

Hirshberg Entrepreneurship Institute

Be Smart with Your Cash

January 2021



THE INTERTWINE GROUP

seed • cultivate • grow

BLUESTEIN
VENTURES

Top ten tips to managing cash

1. Transactional profitability & cash are not the same
2. Every decision has cash implications
3. Capital efficiency is the new velocity
4. Margins, margins, margins
5. Discern between the important and the interesting
6. Watch out for sneaky ways cash can creep up on you
7. Raise capital *ahead* of when you need it
8. Three jobs of the CEO: set the vision, hire great people, raise capital
9. Discipline wins
10. Don't run out of cash!

#1: Transactional profitability v. cash

- Looks interesting....

EARNINGS	2020	2021	2022	2023	2024
Revenue	\$ 1,968,354	\$ 5,236,457	\$ 12,465,933	\$ 30,346,781	\$ 51,607,854
Trade Spend	\$ 295,253	\$ 628,375	\$ 1,246,593	\$ 3,034,678	\$ 5,160,785
Net Revenue	\$ 1,673,101	\$ 4,608,082	\$ 11,219,340	\$ 27,312,103	\$ 46,447,068
COGS	\$ 1,181,012	\$ 3,141,874	\$ 7,479,560	\$ 18,208,068	\$ 30,964,712
Gross Profit	\$ 492,088	\$ 1,466,208	\$ 3,739,780	\$ 9,104,034	\$ 15,482,356
GP (%)	25%	28%	30%	30%	30%
Marketing	\$ 393,671	\$ 785,469	\$ 1,495,912	\$ 3,034,678	\$ 5,160,785
E-Comm Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -
Frieght/3PL	\$ 196,835	\$ 418,917	\$ 747,956	\$ 1,820,807	\$ 3,096,471
SG&A	\$ 393,671	\$ 785,469	\$ 1,495,912	\$ 3,641,614	\$ 6,192,942
EBITDA	\$ (492,088)	\$ (523,646)	\$ 0	\$ 606,936	\$ 1,032,157
EBITDA (%)	-25%	-10%	0%	2%	2%
Est. Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	\$ -	\$ -	\$ 0	\$ 121,387	\$ 206,431
NET INCOME	\$ (492,088)	\$ (523,646)	\$ 0	\$ 485,548	\$ 825,726

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- How about now?

EARNINGS	2020	2021	2022	2023	2024
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NET INCOME	\$ (492,088)	\$ (523,646)	\$ 0	\$ 485,548	\$ 825,726
WORKING CAPITAL	2020	2021	2022	2023	2024
Inventory	\$ 349,450	\$ 929,650	\$ 1,506,158	\$ 3,442,073	\$ 4,581,081
AR	\$ 323,565	\$ 860,787	\$ 2,049,194	\$ 4,988,512	\$ 8,483,483
AP	\$ (59,320)	\$ (140,595)	\$ (307,379)	\$ (731,648)	\$ (1,244,244)
Required Working Capital	\$ 613,695	\$ 1,649,843	\$ 3,247,973	\$ 7,698,937	\$ 11,820,319
Change in Working Capital	\$ 613,695	\$ 1,036,148	\$ 1,598,131	\$ 4,450,963	\$ 4,121,383
CASH FLOW	\$ (1,105,783)	\$ (2,665,577)	\$ (4,263,707)	\$ (8,229,122)	\$ (11,524,779)

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#9: Discipline wins

Unicorn



v.

Tardigrade



#9: Discipline wins

Elements of a Tardigrade Brand

- Small agile team
- eComm enabled both DTC and BTB
- A laser focus on channel and unit economics
- A relentless pursuit of capital-efficiency
- A curated disciplined approach to retail
- A short cash conversion cycle
- Leverages digital to build a tribe
- Discovery is driven through alt-channels and eComm

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