



Case Study: Cashflow Management

Cash Position Clarity for a Start-Up Firm

CHALLENGE: Managing Early, Intense Growth

During CMF's engagement as the interim CFO for a one-year-old startup enterprise, sales had already started to grow to more than \$2M per month.

This intense growth was welcomed by the founders, but was beginning to put a strain on the company's infrastructure and cash flows.

Management approached CMF for assistance in achieving enhanced cash flow forecasting capabilities and visibility to cash position.

SOLUTION: A Three-Pronged Cashflow Approach

CMF applied its three-pronged approach to cash flow management:

1. Identifying sources and uses of cash by interviewing management and reviewing financial records, and documenting cash movements to be modeled
2. Modeling cash in a tailored manner, integrating information from sales, production, operations, and other non-financial groups
3. Implementing cross-functional cash flow projection program with automation, judgment, and multiple iterations

OUTCOME: Critical Spending Visibility and Adjustments

- In three weeks, CMF implemented its cash flow management product and devised a comprehensive 13-week cash flow model that was reviewed with management. We found that the company would run out of money within two and a half months if spending was not adjusted.
- The company's inability to finance its working capital needs put it at risk of a liquidity crisis. In response, the company reduced marketing expenses and negotiated with certain vendors to defer payments for several months until the company's cash position improved.

CMF ASSOCIATES, LLC

CMF provides financial consulting, M&A advisory, financial executive search, and interim staffing solutions to private equity, middle-market and small cap public companies. Key services: interim and full-time CFO/controllerships, financial due diligence, post-transaction transitions and integration, turnaround management, preparation for sale, and acquisition search.

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