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TRUCKEE**
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**RESILIENT BUSINESS
WEBINAR SERIES**



SIERRA
BUSINESS COUNCIL



When business as usual...is unusual

RESILIENT BUSINESS WEBINAR



Webinar Agreements: How we will manage this call

- Be patient, we are all navigating a new way of doing business!
- Participants will automatically be muted upon arrival
- Please “Raise your Hand” if you have a question
- After you speak, please place yourself on mute
- You may also type a question into the chat box
- If we don’t get to everyone’s questions, we will keep track and share (with everyone) follow-up answers to your questions

RESILIENT BUSINESS WEBINAR



- No Cost Business Counseling
- Funded by SBA, State of California and local jurisdictions
- 100+ expert business consultants in Northern CA
- Largest provider of small business 1:1 assistance



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RESILIENT BUSINESS WEBINAR



“Managing Cash In a Crisis”

Today's Speakers:

- Tim Yamauchi, Principal Inside the Mountain Consulting – 916-813-9322
- Emma Forrest, Partner, Forrest Becker LLC- 916-790-4873



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Rule #1 in Business
“Do Not Run Out of Cash”

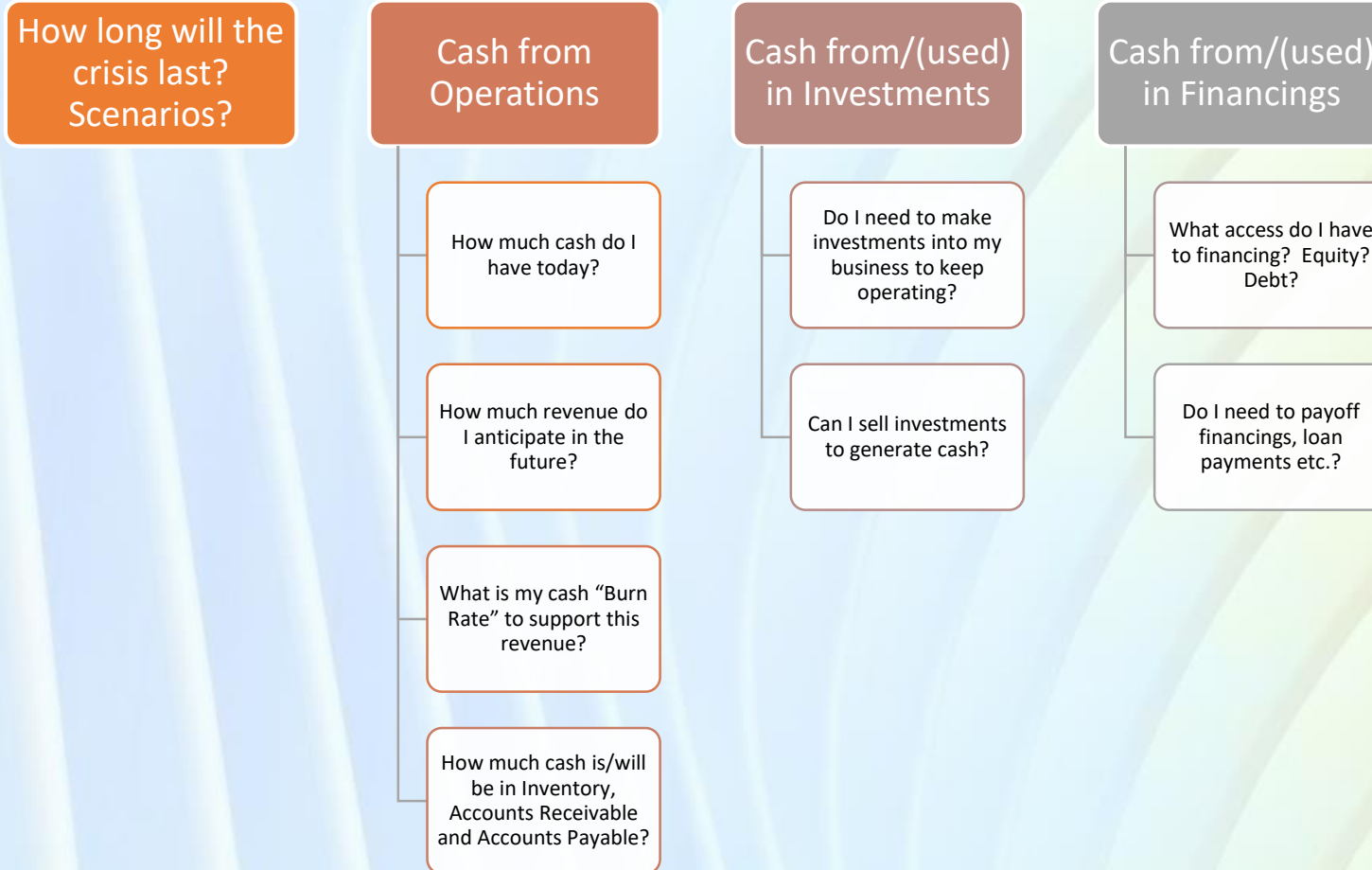


To Cash Flow



Cash Flow is the Incoming and Outgoing movement of Cash from your Business' Operations, Investments and Financing.

How should I think about Crisis Cash Flow Planning?





The Cash on Hand
is the “Sand in the
Hourglass”

Daily Cash Tools



DAILY CASH REPORT



CHECK REGISTER



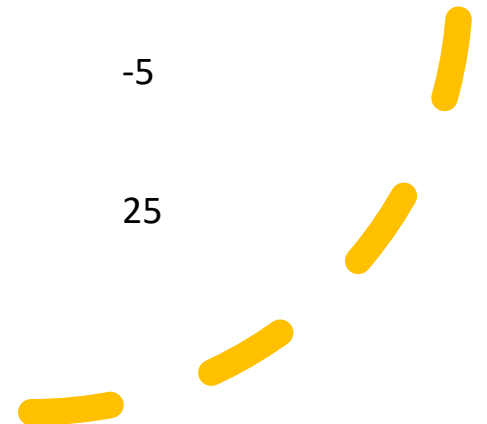
Weekly Rolling Cash Forecast

XYZ Corporation

Weekly Rolling Cash Forecast

Week Ended June 7, 2019

| | 7-Jun | 14-Jun | 21-Jun | 28-Jun | 5-Jul |
|---------------------|-------|--------|--------|--------|-------|
| Beginning Balance | 0 | 5 | 10 | 15 | 20 |
| Add: Deposits | 10 | 10 | 10 | 10 | 10 |
| Less: Disbursements | -5 | -5 | -5 | -5 | -5 |
| Ending Balance | 5 | 10 | 15 | 20 | 25 |



Monthly Cash Management Tools

Forecast Financial Statement Modeling

- Income Statement: aka: Profit & Loss
- Balance Sheet
- Statement of Cash Flows

Monthly Statement of Cash Flows

- Cash (Used)/Generated from Operations
- Cash (Used)/Generated from Investments
- Cash (Used)/Generated from Financings



Levers for Cash Management

Cash Flow Management Levers



Cash Based Profits

Cash Generating Sales
Less Cash based Expenses



Working Capital

Accounts Receivable
Inventory
Accounts Payable



Debt/ Lines of Credit



Financing

Cash Based Profits – A few ideas for a challenging economy.....

Increase Cash based Sales:

- Cash Sales on aging inventory
- Discounts – Pro's & Cons
- Make it easy for the customer to buy

Decrease Cash Based Expenses:

- Focus on Headcount, consultants and productivity
- Furloughs for non-essential staff
- Negotiate discounts with suppliers
- Find alternative less expensive sources

$$\text{Marginal Profits} = \text{Marginal Revenue} - \text{Marginal Costs}$$

Working Capital Levers

Accounts Receivable Collections:

- Collect faster
- Clean Billings
- Focus on collecting old Accounts
- Regular consistent followup

Inventory

- Move it, Move it , Move it.....
- Inventory costs you money beyond its cost.
- Try to keep the minimum possible to satisfy your customers needs
- Be mindful of shortages...

Accounts Payable

- Cheapest form of credit, but be Ethical;
- Negotiate terms
- Your vendors will work with you if you Communicate Honestly & Often
- Don't pay late fees or interest.
- Use the Government Programs, Tax deferral, payroll taxes





Lines of Credit & Other Debt

- Cushions Working Capital Ups and Downs
- Get it when you , don't need it. When you do need it, you can't get it
- Don't fund Operating Losses, however....
- Develop an Open, Honest Relationship with your Lender
- Check out Special Crisis Lending Programs, Federal, State & Municipal
- Implementing Cash Management tools inspires confidence in your Lenders.

Strategic Advice for Debt & Equity Financings

- It always takes longer, you always get less and it always cost more. Plan accordingly.
- Have multiple options for financing
- If there is a check on the table, pick it up.
- Confession of Judgement and Merchant Advance Lenders.
- Avoid Online Payday Lenders
- Work with a “seasoned” business Lawyer or Advisor as you structure your deals.
- Ideally, go with “Smart” money partners versus just investors. Hint: they bring more than \$\$\$’s.
- Collateral and Guarantees - Optimize
- The Myth of Cash Reserves
- Typical small biz financing options are “Friends & Family” or Credit Cards



Don't get Ripped Off!!!

Cash Internal Control Systems

- General Control Concepts & Ideas
 - Segregate Duties
 - Ability to Record
 - Ability to Approve
 - Custody of the Asset
 - Monthly Reconciliation of Cash - Reviewer
 - Who can sign? Do you have a signature stamp?
 - Petty Cash , Who, what, where, when, how much?
 - Where are your checks stored? Controlled?
 - Who can do wires and ACH's? Authorize?
 - Debit Cards, Credit Cards who, what, when, where , how much?
 - Cash Deposits and Accounts Receivable Review
 - Inventory & Warehouse Control
 - Dual Signature Requirements
 - How many bank accounts? Why?
 - Passwords
 - Person-to-Person Payments – Venmo, Apple Pay



Business Models, Nearness to Cash & Driving Cash Flow

- The BEST Business models converts cash outlays and rapidly generates cash receipts in a short time frame.
 - Initial Cash Outlays include, building something, creating inventory, payroll, sales & marketing etc.
 - THEN.... You have to sell it and then, most importantly collect it!!!
- How can you adjust your business model to generate more nearness to cash and shorten the cash conversion cycle?



AND MOST IMPORTANT.....
It takes Dough to Grow!!



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Questions & Answers:

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