

SCALING UP

CASH



CREATING AN EXIT STRATEGY FROM YOUR FINANCIALS

Jonathan Mond

Forever Furniture

+61 419855815
jonathan@makingsense.net.au

Data

Reporting period

Period End	31-12-2019	31-12-2020	31-12-2021
Period Length (months)	12	12	12

Profit & Loss

Revenue	19,000,000	21,500,000	24,000,000
Gross Margin (\$)	6,700,000	7,800,000	9,000,000
Net Profit (After Tax)	1,000,000	1,200,000	1,500,000

Other Information

Depreciation & Amortisation	0	0	0
Interest Paid	70,000	80,000	100,000
Taxation	500,000	600,000	700,000
Extraordinary Income/Expenses	0	0	0
Distributions/Dividends	0	0	0

Balance Sheet Assets

Total Assets	8,600,000	9,600,000	11,300,000
Cash	100,000	100,000	100,000
Accounts Receivable	3,500,000	4,000,000	5,000,000
Inventory	2,000,000	2,500,000	3,200,000
Total Current Assets	5,600,000	6,600,000	8,300,000
Fixed Assets	3,000,000	3,000,000	3,000,000

Liabilities

Total Liabilities	7,300,000	7,100,000	7,300,000
Accounts Payable	3,000,000	3,000,000	3,500,000
Total Current Liabilities	7,300,000	7,100,000	7,300,000

Funding

Bank Loans - Current	4,300,000	4,100,000	3,800,000
Bank Loans - Non Current	0	0	0

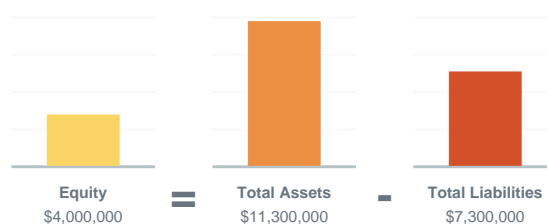
Summary

Your Profit Story



	Current Period	Change
Revenue	24,000,000	+2,500,000
Gross Margin %	37.50	+1.22
Operating Profit %	9.58	+0.84
Net Profit %	6.25	+0.67

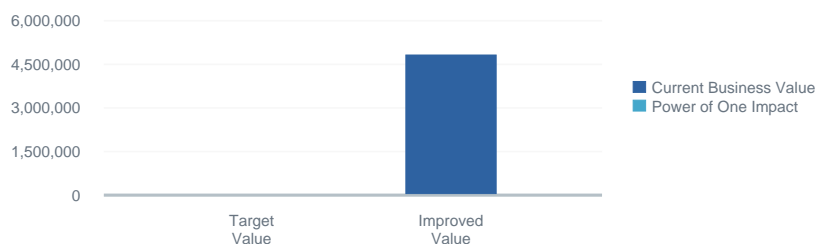
Your Balance Sheet Story



	Current Period	Change
Accounts Receivable Days	76.04	+8.13
Inventory Days	77.87	+11.26
Accounts Payable Days	85.17	+5.24
Working Capital Days	68.74	+14.16

Improved Business Value

Profit Multiple	4.00	3.00	5.00
Current Business Value	4,872,000	2,729,000	7,015,000
Your Power of One Impact	0	0	0
Improved Business Value	4,872,000	2,729,000	7,015,000



Your Targeted Business Value

Profit Multiple	4.00	3.00	5.00
Targeted Business Value			
Current Business Value	4,872,000	2,729,000	7,015,000
Current Value Gap	4,872,000	2,729,000	7,015,000

Your Improved Business Value

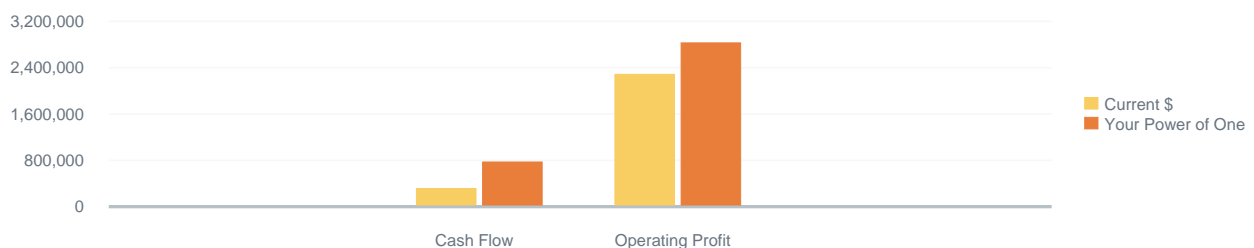
Profit Multiple	4.00	3.00	5.00
Targeted Business Value			
Improved Business Value	4,872,000	2,729,000	7,015,000
Improved Value Gap	4,872,000	2,729,000	7,015,000

Power of One

Your Power of One

		Net Cash Flow	Operating Profit
Your Current Position		300,000	2,300,000
Your Power of One		Impact on Cash Flow	Impact on Operating Profit
Price Increase	1 %	190,000	240,000
Volume Increase	1 %	43,000	90,000
Cost of Goods Reduction	1 %	147,000	150,000
Overheads Reduction	1 %	67,000	67,000
Reduction in Accounts Receivable Days	0 days	0	
Reduction in Inventory Days	0 days	0	
Increase in Accounts Payable Days	0 days	0	
Your Power of One Impact		447,000	547,000
		Net Cash Flow	Operating Profit
Your Adjusted Position		747,000	2,847,000

Your Power of One Impact

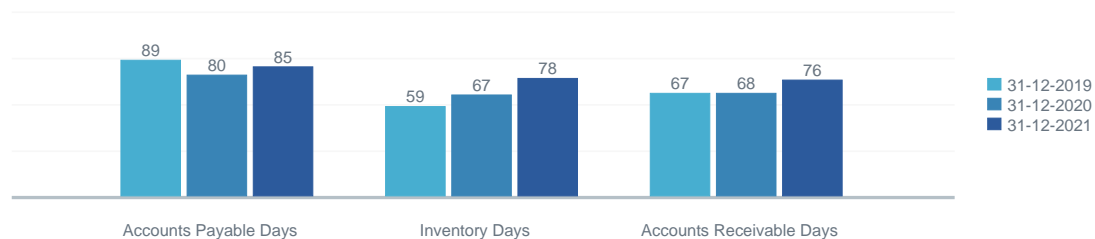


Chapter 2

Working Capital

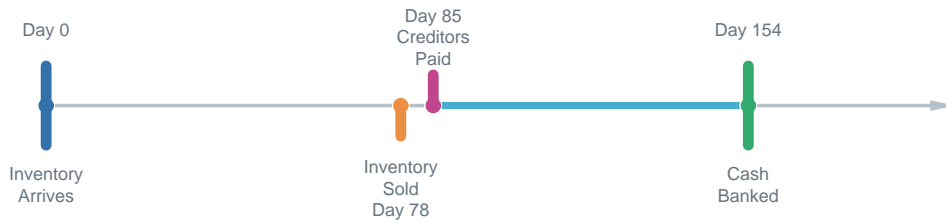
Accounts Receivable	Inventory	Accounts Payable	Working Capital
5,000,000	3,200,000	3,500,000	4,700,000
up by 1,000,000	up by 700,000	up by 500,000	up by 1,200,000

Working Capital Trends

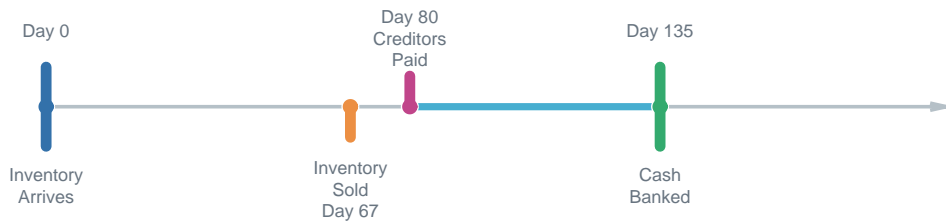


Working Capital Timeline

This Period



Last Period



69
Working Capital Days

-782,329
Cash Impact

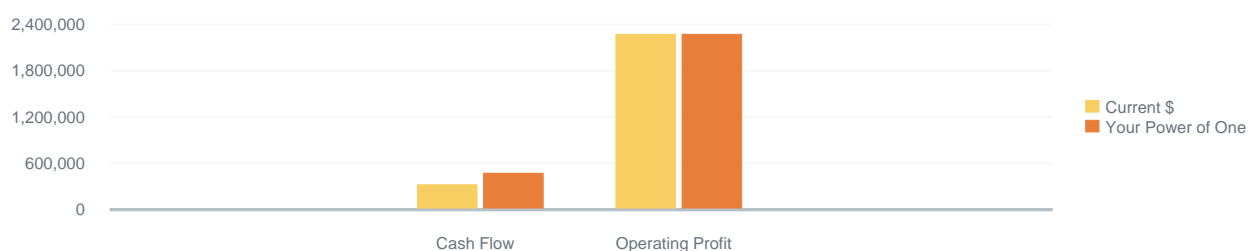
55
Working Capital Days

Power of One

Your Power of One

		Net Cash Flow	Operating Profit
Your Current Position		300,000	2,300,000
Your Power of One		Impact on Cash Flow	Impact on Operating Profit
Price Increase	0 %	0	0
Volume Increase	0 %	0	0
Cost of Goods Reduction	0 %	0	0
Overheads Reduction	0 %	0	0
Reduction in Accounts Receivable Days	1 days	65,753	
Reduction in Inventory Days	1 days	41,096	
Increase in Accounts Payable Days	1 days	41,096	
Your Power of One Impact		147,945	0
		Net Cash Flow	Operating Profit
Your Adjusted Position		447,945	2,300,000

Your Power of One Impact



Power of One

Your Power of One

		Net Cash Flow	Operating Profit
Your Current Position		300,000	2,300,000
Your Power of One		Impact on Cash Flow	Impact on Operating Profit
Price Increase	1 %	190,000	240,000
Volume Increase	1 %	43,000	90,000
Cost of Goods Reduction	1 %	147,000	150,000
Overheads Reduction	1 %	67,000	67,000
Reduction in Accounts Receivable Days	1 days	65,753	
Reduction in Inventory Days	1 days	41,096	
Increase in Accounts Payable Days	1 days	41,096	
Your Power of One Impact		594,945	547,000
		Net Cash Flow	Operating Profit
Your Adjusted Position		894,945	2,847,000

Your Power of One Impact



Power of One

Your Power of One

		Net Cash Flow	Operating Profit
Your Current Position		300,000	2,300,000
Your Power of One		Impact on Cash Flow	Impact on Operating Profit
Price Increase	2.5 %	475,000	600,000
Volume Increase	3 %	129,000	270,000
Cost of Goods Reduction	3 %	441,000	450,000
Overheads Reduction	2 %	134,000	134,000
Reduction in Accounts Receivable Days	8 days	526,027	
Reduction in Inventory Days	8 days	328,767	
Increase in Accounts Payable Days	-10 days	-410,959	
Your Power of One Impact		1,622,835	1,454,000
		Net Cash Flow	Operating Profit
Your Adjusted Position		1,922,835	3,754,000

Your Power of One Impact



Business Value Indicator

Your Business Value

Inputs

Targeted Business Value	
Profit Multiple	4 +/- 1
Weighted Average EBITDA	2,143,000
Adjustment	
Adjusted EBITDA	2,143,000

Your Current Business Value Indicator		- 1	+ 1
Profit Multiple	4.00	3.00	5.00
Gross Business Value	8,572,000	6,429,000	10,715,000
Net Debt	3,700,000	3,700,000	3,700,000
Current Business Value	4,872,000	2,729,000	7,015,000

Your Power of One Value Impact

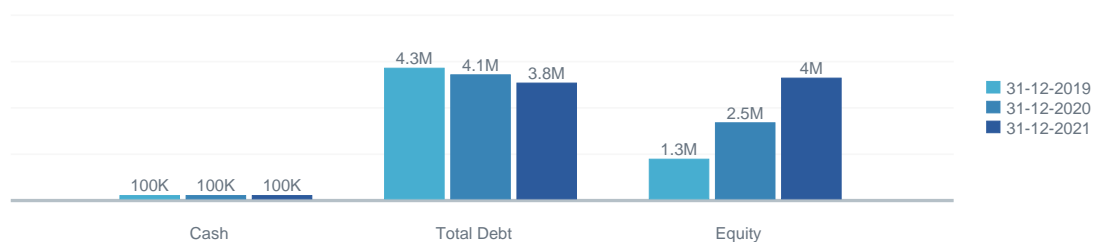
Profit Multiple	4.00	3.00	5.00
Price Increase (2.5%)	2,400,000	1,800,000	3,000,000
Volume Increase (3%)	1,080,000	810,000	1,350,000
Cost of Goods Reduction (3%)	1,800,000	1,350,000	2,250,000
Overheads Reduction (2%)	536,000	402,000	670,000
Profit Impact on Valuation	5,816,000	4,362,000	7,270,000
Reduction in Accounts Receivable Days (8d)	526,027	526,027	526,027
Reduction in Inventory Days (8d)	328,767	328,767	328,767
Increase in Accounts Payable Days (-10d)	-410,959	-410,959	-410,959
Cash Impact on Valuation	443,835	443,835	443,835
Your Power of One Impact	6,259,835	4,805,835	7,713,835
Improved Business Value	11,131,835	7,534,835	14,728,835

Chapter 4

Funding

Cash	Total Debt	Equity	Total Funding
100,000	3,800,000	4,000,000	7,700,000
up by 0	down by 300,000	up by 1,500,000	up by 1,200,000

Funding Trends

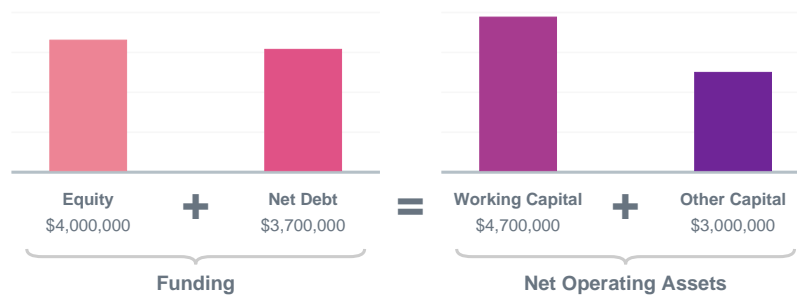


Your Funding

		+ Cash Flow	- Cash Flow
Chapter 1	Profit	1,500,000	
Chapter 2	Working Capital Invested		1,200,000
Chapter 3	Other Capital	0	
	Total	1,500,000	1,200,000

Your business generated \$ 300,000 cash

Your Equation



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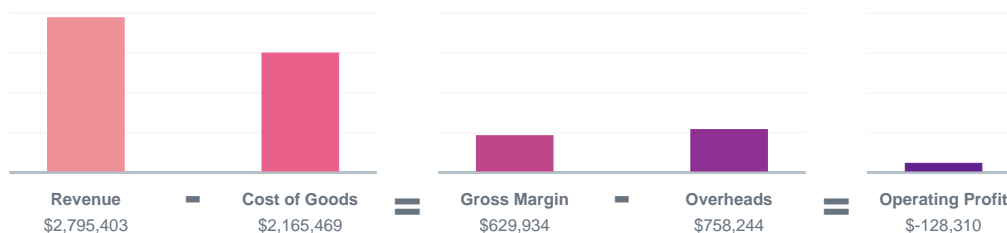
CASH



**Forever Furniture Designs
Financial Excellence Report**

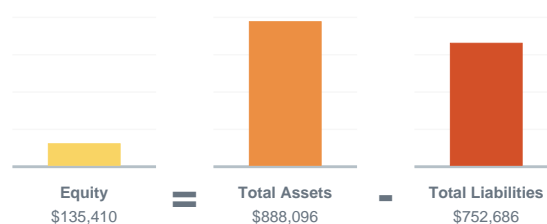
Summary

Your Profit Story



	Current Period	Change
Revenue	2,795,403	N/A
Gross Margin %	22.53	-18.42
Operating Profit %	-4.59	-3.46
Net Profit %	-5.06	-4.82

Your Balance Sheet Story



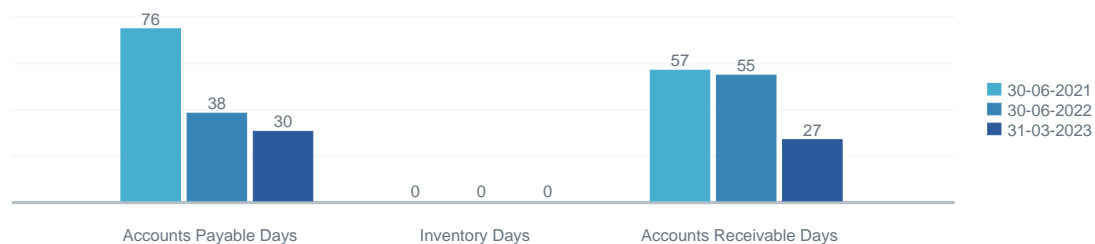
	Current Period	Change
Accounts Receivable Days	26.67	-28.48
Inventory Days	0.00	0.00
Accounts Payable Days	30.49	-7.94
Working Capital Days	-3.82	-20.53

Chapter 2

Working Capital

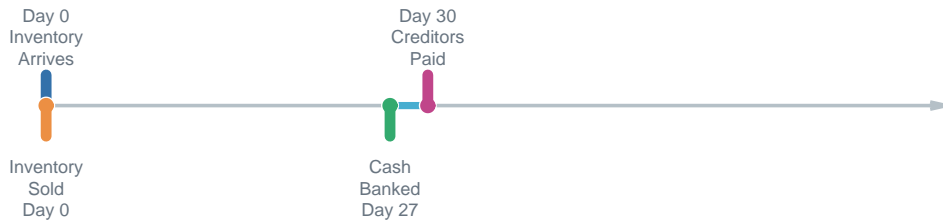
Accounts Receivable	Inventory	Accounts Payable	Working Capital
272,374	0	241,224	31,150
down by 187,352	up by 0	up by 52,029	down by 239,381

Working Capital Trends

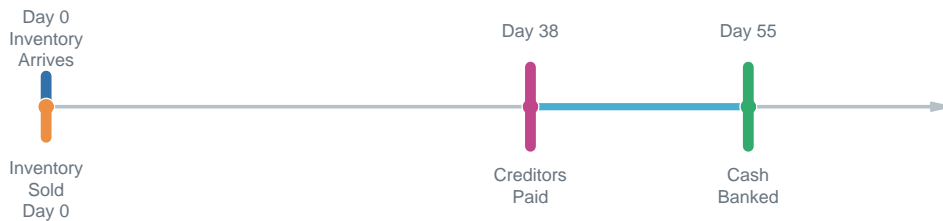


Working Capital Timeline

This Period



Last Period



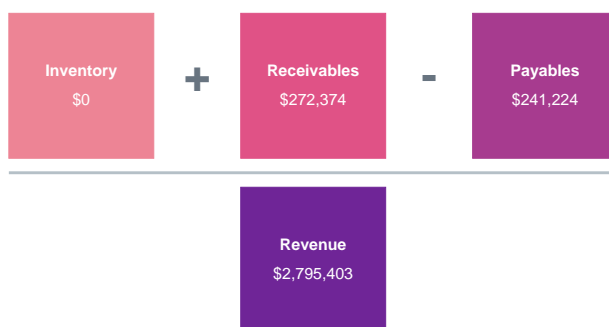
-4
Working Capital Days

227,950

Cash Impact

17
Working Capital Days

Working Capital per \$100



Working Capital	1
Inventory	0
Receivables	7
Payables	6

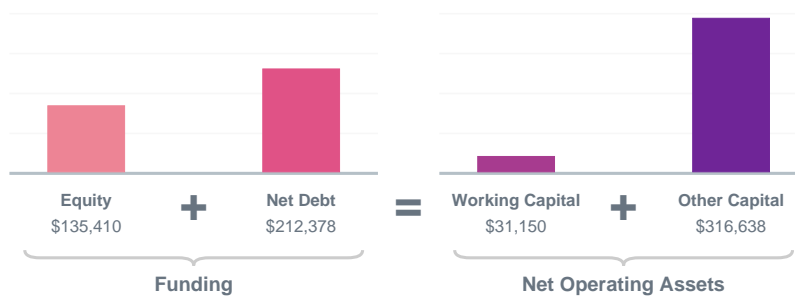
For each additional \$100 of annualised Revenue
You invest \$1 in Working Capital

Your Funding

		+ Cash Flow	- Cash Flow
Chapter 1	Loss		141,330
Chapter 2	Working Capital Contributed	239,381	
Chapter 3	Other Capital Invested		15,622
	Total	239,381	156,952
	Surplus	82,429	
	Capital Withdrawn		259,999

Your business requires \$ 177,570 of borrowings to fund the shortfall

Your Equation

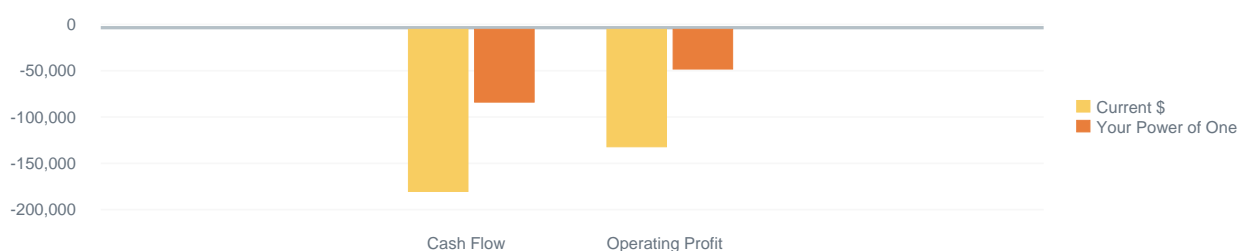


Power of One

Your Power of One

		Net Cash Flow	Operating Profit
Your Current Position		-177,570	-128,310
Your Power of One		Impact on Cash Flow	Impact on Operating Profit
Price Increase	1 %	34,548	37,272
Volume Increase	1 %	8,087	8,399
Cost of Goods Reduction	1 %	26,461	28,873
Overheads Reduction	1 %	10,110	10,110
Reduction in Accounts Receivable Days	1 days	10,212	
Reduction in Inventory Days	1 days	N/A	
Increase in Accounts Payable Days	1 days	7,910	
Your Power of One Impact		97,328	84,654
		Net Cash Flow	Operating Profit
Your Adjusted Position		-80,242	-43,656

Your Power of One Impact

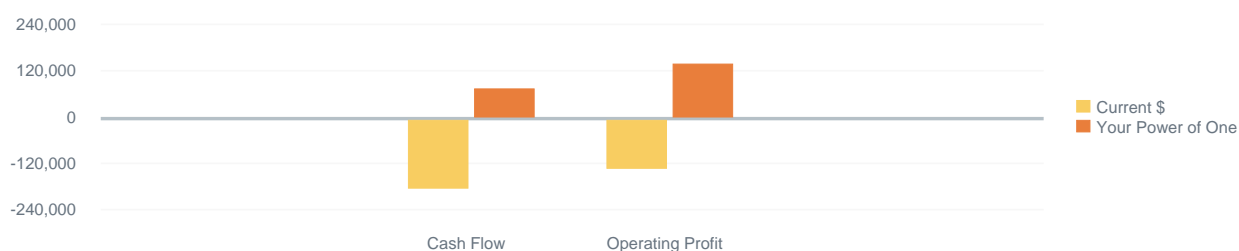


Power of One

Your Power of One

		Net Cash Flow	Operating Profit
Your Current Position		-177,570	-128,310
Your Power of One		Impact on Cash Flow	Impact on Operating Profit
Price Increase	5 %	172,741	186,360
Volume Increase	4 %	32,350	33,596
Cost of Goods Reduction	1 %	26,461	28,873
Overheads Reduction	2 %	20,220	20,220
Reduction in Accounts Receivable Days	0 days	0	
Reduction in Inventory Days	0 days	N/A	
Increase in Accounts Payable Days	0 days	0	
Your Power of One Impact		251,772	269,049
		Net Cash Flow	Operating Profit
Your Adjusted Position		74,202	140,739

Your Power of One Impact



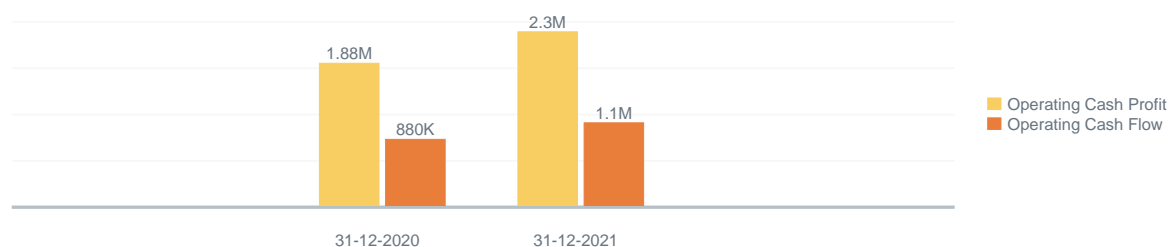
Health Check Scorecard

Financial Excellence Scorecard						
Quarter:				Year To Date		
	Actual		Budget	Actual		Budget
Sales			\$4.5			\$18m
GP			35%			\$36%
NP			15%			16%
	Good	Acceptable	Bad	Good	Acceptable	Bad
Sales	>\$4.5	\$4-4.4m	<4m	>\$18m	\$18- \$16m	> \$16m
GP	>30%	26%-29%	<26%	>30%	26%-29%	<26%
NP	>10%	7%-9%	<7%	>10%	7%-9%	<7%
Working Capital Score						
AR						
INV						
AP						
	Good	Acceptable	Bad	Good	Acceptable	Bad
AR	<45	46-50	>50	<45	46-50	>50
INV	<45	46-59	>50	<45	46-59	>50
AP	>50	21 40-50	<40	>50	40-50	<40

Profit vs Cash Flow

Profit		Cash Flow		Variance
Revenue	24,000,000	Cash from Customers	23,000,000	-1,000,000
Cost of Goods	15,000,000	Cash to Suppliers	15,200,000	-200,000
Gross Margin	9,000,000	Gross Cash Profit	7,800,000	-1,200,000
Overheads excl Depreciation	6,700,000	Overheads excl Depreciation	6,700,000	-
Operating Cash Profit	2,300,000	Operating Cash Flow	1,100,000	-1,200,000
Other Cash Outflow				
Interest Paid	-100,000	Interest Paid	-100,000	
Taxation	-700,000	Taxation	-700,000	
Extraordinary Income	0	Extraordinary Income	0	
Distributions/Dividends Paid	0	Distributions/Dividends Paid	0	
Depreciation & Amortisation	0	Fixed Assets Acquired	0	
		Other Net Assets Increased	0	
		Capital Introduced	0	
Retained Profit	1,500,000	Net Cash Flow	300,000	

Operating Cash Profit vs Operating Cash Flow



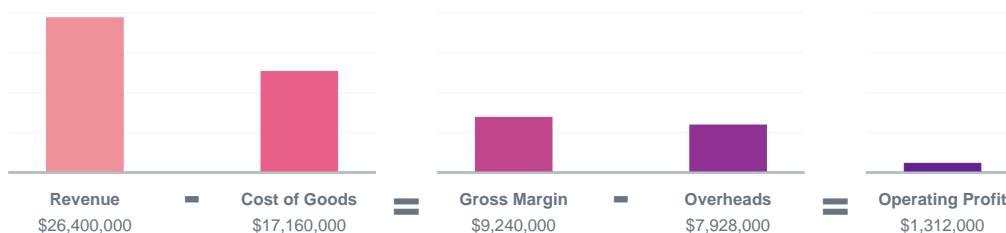
Projections 2023

Objective	Cost
New CRM	\$70,000
Salesperson	\$120,000
Warehouse Upgrade	\$100,000

Notes	Rate
COGS	↓ 2%
Sales + New SP	↑ 10%

Summary

Your Profit Story



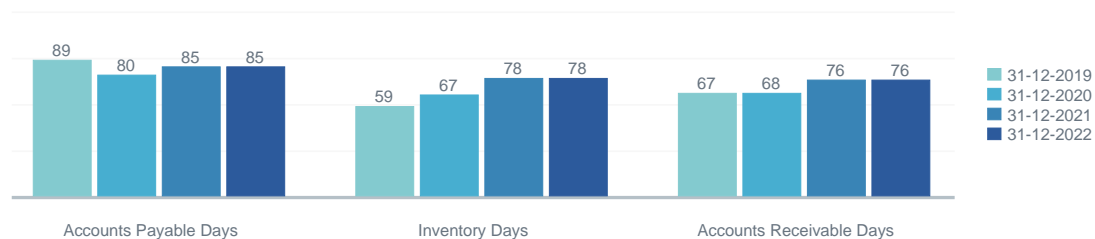
	Current Period	Change
Revenue	26,400,000	+2,400,000
Gross Margin %	35.00	-2.50
Operating Profit %	4.97	-4.61
Net Profit %	3.16	-3.09

Chapter 2

Working Capital

Accounts Receivable	Inventory	Accounts Payable	Working Capital
5,496,986	3,667,068	3,996,164	5,167,890
up by 496,986	up by 467,068	up by 496,164	up by 467,890

Working Capital Trends



Chapter 4

Your Funding

		+ Cash Flow	- Cash Flow
Chapter 1	Profit	832,967	
Chapter 2	Working Capital Invested		467,890
Chapter 3	Other Capital	0	
	Total	832,967	467,890

Your business generated \$ 365,077 cash