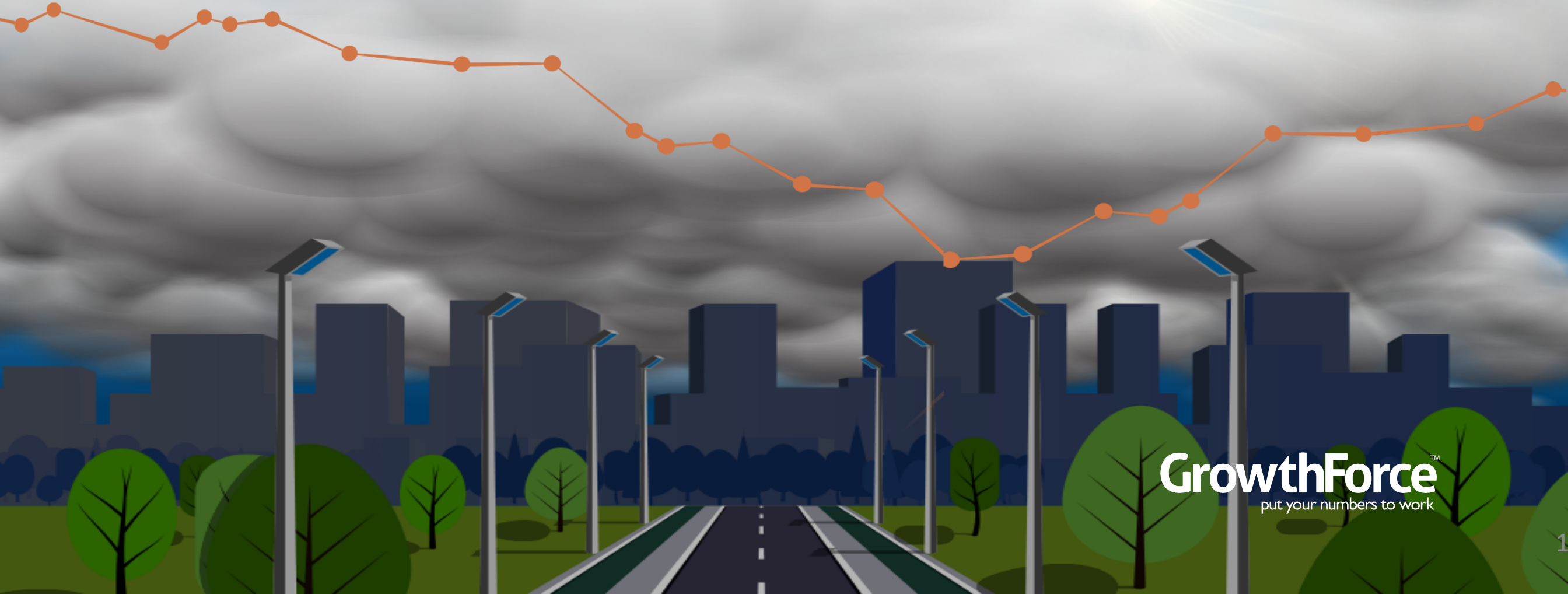


How To Weather the Storm

Five Steps to Help Manage Cash Flow Right Now



GrowthForce[™]
put your numbers to work

Disclaimers & Speaker Bio



UNPRECEDENTED TIME IN HISTORY

A lot is still unknown

USING OUR BEST JUDGEMENT

Sharing what we know

WE ACCEPT NO LIABILITY FROM TODAY

We are sharing info as we get it.

CONSULT YOUR CPA, ATTORNEY & ADVISORS

Everyone's situation is different.

- President & CEO GrowthForce
- Outsourced Bookkeeping & Accounting
- TXCPA Houston Board member
- CPA 35 years
- Been through six recessions

GrowthForceTM
put your numbers to work

Access the TOOLKIT!

www.growthforce.com/EONY



Follow along with our resources map!

EONY Session ToolKit To Help You Take Action



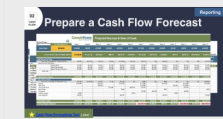
#1 Break Even Calculator

A break-even analysis is a critical part of the financial projections in the business plan for a new business.



#2 Budget Template | Fundera

If you want to be successful, creating and maintaining a proper business budget will be a critical component. Here's a step-by-step guide for how to create a business budget.



#3 Cash Flow Forecasting Tool

Cash Flow Forecasting Tool Download the simple, customizable template in Excel and get a 13-week view of your projected sources and uses of cash.



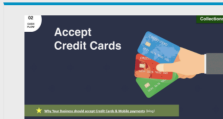
#4 SBA Disaster Assistance

The SBA offers disaster assistance in the form of low-interest loans to businesses, renters, and homeowners located in regions affected by declared disasters.



#4 Video From Ron Lovett, author of *Outrageous Empowerment*

Watch Ron Lovett, author of *Outrageous Empowerment*, explain more on adding an expense line item called COVID-19, and capturing ALL information directly



#5 Why Your Business should accept Credit Cards & Mobile payments

Online and mobile payment options will be a big advantage for your clients and become the superhero for your cash flow management.

The Five-Steps to Take During a Crisis

01

GET THE RIGHT MINDSET

What reality are you facing?

02

BE VIGILANT ABOUT CASH FLOW

Revise your cash flow forecast. Know the facts.

03

CUT 'BELOW THE LINE' COSTS NOW

Cut here first

04

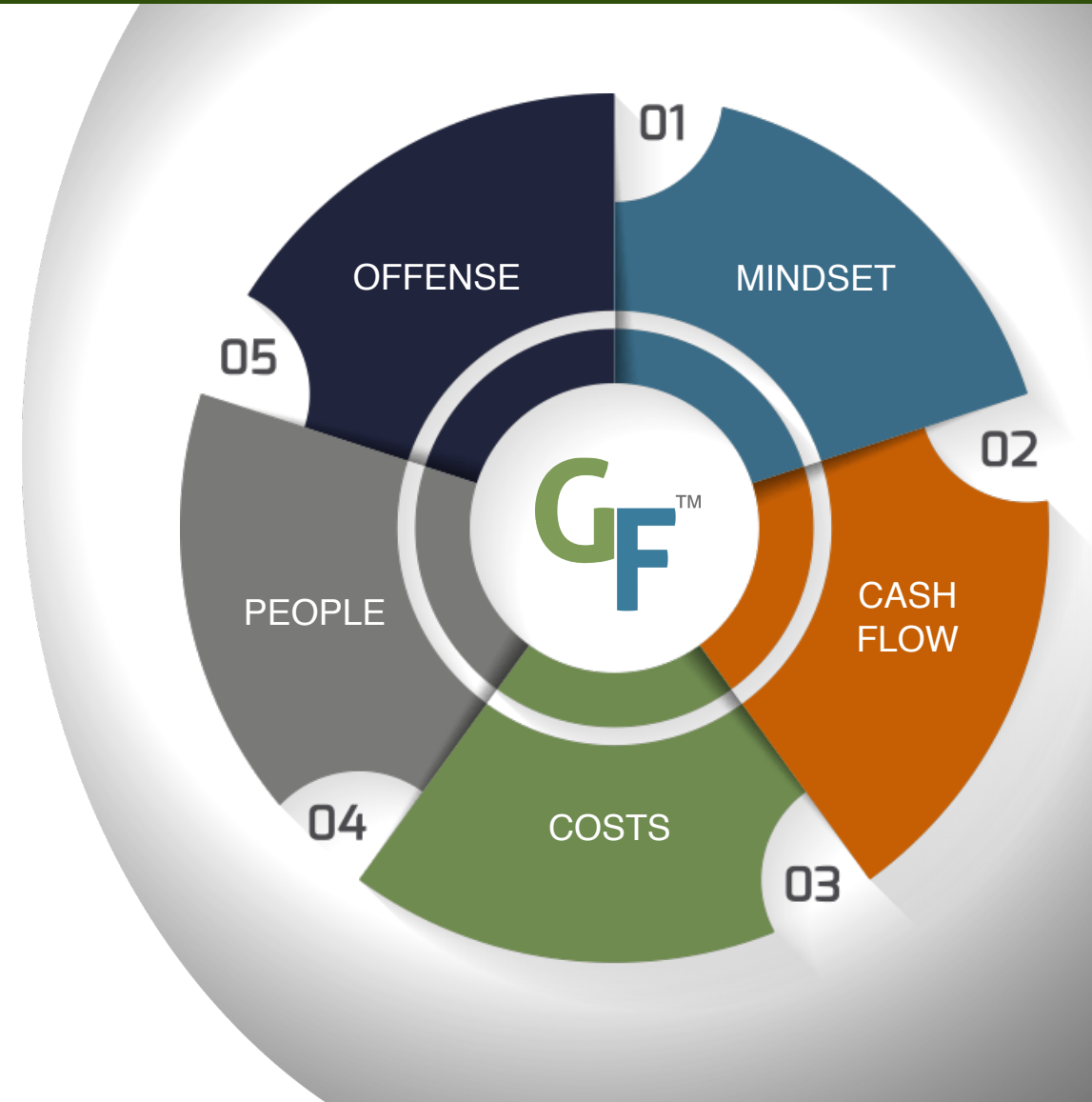
REVIEW 'ABOVE THE LINE' PEOPLE

Who is irreplaceable? Who to furlough?

05

PLAY OFFENSE

Get better by 'sharpening the saw'



01

Get the Right MINDSET

What reality are you facing?

Get the Right MINDSET

1. This **will** pass.
2. Your **health** is your wealth.
3. How bad is it?

There are 3 Scenarios...



How bad is it? ...3 Scenarios

It depends on your Scenario— Which one are you in?

A

SURVIVAL

We may not make it.

- 02) Focus on Cash Flow
- 03) Cut Costs

B

RESTRUCTURE

We'll make it, but need to make hard decisions.

- 02) Focus on Cash Flow
- 03) Cut Costs
- 04) Review People

C

STRENGTHEN

We're ok and want to get stronger.

- 04) Invest in People
- 05) Sharpen the Saw

STEPS TO TAKE

Preparing for the Future – 3 CASES



BEST CASE

- 3 months (June)
- Lose small % of revenue



MID CASE

- 6 months (September)
- Lose 50% of revenue



WORST CASE

- One year (or more)
- Lose 90+% of revenue

Stress Test Your Business Model

How do you find your Break-Even Point?

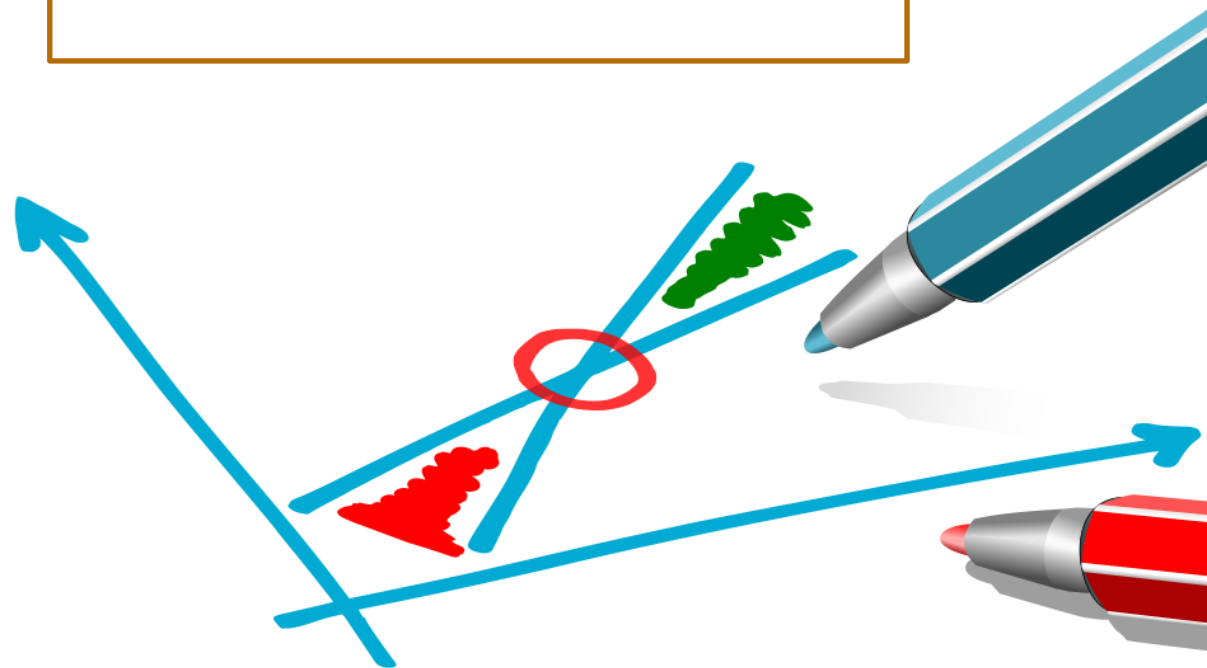
Fixed Costs \$

Contribution
Margin %

=

Break-Even \$

- ★ [Break-Even Analysis tool \(.xlsx\)](#)
- ★ [Budget Template \(fundera.com\)](#)



Ask three questions



02

Be Vigilant About CASH FLOW

Revise your cash flow forecast.
Know the facts.

Cash Flow is about timing...

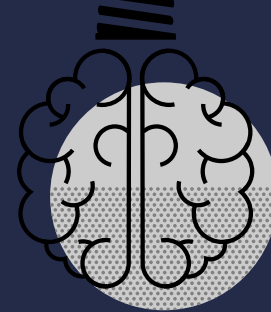
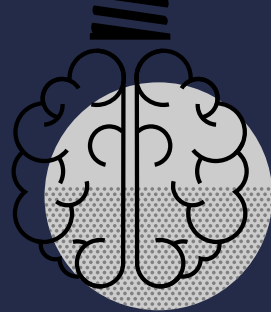
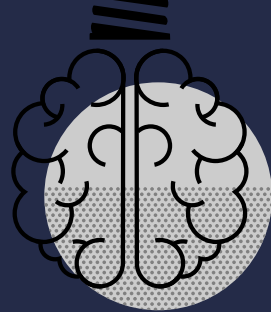
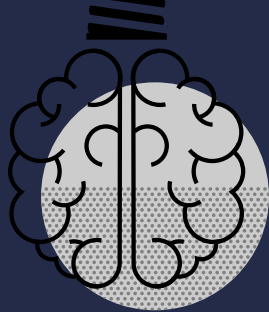
when money flows in and out

Understand the timing of your cash flow during good times and bad.



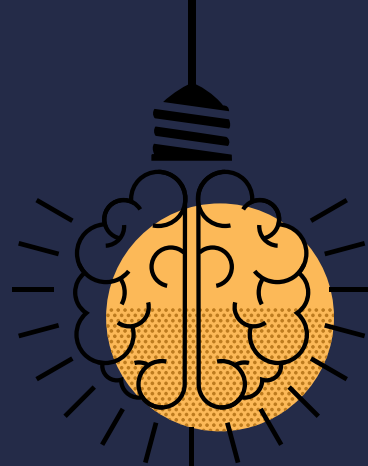
02

CASH
FLOW




Cash Flow Tips

...to help you manage cash flow in your business, during a crisis and beyond.



Prepare a Cash Flow Forecast

		 Projected Sources & Uses of Cash												
Weekly Billings:		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
w/e:	QB bank balance a/o:													
Start Date:	03/30/20	3/30/20	4/6/20	4/13/20	4/20/20	4/27/20	5/4/20	5/11/20	5/18/20	5/25/20	6/1/20	6/8/20	6/15/20	6/22/20
2. Input Qbooks Opening Register Balance:		\$15,000.00	\$11,217.02	\$10,353.54	\$692.79	\$9,541.34	\$14,883.65	\$13,133.65	(\$4,444.10)	\$4,805.90	\$870.18	\$9,370.18	(\$12,354.82)	\$1,895.18
Add: Sources of Cash														
Total from "Forecast AR" Collections Tab		\$5,500	\$14,376	\$8,750	\$9,292	\$13,568	\$4,750	\$4,497	\$0	\$2,500	\$0	\$0	\$0	\$3,750
Sources from Operations														
Total	Project Work	\$7,250	\$7,250	\$7,250	\$7,250	\$7,250	\$7,250	\$7,250	\$7,250	\$7,250	\$7,250	\$7,250	\$7,250	\$7,250
	Recurring Services	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
	Special Support Services	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
	Bank loan													
Total Sources of Cash:		\$19,750.00	\$28,625.50	\$23,000.00	\$23,541.89	\$27,818.00	\$19,000.00	\$18,747.25	\$14,250.00	\$16,750.00	\$14,250.00	\$14,250.00	\$14,250.00	\$18,000.00
Less: Uses of Cash														
Total from "Forecast AP Payments" Tab		\$5,033	\$29,489	\$1,561	\$126	\$2,476	\$0	\$350	\$0	\$686	\$0	\$0	\$0	\$26,652
	Payroll	\$15,250		\$17,250		\$17,250		\$17,250		\$17,250		\$17,250		\$17,250
	Rent Cost			\$13,850				\$13,850			\$5,000	\$13,850		
	Visa Credit Card				\$14,567		\$20,000	\$1,375				\$1,375		
	Bank Fees					\$250				\$250				\$250
	Insurance						\$3,500	\$5,000				\$3,500		
	Vehicle Leases	\$750					\$750				\$750			
	Loan payment	\$2,500				\$2,500				\$2,500				\$2,500
Total Uses of Cash:		\$23,532.98	\$29,488.98	\$32,660.75	\$14,693.34	\$22,475.69	\$20,750.00	\$36,325.00	\$5,000.00	\$20,685.72	\$5,750.00	\$35,975.00	\$0.00	\$46,651.65
Ending Register Balance:		\$11,217.02	\$10,353.54	\$692.79	\$9,541.34	\$14,883.65	\$13,133.65	(\$4,444.10)	\$4,805.90	\$870.18	\$9,370.18	(\$12,354.82)	\$1,895.18	(\$26,756.47)

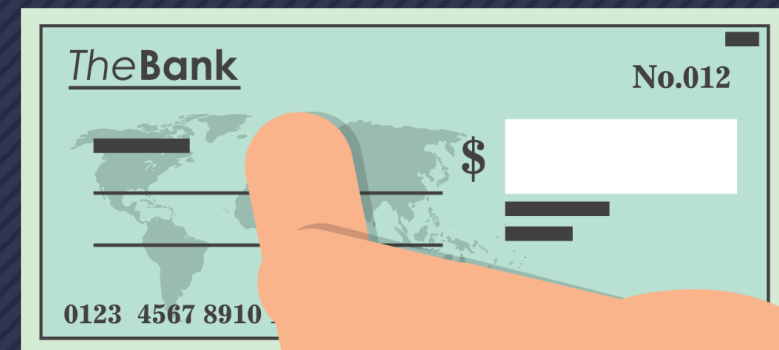
Get Liquid

- Convert to cash
- Now getting Phase 3.5 \$ (PPP & EIDL)
- Same rules apply
- Not clear what Economic Hardships means



Set Up COVID-19 Tracking

- Set up a separate bank account
- Track Covid-19 time & expenses in a separate department
 - Class/Service item/Job/Not New Expense Account)
- Track time not working / underutilized
- Severe penalties for misuse



[Penalties for Misuse of PPP Funds](#) (2 min video)

Focus on Collections

Follow the 3 F's of Collections



FIRM

Get a **Payment Date**
Commitment



FOCUSED

Listen to Feedback
& Address Concerns



FRIENDLY

Provide Highest Level
Customer Service

Accept Credit Cards



[Why Your Business should accept Credit Cards & Mobile payments](#) *(blog)*

Follow a written credit policy

Don't let client's cash flow problems become yours

★ [Written Credit Policy Basics](#) (blog)

At the very minimum, the written policy should include:



Payment Terms

- When is the balance due?
- Who is the person paying the bills?
- When does the client/company pay invoices?



Late Fees

- What are they, and when are they going to be charged?
- We recommend between 1.5% (18% annually) and 1.8% (21.6% annually) per month once a payment is late.
- "Don't let your clients' cash flow problems become your cash flow problems."



Legal Fees

- In the fine print, spell out who will pay attorney fees if you have to go to court to collect your payment.

Get deposit before work begins

Get 50% upfront on every
job – changes your mindset
from scarcity to abundance



Bill as soon as possible

*Billing weekly can significantly improve the **TIMING** of payments*



INVOICE

Best Days to Send Invoices



Weekends

Research shows that invoices sent on weekends are generally paid within 29 days



Tuesdays, Thursdays & Fridays

Whereas invoices sent on Tuesdays, Thursdays and Fridays take a full 10 days longer to receive

That's significant!

Automate Billing & Collections



[10 Ways to Automate your Accounting System \(blog\)](#)



Call the bank, landlord and suppliers

...Be honest & transparent about your situation



Pay Slowly Rule

- Pay On-Time, But Not Early
- Have a thick skin
- Implement Bill.com



[Automate Bookkeeping with Bill.com](#) *(blog)*



Manage Interest Rates

- Review credit cards
- Pay highest rate bills first
- Use low interest debt to pay high interest debt



If the amount of cash you receive is less than or equal to what you spend or pay out, **you're eating into your cash reserves.**



03

Cut “Below the Line” COSTS

Cut everything you can

Traditional View

Traditional Financial Statements

10:22 AM
01/30/15
Accrual Basis

Profit & Loss
January through December 2014

	TOTAL
Ordinary Income/Expense	140,632.55
Income	420,925.80
Services Revenue	561,558.35
Product Sales	
Total Income	411,902.82
Cost of Goods Sold	411,902.82
Purchased Materials	149,655.53
Total COGS	
Gross Profit	
Expense	100,000.00
General & Administrative	100,000.00
Company Salary	66.22
Accrued Operating Exp	6,025.48
Office Supplies/Services	5,471.65
Rent	10,387.81
Small Equipment and Supplies	15,156.90
Vehicle Expense	334,769.10
Contract Labor/Prof. Charges	12,542.10
Equipment Rental	584,419.26
Repairs and Maintenance	
Total Opex-Routine	6,027.94
Opex-Non Routine	6,027.94
Health & Safety	
Total Opex-Non Routine	500.00
990 - Organizational Cost Expense	68.14
910.0 - Payroll Expenses	1,184,772.16
910.6 - Other Employee Benefits	
910.1 - Employee Services	
Total 910.0 - Payroll Expenses	1,184,840.30

10:14 AM
01/15/13
Accrual Basis

Your Company
Balance Sheet
As of December 31, 2014

	Dec 31, 14
ASSETS	
Current Assets	
Checking/Savings	
Bank One	
Checking	
Friendly Bank	
Total Checking/Savings	\$ 36,467
Accounts Receivable	19,855
Accounts Receivable	11,155
Total Accounts Receivable	67,497
Other Current Assets	487,536
*Undeposited Funds	487,536
Allowance for Doubtful Accounts	
Employee Advances	877
Est. Tax Deposit	(19,467)
Inventory Asset	111
Prepaid Expenses	-
Total Other Current Assets	1,453
Total Current Assets	11,631
Fixed Assets	(5,415)
Accumulated Depreciation	549,617
Computer Equipment	
Constant Office Equipment	(475,933)
Furniture & Fixtures	142,149
Furniture and Equipment	108,862
Telephone System	14,533
Vehicles	63,909
Total Fixed Assets	18,467
Other Assets	158,552
Interco due from Other Company	30,539
Total Other Assets	
TOTAL ASSETS	61,856
LIABILITIES & EQUITY	61,856
Liabilities	\$ 642,012
Current Liabilities	
Accounts Payable	
Accounts Payable	
Total Accounts Payable	\$ 97,228
	97,228

Designed for compliance
Not actionable

What is “Above the Line” vs “Below the Line”

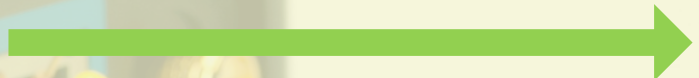
Top Line

Income

Above the Line

- Cost of Goods Sold (COGS)
Direct Labor
Direct Materials

The Line



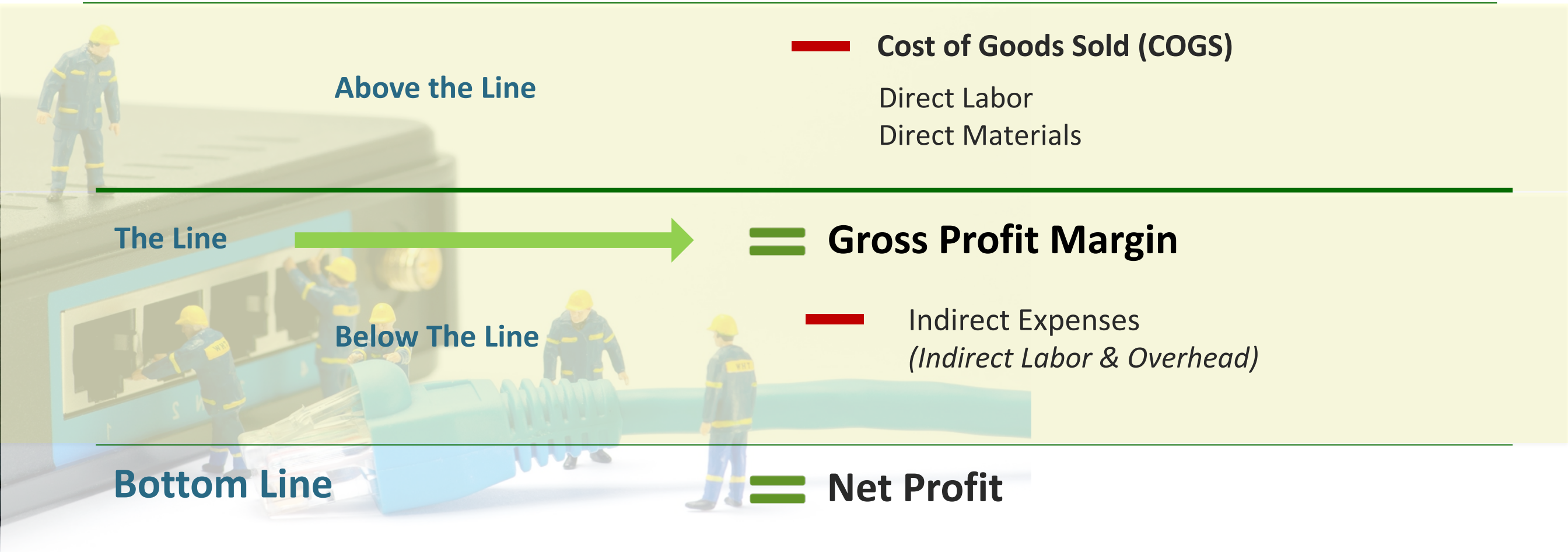
== Gross Profit Margin

Below The Line

- Indirect Expenses
(Indirect Labor & Overhead)

Bottom Line

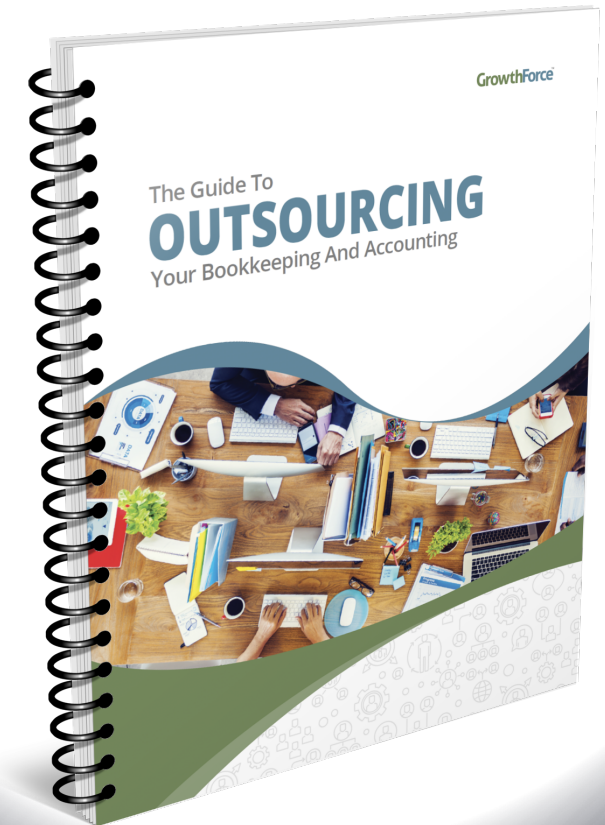
== Net Profit



Cut Below the Line Costs

★ [Get the Guide to Outsourcing](#)

- **Look at all Overhead (Indirect) costs**
 - People are not in the office
 - Cut non-essential company expenses
- **Consider Outsourcing to save money**
 - Turn fixed cost into variable cost
 - If don't need 40 hours of HR/IT/Accounting
 - Typically save 30-40%

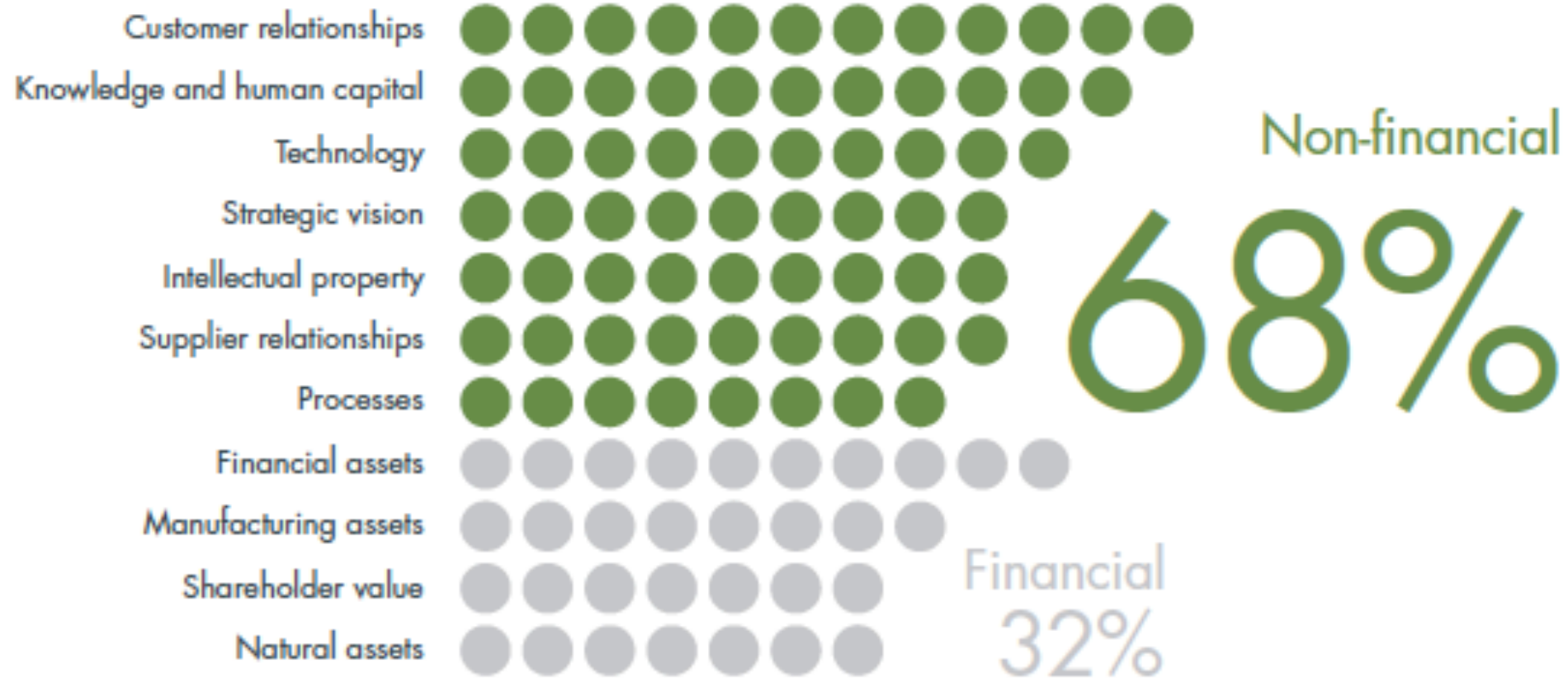


04

Review “Above the Line” PEOPLE

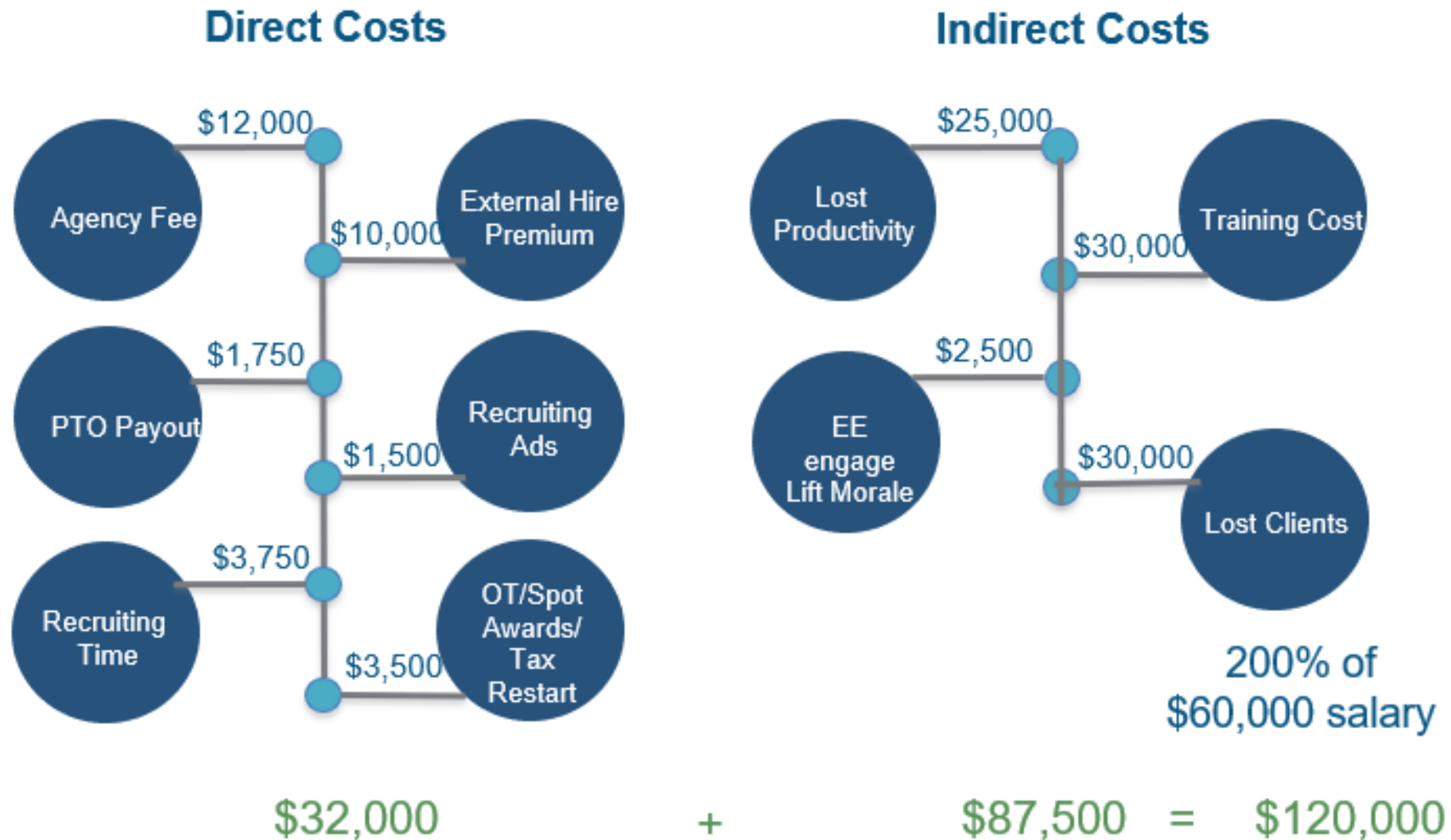
Who’s irreplaceable?
Who to furlough?

AICPA: People Drive Profits



What's the real Cost of Turnover?

★ [Cost of Turnover \(blog\)](#)



Which People Drive Profits?

- Who are your most valuable people?
- Who can you afford to keep?
- Who do you need to furlough?



Making Furlough/Hiring Decisions

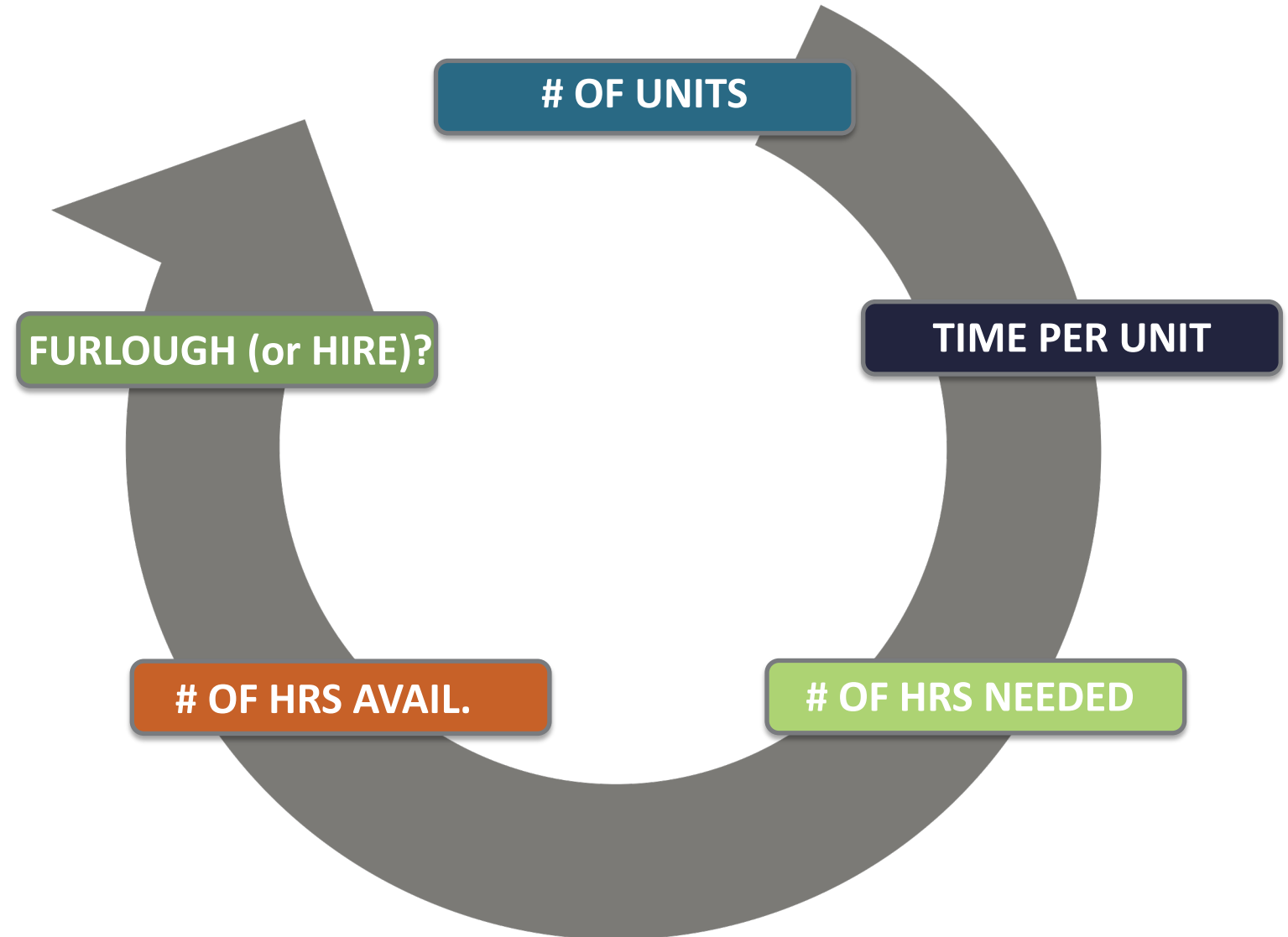
Get the data.

What is your UNIT?

How many UNITS will you have?

How much TIME do you NEED?

How much TIME is AVAILABLE?



Which People Drive Profits?

Acme Consulting, LLC Profit & Loss by Sales Rep January - March, 2019

Samantha Allen	Corey Williams	Linda Franklin	Michael Howard	TOTAL
-------------------	-------------------	-------------------	-------------------	-------

Acme Consulting, Inc. Job Profitability Summary January - March, 2019

Clients	Income	Expenses	Gross Profit	% Gross Profit
Giant Technology Client	\$ 780,323	\$ (593,895)	\$ 186,428	24%
Marketing & Communications Company	180,075	(90,479)	89,596	50%
Non-Profit Technology Consortium	120,049	(82,826)	37,223	31%
Shops That Pop	60,025	(25,922)	34,103	57%
Ediscovery Software	36,015	(15,592)	20,423	57%
Homeopathic Pet Supplies & Remedies	6,782	(2,588)	4,194	62%
Gotham Conservancy	5,148	(2,162)	2,986	58%
Top Tech Support	4,580	(2,107)	2,473	54%
Outdoor Gear & Sports	4,000	(2,423)	1,577	39%
CrossPoint Engineering	3,500	(1,320)	2,180	62%
TOTAL	\$ 1,200,497	\$ (819,314)	\$ 381,183	32%

Meals	863	613	628	842	2,946
Travel	2,215	1,437	2,815	6,333	12,800
Total Expense	30,187	14,472	40,936	55,537	141,132
Net Ordinary Income	48,206	4,100	73,606	114,138	240,051
Net Income	\$ 48,206	\$ 4,100	\$ 73,606	\$ 114,138	\$ 240,051
<i>Net Income %</i>	<i>19%</i>	<i>4%</i>	<i>20%</i>	<i>25%</i>	<i>20%</i>

Acme Consulting, LLC Profit & Loss by Consultant January - March, 2019

Deborah Wood	Jonathan Graham	Natalie Chapman	TOTAL
-----------------	--------------------	--------------------	-------

Ordinary Income/Expense

Income

Business Consulting	\$ 100,650	\$ 54,133	\$ 31,294	\$ 186,077
Robotics Process Consulting	-	110,269	39,793	150,062
IT Security Consulting	42,439	49,080	40,536	132,055
IT Strategy & Planning	14,939	47,166	21,930	84,035
Data & Analytics Consulting	13,404	-	34,616	48,020
Total Income	171,431	260,648	168,170	600,248

Total Revenue % **29%** **43%** **28%** **100%**

Cost of Goods Sold

Direct Labor	65,089	53,919	19,341	138,350
Outside Consultants (1099)	85,099	90,099	85,775	260,973
Other Direct Project Expenses	2,964	4,313	3,056	10,334
Total COGS	153,152	148,332	108,173	409,657

Gross Profit

Gross Profit % **11%** **43%** **36%** **32%**

Expense

Sales Expenses

Commissions	17,143	26,065	16,817	60,025
General & Admin Expenses	-	-	-	-
Car/Truck Expense	795	915	1,376	3,086
Conferences and Seminars	163	1,088	588	1,838
Dues and Subscriptions	125	300	245	670
Meals	658	674	716	2,047
Supplies	266	1,628	2,494	4,388
Travel	3,108	5,219	3,166	11,492
Total Expense	22,257	35,887	25,401	83,545

Net Ordinary Income

(3,979) **76,429** **34,595** **107,046**

Net Income

\$ (3,979) **\$ 76,429** **\$ 34,595** **\$ 107,046**

Net Income % **-2%** **29%** **21%** **18%**



05

Play Offense

Sharpen the saw

How do you view your employees?

Employees as an Expense ❌

- Lowest Salaries
- Cheap Benefits
- High Turnover OK

Employees as an Asset ✓

- Invest in Training/People fit Culture
- Reward and Recognize
- Retain Top Talent



Sharpen the Saw

Now's the time to Focus on Improvements in your business!

- Create a scenario-based **budget**
- **Automate** your systems / processes
- Train your **people**



SUMMARY & Resource Center

★ www.GrowthForce.com/eony

- 01 **MINDSET** [Break-Even Calculator \(.xlsx\)](#)
[Budget Template \(fundera.com\)](#)
- 02 **CASH FLOW** [Cash Flow Forecasting \(blog\)](#)
- 03 **CUT COSTS** [Guide to Outsourcing \(.pdf\)](#)
- 04 **REVIEW PEOPLE** [Activity Based Costing \(blog\)](#)
- 05 **PLAY OFFENSE** [Automate Your Back Office \(blog\)](#)



What is GrowthForce?

For Service Businesses and NonProfits

Your Bookkeeping and Accounting Solution...

to gain peace of mind.

to save money.

to focus on what matters.

to make data-driven decisions.

