

STANDARD FINANCIAL MEASURES

CASH FLOW ENHANCEMENT TOOLS

Measure	Monitor	Action
Receivables		
Accounts Receivable aging by invoice > 30 days	Analyze individual customer payment history	Freeze future shipments until current. Make collection call to sales rep. Assign an employee to make daily phone calls to accounts over 30 days outstanding.
Accept electronic payment of invoices		EFT Direct Receivables / pre-authorized withdrawals
Inventories		
Slower moving inventory items	Compare products to sales allocation	Create bundled pricing, mix slower item with Popular item
Sales by customer	Sales for the past three years	Reward top customers
Large format wine available for sale	Monthly wine sales of large format bottles	Promote sales with lower shipping costs
Property and Equipment Purchases		
Amount of bank line of credit being utilized for long-term asset acquisitions	Bank of line of credit borrowing for accounts receivable and inventory only	Lease barrels and other equipment
Equipment purchases being planned	Need for new equipment vs. repairing existing	Consider deferring until next year
Vineyard development being planned	Can grapes or bulk wine be purchased	Consider deferring until next year



Putting People First

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CASH FLOW ENHANCEMENT TOOLS

Measure	Monitor	Action
Accounts Payable		
Electronically pay vendors on the due date	EFT Direct Payables	Set up electronic payment with bank
Determine if select vendors can be paid later	Accounts payable aging	Analyze vendor payment history each Month
Purchase discounts taken	Vendor invoice due dates	Negotiate purchase discounts
Labor Costs		
Number of vines per hour - pruning	Set goals by vineyard and communicate to crew	Reward for meeting labor and quality std
Number of vines per hour - tying and training	Set goals by vineyard and communicate to crew	Reward for meeting labor and quality std
Number of vines per hour - suckering	Set goals by vineyard and communicate to crew	Reward for meeting labor and quality std
Gallons processed per hour - racking	Establish target and communicate to cellar crew	Reward for meeting labor and quality std
Gallons processed per hour - filtering	Establish target and communicate to cellar crew	Reward for meeting labor and quality std
Gallons processed per hour - bottling	Establish target and communicate to cellar crew	Reward for meeting labor and quality std
Weekly overtime hours by department	Emphasize the importance of scheduling	Communicate report to all managers
Employee turnover	Gain understanding why it occurs	Evaluate hiring and training practices

NON-FINANCIAL MEASURES

CASH FLOW ENHANCEMENT TOOLS

Drive Impressions

Number of contacts with retail accounts
Number of contacts with wine club members
Number of website hits
Number of contacts with sales reps

Expand Direct & Retail Sales

Number of retail shops visited
Number of websites linked to yours
Number of wine club referral sales
Average number of months in wine club

Sales funnel at the top will be shrinking so you need to improve what happens with every customer touch.

KNOW YOUR GUEST to MAXIMIZE RETURN



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	Style	Characteristics	Tips
D	Extrovert Task oriented	High ego, purchases the latest products	Get to the point and be accurate
I	Extrovert People oriented	Friendly and likes to try new innovative products	Be friendly and ask their opinion
S	Introvert People oriented	Slow to make changes, needs to trust you	Provide lots of statistics and proof
C	Introvert Task oriented	Does not make changes readily, the last to purchase	Proven results, testimonials, don't rush



DISCOUNTING EXAMPLE

EFFECT OF PRICE CUTS

		If your present margin is:						
		40%	45%	50%	55%	60%	65%	70%
And you reduce your price by:	To produce the same profit your sales volume must increase by:							
	-2%	5%	5%	4%	4%	3%	3%	3%
-4%	11%	10%	9%	8%	7%	7%	6%	
-6%	18%	15%	14%	12%	11%	10%	9%	
-8%	25%	22%	19%	17%	15%	14%	13%	
-10%	33%	29%	25%	22%	20%	18%	17%	
-15%	60%	50%	43%	38%	33%	30%	27%	
-20%	100%	80%	67%	57%	50%	44%	40%	
-25%	167%	125%	100%	83%	71%	63%	56%	
-30%	300%	200%	150%	120%	100%	86%	75%	
-35%	700%	350%	233%	175%	140%	117%	100%	

IMPACT of FUTURE INVENTORY LEVELS

GROSS PROFIT CASH FLOW MODEL

BOTTLED WINE COST ANALYSIS

ON A 9 LITER CASE BASIS

ASSUMPTIONS and RESULTS

Vineyards		Chardonnay	Merlot	Cabernet	Total
Producing acres		10	15	20	45
Tons per acre					
2005		4.8	4.1	3.9	
2006		3.8	3.2	3.1	
2007		2.4	3.0	2.9	
2008		2.8	1.9	2.3	
Avg Gallons per ton		150	150	150	
Cases Produced					
2005		2,880	3,690	4,680	11,250
2006		2,280	2,880	3,720	8,880
2007		1,440	2,700	3,480	7,620
2008		1,680	1,710	2,760	6,150
Average Case Sales Price					
2005		206	250	300	260
2006		216	258	300	265
2007		216	258	300	269
2008		216	258	300	265
Gross Profit Cash Flows by Vintage					
2005		290,880	501,840	804,960	1,597,680
2006		224,124	375,840	587,760	1,187,724
2007		104,112	338,850	528,960	971,922
2008		123,144	158,175	367,080	648,399



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SUMMARY

1. Be vigilant with traditional measurements
2. Focus your impressions on retail and direct
3. Make sure your team understands guests behavior styles
4. Discounting...**be careful**
5. Develop strategy if bulk wine is short

If you have additional questions contact me:

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Follow my blog for one accountant's perspective:

<http://blog.bdcocpa.com>

