

Simple Numbers Cash Flow Model Demo

Presented by:

Mike Maxson, MBA
Director of Client Services
Mike.maxson@crbcpa.net

Michael Boggs, MBA
Senior Consultant
Michael.boggs@crbcpa.net



What is the Cash Flow Model

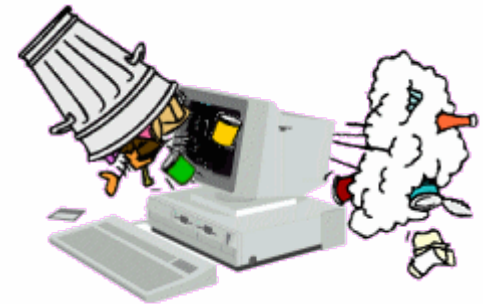
- Financial analysis product provided to our consulting clients at Crabtree, Rowe & Berger P.C.
- “Greg’s brain” in an Excel spreadsheet
- Common language
- Provides you with key numbers to make actionable decisions

What's in the model?

- Dashboard – Highlight of Key Numbers
- Profit & Loss (Income Statement) w/Forecast
 - Monthly
 - Roll 3, 6, 12
- Balance Sheet w/Forecast
 - Simple Numbers Balance Sheet
- Cash Flow Statement w/Forecast
- Graphs – Profit, labor, etc.
- Thinking model – Min, target, stretch exercise

How can it help?

- True net income
- Garbage in garbage out
- Journey starts with reality
- Owner compensation
- Dead bodies on the balance sheet
- Distributions



Profit Terms – Watch your language!

Weak

- **EBITDA** - Earnings before: Interest, Taxes, Depreciation and Amortization – the most abused term in finance

Best

- **Pre-tax profits** – easier to define and more traceable to true cash flow

Weak

- **Revenue** – This is the vanity number

Better

- **Gross margin** – Revenue less direct costs (the true economic engine) – my definition excludes labor

Best

- **Contribution margin** – my definition is gross margin minus direct labor



Questions!

Information

- Check out the Simple Numbers website at www.simplenumbers.me
- Download slides, this presentation, and services info at: www.simplenumbers.me/mike