

# UpYourEBITDA™

A Business Newsletter from  
The Brucker Consulting Group

This Month: Cash, Cash, Cash

July, 2003

## A Note from the President

### Up Your Cash Flow

### The Hot Dog Syndrome

### Cash, Cash, Cash

### How much will I need?

**Business is** about “upping” your **EBITDA**, so I thought this would be the right name for our business Newsletter. I owe an acknowledgement regarding this name. Years ago, I helped a friend proofread his first business book. The title captured me and from that came the idea for **UpYourEBITDA**. The book was **Up Your Cash Flow**, written by Harvey Goldstein, the Managing Partner of SLGG ([www.slgg.com](http://www.slgg.com)).

As I considered this first Newsletter, it was clear that a business is first and foremost concerned with cash. Contained in Harvey’s latest book, **The Hot Dog Syndrome**, are three of the most important questions to ask in running a business – the topic of this month’s **UpYourEBITDA Newsletter**.

By the way, I suggest you read Harvey’s book. You might want to make it a gift for your clients. It is an important book for running a company – and Harvey will, no doubt, like that also!

Pass this on to someone you know who is running a business. That is, if they want to **UpTheirEBITDA**.

#### Shel Brucker

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**The most overlooked** part of managing a business (or starting one) is developing and utilizing a **business model** (*more about that in the next Newsletter*) and a dynamic **financial plan**. A financial plan delivers answers to the three most important questions:

- 1. How much cash will I need?**
- 2. When will I need it?**
- 3. Where will I get it?**

**First**, “how much cash will I need” means more than just coming up with a number. The underlying issue is how do you develop this number. What are your needs for working capital, inventory, debt, product development, market or sales expansion, etc? What is the rationale for your needs? What is your business and financial model? Do you have a written business plan? A written marketing plan? Do these plans accurately reflect how you run and grow your business and how you incur costs? Do they

include capital expenditures, the time to collect your accounts receivable and the terms of your debts?

Answering these questions is not a trivial exercise. It is, perhaps, the most important exercise you can conduct in your company. It is best conducted as a process that involves not just the CEO and CFO but your other key executives. Your executive team will be better equipped to manage your business if they have participated in answering them. The information you gather in answering these questions should go into a spreadsheet reflecting all the operating assumptions behind each number. This, in turn, becomes the basis of your dynamic **financial plan** and its cash flow projections which then shows you how much capital you will need!

**Second**, “when will I need it” requires more than just guessing at your monthly needs or hoping that cash flow will magically appear. With a **financial plan** you not only determine your best estimate of when you will need the cash, but can also see how the timing may change as other conditions change. Without the cash flow projections outlining when and how much cash you will need, you cannot know the answer to this question.

**Third**, “where will I get it” depends not only on how much you need and when you need it, but also on how well prepared and positioned you are to get the best type of financing and to obtain the best terms available. Then you need professional help to assure that you have the best choices of where to get it!

**If you don’t** have the answers to these questions, you will not be able to plan, predict, manage or control your business and if you are looking for capital from any source, you will not be “investor or lender ready”. Thus you may not get the cash you need when you need it or you may not get it on the most favorable terms.

**What you need** is a **business model** and **financial plan** that allows you to identify and justify your cash needs projected over time, and to measure your company’s performance.

**When will I need it?**

**Where will I get it?**

**How can I get help?**

**The Brucker Consulting Group** specializes in assisting growth, under-performing and startup companies to **UpTheirEBITDA** and to obtain financing or investment capital. We can provide you with the expertise to develop a dynamic **business model** and **financial plan** and fill inexperience gaps with experienced management assistance.

## **The Brucker Consulting Group**

**Assisting companies in upping their EBITDA**

[www.BruckerConsulting.com](http://www.BruckerConsulting.com)

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