

BUSINESS SERVICES

Cashflow forecasting

Are your budgets and forecasts fit for purpose?



APPROACH TO FORECASTING

Preparing useful cashflow forecasts for busy business owners and management.

COMMON FORECASTING CHALLENGES

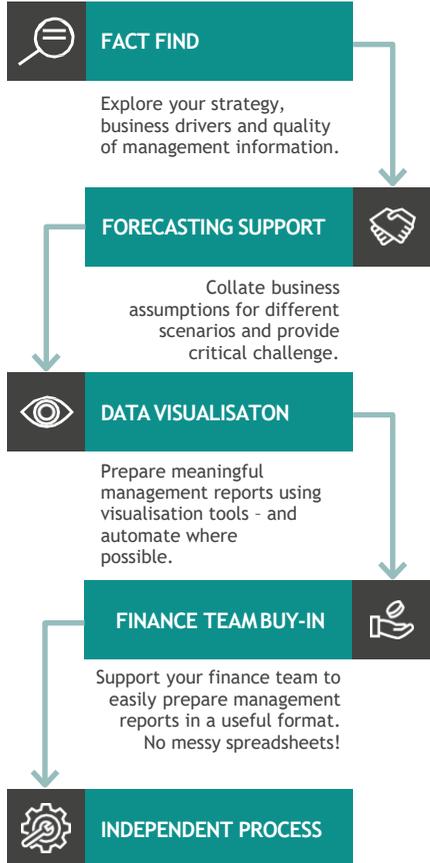
We've identified the following common challenges with the quality of forecasts and management information:

- 1 Forecasts do not adequately address changing business risks - taking up time to understand the resilience of the underlying business model
- 2 Business assumptions are poorly documented - making it difficult to provide constructive input or lending approval
- 3 Management information packs are not fit for purpose - impeding the ability to have robust business performance discussions or cashflow requirements.

SUPPORTING LEADERSHIP TEAMS

We can help your team prepare useful, integrated forecasts for business owners and potential investors.

No one has a crystal ball, but our scenario planning approach helps to test the underlying resilience of the business and build a picture of where it is heading.



CLARITY

You don't always have to build a forecast for the whole business. Our approach to business forecasting helps management teams to quickly gain clarity on different aspects of the business, including:

Scenario modelling

- ▶ New projects
- ▶ Growth opportunities
- ▶ Economic impacts
- ▶ Business planning

Performance levers

- ▶ Revenue modelling
- ▶ Cost modelling
- ▶ Pricing strategy
- ▶ Gross profit contribution analyses

Releasing cash and funding requirement

- ▶ Cash conversion cycle
- ▶ Working capital analysis
- ▶ Cash requirements
- ▶ Impact of loans

Optimising investments

- ▶ Capital creation
- ▶ Return on capital
- ▶ Planning new ventures
- ▶ Funding requirements

Group management

- ▶ Offshore expansion
- ▶ Business unit performance
- ▶ Consolidated group forecasts
- ▶ Underperforming assets



CASE STUDIES

Helping businesses at all stages of their lifecycle

EARLY STAGE

Reporting challenge

An early stage, subscription-based tech company had grown rapidly and was finding it difficult to re-forecast its Monthly Recurring Revenue (MRR) - an important performance indicator for investors. Future valuation of the business was difficult to estimate without clarity over MRR.

How we tackled the problem

Firstly we needed to get CRM pipeline data into our software and secondly we needed a reliable way to forecast prepaid annual subscription revenues for customers across 5 global regions. Using some handy software integrations, we were able to build a long range forecast model on a month-to-month basis.

Why the client was happy

The management team was able to forecast MRR for the next 3 to 5 years, reporting monthly on a global region basis. Data from CRM can update the model within minutes and the management reports for investors now include variance analyses that are far more accurate.

EXPANDING BUSINESS

Funding challenge

A manufacturer sought an overdraft to cover a seasonal cash shortfall. However, the business could not provide the detailed budgets their bank needed. The lack of quality management information posed a financing risk to the business.

What we identified

We identified that income streams were bundled together and management were split over the basis for forecasting COGS - making it difficult to forecast profitability and cashflow.

What we delivered

We unpacked core business drivers, and collated management assumptions, providing challenge along the way. The integrated 3-way forecast made it easy to see when and why cash shortfalls would occur.

Why the bank was happy

The bank received a full information pack complete with ratios and data visualisation. The Relationship Director had a better understanding of the business drivers and was able to introduce Invoice Finance as a solution.

Why the client was happy

The management team agreed on a basis for contract pricing. Scenario planning was now possible and using the 3-way model the business was able to explain to the bank why and when they needed additional support.

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