

Sharing Financial Information with Non-Financial People

Craig Underhill, CPA
Geni Whitehouse, CPA



Introduction

- ◉ Name
- ◉ Winery
- ◉ Accounting Software
- ◉ What do you want to get out of today?



©2015 Brotemarkle, Davis & Co. www.bdcocpa.com

Agenda

- ◉ The problem
- ◉ Common language
- ◉ Tools

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Result of poor communication

- ◉ Fail to hit goals
 - ◉ Correcting mistakes after the fact
 - ◉ Inefficient
 - ◉ Frustrating for everyone
-
- ◉ Personal toll on your career

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



It is Greek to me.

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Three Questions

- ◉ Who is your audience?
- ◉ What are you communicating?
- ◉ Why should they care?

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Tailor your message

based on the person's behavioral style

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



DISC

◎Categorizes how we act

◎Language that is:

- Observable
- Neutral
- Silent
- Universal

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Understand Behavioral Styles

- **D**ominance – relating to control, power and assertiveness
- **I**nfluence – relating to social situations and communication
- **S**teadiness – relating to patience, persistence, and thoughtfulness
- **C**ompliance – relating to structure and organization

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



<p>When communicating with a person who is dependent, neat, conservative, perfectionist, careful and compliant:</p> <ul style="list-style-type: none"> ■ Prepare your "case" in advance. ■ Stick to business. ■ Be accurate and realistic. <p>Factors that will create tension or dissatisfaction:</p> <ul style="list-style-type: none"> ■ Being giddy, casual, informal, loud. ■ Pushing too hard or being unrealistic with deadlines. ■ Being disorganized or messy. <p style="text-align: right;">C</p>	<p>When communicating with a person who is ambitious, forceful, decisive, strong-willed, independent and goal-oriented:</p> <ul style="list-style-type: none"> ■ Be clear, specific, brief and to the point. ■ Stick to business. ■ Be prepared with support material in a well-organized "package." <p>Factors that will create tension or dissatisfaction:</p> <ul style="list-style-type: none"> ■ Talking about things that are not relevant to the issue. ■ Leaving loopholes or cloudy issues. ■ Appearing disorganized. <p style="text-align: right;">D</p>
<p>When communicating with a person who is patient, predictable, reliable, steady, relaxed and modest:</p> <ul style="list-style-type: none"> ■ Begin with a personal comment--break the ice. ■ Present your case softly, nonthreateningly. ■ Ask "how?" questions to draw their opinions. <p>Factors that will create tension or dissatisfaction:</p> <ul style="list-style-type: none"> ■ Rushing headlong into business. ■ Being domineering or demanding. ■ Forcing them to respond quickly to your objectives. <p style="text-align: right;">S</p>	<p>When communicating with a person who is magnetic, enthusiastic, friendly, demonstrative and political:</p> <ul style="list-style-type: none"> ■ Provide a warm and friendly environment. ■ Don't deal with a lot of details (put them in writing). ■ Ask "feeling" questions to draw their opinions or comments. <p>Factors that will create tension or dissatisfaction:</p> <ul style="list-style-type: none"> ■ Being curt, cold or tight-lipped. ■ Controlling the conversation. ■ Driving on facts and figures, alternatives, abstractions. <p style="text-align: right;">I</p>



Tailor your message

based on their role

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Owners, Employees, Bankers



©2015 Brotemarkle, Davis & Co. www.bdcocpa.com





Owner

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Financial statements

- ◉ Income Statement
- ◉ Balance Sheet
- ◉ Cash Flow Statement

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



10:21 AM	Le Cou Rouge Winery (for class)	
10/15/13	Profit & Loss	
Accrual Basis	January through December 2011	
	◊ Jan - Dec 11 ◊	
▼ Ordinary Income/Expense		
▼ Income		
▼ 4000 • Sales - Wine		
4100 • Distributors		0.00
4200 • Tasting Room		0.00
4000 • Sales - Wine - Other		<u>2,521,718.00</u>
Total 4000 • Sales - Wine		2,521,718.00
4300 • Sales - Bulk Wine		0.00
4400 • Sales - Merchandise		0.00
4500 • Sales Returns		0.00
4600 • Refunds		0.00
4700 • Tasting Fee		0.00
4800 • Discount - Sales		<u>0.00</u>
Total Income		2,521,718.00
▼ Cost of Goods Sold		
5000 • Cost of Sales - Bottled		1,304,815.00
5100 • Cost of Sales - Bulk Wine		0.00
5200 • Cost of Sales - Merchandise		<u>2,500.00</u>
▼ 5600 • CELLAR & AGING COSTS		
5625 • Grape Purchases		510,600.00
5626 • Bulk Wine Purchases		0.00
5627 • Bottled Wine Purchases		0.00
5628 • Custom Crush Fees		0.00
5630 • Consulting		0.00
5631 • Repairs & Maintenance		0.00
5632 • Utilities		0.00
5635 • Storage - Bulk Wine		0.00
5699 • XFR Cellar/Aging Costs to Bulk		<u>-510,600.00</u>
5600 • CELLAR & AGING COSTS - Other		<u>0.00</u>
Total 5600 • CELLAR & AGING COSTS		0.00
▼ 5700 • BOTTLING COSTS		
5750 • Contract Bottling		0.00
5753 • Glass		0.00
5754 • Corks		0.00

▼ 5600 • CELLAR & AGING COSTS	
5625 • Grape Purchases	510,600.00
5626 • Bulk Wine Purchases	0.00
5627 • Bottled Wine Purchases	0.00
5628 • Custom Crush Fees	0.00
5630 • Consulting	0.00
5631 • Repairs & Maintenance	0.00
5632 • Utilities	0.00
5635 • Storage - Bulk Wine	0.00
5699 • XFR Cellar/Aging Costs to Bulk	<u>-510,600.00</u>
5600 • CELLAR & AGING COSTS - Other	<u>0.00</u>
Total 5600 • CELLAR & AGING COSTS	0.00
▼ 5700 • BOTTLING COSTS	
5750 • Contract Bottling	0.00
5753 • Glass	0.00
5754 • Corks	0.00
5755 • Capsules	0.00
5756 • Labels	0.00
5757 • Gift Boxes	0.00

Go over the Cash Flow Statement

Le Cou Rouge Winery (for class)
Statement of Cash Flows
January through December 2011

	◊ Jan - Dec 11 ◊
▼ OPERATING ACTIVITIES	
Net Income	290,983.08
▼ Adjustments to reconcile Net Income	
▼ to net cash provided by operations:	
1100 - Accounts Receivable	-88,602.00
1200 - INVENTORY:1201 - Inventory - Bulk Wine	-1,072,580.50
1200 - INVENTORY:1205 - Inventory - Bottled Wine	500,030.50
1300 - Prepaid Expenses	-1,395.00
1800 - Design Costs	215,000.00
2000 - Accounts Payable	6,323.00
2200 - Accrued Expenses	41,078.00
Net cash provided by Operating Activities	-109,162.92
▼ INVESTING ACTIVITIES	
1510 - Barrels	-125,000.00
Net cash provided by Investing Activities	-125,000.00
▼ FINANCING ACTIVITIES	
2500 - Line of Credit	987,184.00
2510 - Notes Payable	-615,744.00
2520 - Note payable members	-186,444.00
3900 - Retained Earnings	52,019.92
Net cash provided by Financing Activities	237,015.92
Net cash increase for period	2,853.00
Cash at beginning of period	9,734.00
Cash at end of period	12,587.00



QuickBooks Setup

Classify Cash

Assign accounts to a section of the Statement of Cash Flows:

- * You can move a balance sheet account but you cannot remove it.
- * You can add or remove an income or expense account but make sure that the account only tracks non-cash transactions.

Account Name	Operating	Investing	Financing
1100 - Accounts Receivable	<input checked="" type="checkbox"/>		
1005 - Undeposited Funds	<input checked="" type="checkbox"/>		
1150 - Allowance for Doubtful Accounts	<input checked="" type="checkbox"/>		
1200 - INVENTORY	<input checked="" type="checkbox"/>		
1200 - INVENTORY:1201 - Inventory - Bulk Wine	<input checked="" type="checkbox"/>		
1200 - INVENTORY:1205 - Inventory - Bottled Wi...	<input checked="" type="checkbox"/>		
1200 - INVENTORY:1210 - Inventory - Unused P...	<input checked="" type="checkbox"/>		
1200 - INVENTORY:1215 - Inventory - Gift Items	<input checked="" type="checkbox"/>		
1300 - Prepaid Expenses	<input checked="" type="checkbox"/>		
1301 - Investments	<input checked="" type="checkbox"/>		

OK Cancel Help Default

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



BDCO Scorecard

Red, Green, Yellow highlights

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Owner's quandary

- ◉ Where should I focus?
- ◉ What do I do tomorrow?
- ◉ Am I on the right track?
- ◉ How do I compare with others in my industry?
- ◉ How do I drive behaviors?

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Standard tools

- ◉ Budget versus actual
- ◉ Comparison to prior
- ◉ Variances over set %

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Business Intelligence

- ◉ Alerts – most ERP software has these
- ◉ Dashboards
 - Fathom
 - Targit
 - Tableau
- ◉ VingDirect

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Owner

- ◉ Generally High D

Less is more.

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Employees



©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Employee questions

- ◉ Have I met my goals?
- ◉ Have I contributed?
- ◉ Do my actions matter?

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Employee needs

- ◉ Education
- ◉ Visible measures
- ◉ Ability to impact results
- ◉ Connection to the big picture

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Wholesale

- ◉ Dimensional Insight
 - Diver
 - BDN
- ◉ CRM tools

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Excel

- ◉ Graphs
- ◉ Conditional formatting
- ◉ Jet Reports
- ◉ SQL reporting dashboard

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Profit Equation Planner

- ◉ Excel model

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Connect Financial Statements...

... to operational metrics

- Revenue goals to individual actions
- Share department goals

◉ Educate teams in financial concepts

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Banker /Investor

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Banker / Investors worry

- ◉ Can you repay the debt?
- ◉ How will this loan impact my portfolio?
- ◉ Is there a plan?

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Banker needs

- ◉ Future plans
- ◉ Trends
- ◉ Progress

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Share

- ◉ Marketing plan
- ◉ Cash flow forecast
- ◉ Budget

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Secrets to Success

- ◉ Adapt your communication style to your audience's:
 - Behavioral style
 - Role
- ◉ Educate owners and teams

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



What stood out for you?

geni@bdcocpa.com

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



Thank You!

We will send you if interested:

◉ Profit Equation Planner

geni@bdcocpa.com

©2015 Brotemarkle, Davis & Co. www.bdcocpa.com



