Taming the Cash Monster

You are passionate about making great Texas wines.
I am passionate about helping you make a great Texas business.

Let’s do this together!

CLARITY
Finance & Advisory Services

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Taming the Cash Monster

Steve Patterson
Clarity Finance & Advisory Services, LLC
Introduction

• Born and raised in Texas, returned in 1977
• Texas CPA since 1982
• 35 years as Controller and / or CFO
  o Owner-managed businesses, Non-profits & Public companies
• Sonoma State University - California
  o Certificate in Wine Business Management - 2018
Taming the Cash Monster

The key to taming the cash monster is **planning**.

- Invest in planning for success
- Know your numbers
- Cash & Activity-based system
- Evaluate, adjust & repeat - EAR
Agenda

1. Why invest in planning?
2. What do I need to know?
3. How do I plan?
4. When do I evaluate?
1 - Why invest in planning?

A. Financial Success
B. Business Success
C. Regulatory Success
1 - Why invest in planning?

A. Financial Success
   I. Income
   II. Profit
   III. Value
1 - Why invest in planning?

A. Financial Success

B. Business Success
   I. Stability
   II. Growth
   III. Flexibility
1 - Why invest in planning?

A. Financial Success

B. Business Success

C. Regulatory Success
   I. Compliance
   II. Audit
   III. Tax
2 - What do I need to know?

A. Cash Flow
B. Profitability
C. Business Value
2 - What do I need to know?

A. Cash Flow
   I. Inflows
   II. Outflows
   III. Shortfalls
2 - What do I need to know?

A. Positive Cash Flow

B. Profitability
   I. Return on Investment
   II. Money for Growth
   III. Value Creation
2 - What do I need to know?

A. Positive Cash Flow

B. Profitability

C. Business Value
   I. Evidence based
   II. Strategic options
   III. Legacy
3 - How do I plan?

A. Organize
B. Schedule
C. Evaluate
3 - How do I plan?

A. Organize
   I. Comprehensive Chart of Accounts
   II. Separate Business Groups
   III. Separate Revenue & Cost Activities
3 - How do I plan?

A. Organize

B. Schedule

I. Spreadsheet of Cash Inflows and Outflows

II. Cash & Activity based

III. Separate by Group & Activity

<table>
<thead>
<tr>
<th>Inflows &amp; Outflows</th>
<th>January</th>
<th>February</th>
<th>March</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wine Sales</td>
<td>5,200</td>
<td>6,000</td>
<td>8,900</td>
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<tr>
<td>Merchandise Sales</td>
<td>250</td>
<td>300</td>
<td>500</td>
</tr>
<tr>
<td>Event Rentals</td>
<td>500</td>
<td>750</td>
<td>1,500</td>
</tr>
<tr>
<td>Production</td>
<td>(10,000)</td>
<td>(4,500)</td>
<td>(1,500)</td>
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<tr>
<td>Merchandise purchases</td>
<td>(88)</td>
<td>(105)</td>
<td>(175)</td>
</tr>
<tr>
<td>Rent &amp; Utilities</td>
<td>(1,500)</td>
<td>(1,500)</td>
<td>(1,500)</td>
</tr>
<tr>
<td>Labor &amp; Taxes</td>
<td>(1,000)</td>
<td>(1,000)</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Legal &amp; Acctg</td>
<td>(500)</td>
<td>(500)</td>
<td>(500)</td>
</tr>
<tr>
<td>Net Inflows &amp; Outflows</td>
<td>(7,138)</td>
<td>(555)</td>
<td>7,725</td>
</tr>
<tr>
<td>Cum Inflows &amp; Outflows</td>
<td>(7,138)</td>
<td>(7,693)</td>
<td>33</td>
</tr>
</tbody>
</table>
3 - How do I plan?

A. Organize
B. Schedule
C. Evaluate
   I. Identify trends and directions
   II. Minimize surprises
   III. Maximize opportunities to adjust
4 – Evaluate, adjust & repeat!

A. Have you tamed the Cash Monster?
B. Do you have the Time and Expertise?
C. Are you working In or On your business?
Summary

1. Invest in planning for success.
2. Know your numbers.
3. Cash & Activity-based system.
4. Evaluate, adjust & repeat!
Questions?
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THANK YOU!

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