

# ProfitCents.

## Case Study

### Acquiring clients with ProfitCents

#### PROFITCENTS ENABLES SMARTER FINANCIAL MANAGEMENT

Despite the benefits of the firm's Strategic Financial Management Value Builder method, McLaren felt stuck. "We couldn't be as strategic as we wanted to be. I spent most of my time on the basics. Financial modeling was time consuming, and we had no hope of benchmarking performance to industry peers. I would intuitively notice when a client's key metric was too high or too low, but I didn't have any way to show the client exactly how the business compared to industry peers. ProfitCents helped me execute on the best practices—like benchmarking—that I had known about but was never able to do because they would have been too labor intensive."

Once McLaren became a ProfitCents customer, it didn't take him long to perform a strategic financial analysis of his prospects and clients. "ProfitCents helped me transform basic financial management into Strategic Financial Management. The peer benchmarking, valuation and multi-year forecast fit squarely in our mission to help business owners and their employees thrive by being in the top percentile of their industry. I broke even on the investment in ProfitCents in the first 26 days."

#### CLIENT PROSPECTING WITH INDUSTRY DATA

McLaren was able to create a return on his technology investment with Sageworks by identifying a prospect in another state who had inventory that was almost three times the industry average. "I typically work with small, privately held companies that earn revenue between \$1 million and \$55 million. One of the small businesses that I had been prospecting was a wholesale salt distributor—he had A LOT of salt inventory and was hurting for cash."

McLaren spent two to three hours looking at the prospect's websites, his financials and the ProfitCents reports before contacting the business owner. "The Sageworks Industry Data reports and Benchmarking allowed me to find his pain points in Inventory Turn and Accounts Receivable and then, through discovery, to show him how I could tangibly help him improve his business, specifically cash," says McLaren. "He was struggling to get the cash flow he needed—looking for loans and trying to scale up his business. As his advisor, I was able to use ProfitCents to show him

#### Foresight Consulting

#### ABOUT FORESIGHT CFO CONSULTING

Kirk W. McLaren, CFO, MBA, CPA, is an outsourced CFO in Washington, D.C., a lecturer at Georgetown University and the founder of Foresight CFO Consulting. Foresight CFO's mission is to help business owners and their employees thrive by being in the top percentile of their industry.

Foresight CFO provides outsourced CFO and accounting services nationwide. The firm's Strategic Financial Management Value Builder (SFMVB) method is proven to increase the value of businesses by an average 71 percent, based on 6,500 companies. The method specifically develops eight business drivers across a 12- step program to maximize the business. The method includes building strategic finance on top of a reliable accounting foundation.

"As his advisor, I was able to use ProfitCents to show him that if we brought his inventory days down to the industry average, **we could free up \$498,000 in cash from inventory alone plus \$268,000 from accounts receivables.**"

that if we brought his inventory days down to the industry average, we could free up \$498,000 in cash from inventory alone plus \$268,000 from accounts receivables. This made his business cash positive instead of giving away his profit by taking out loans. I offered him a life change so that he can sleep at night and enjoy his business by building one that thrives.”

By providing this insight McLaren won the client. “The business owner now wants me to manage his day-to-day accounting and be his advisor. ProfitCents helped me win a \$48,000-a-year client of recurring revenue.” Additionally, since McLaren purchased ProfitCents, three of the six prospects that he has reached out to have sat down with him to learn more about his services. “That’s 50 percent! That number used to be 15 to 20 percent. Now that I can attach Sageworks reports to my initial emails, I am able to provide a hard number to the benefits I can bring in addressing a prospect’s pain points. That’s what helps me differentiate my services on the front-end.”

## PROJECTIONS WITH PROFITCENTS

One of McLaren’s current clients is a for-profit education business that is always looking for ways to improve their operations. McLaren leveraged ProfitCents Projections to provide more value to his client. “Typically, I can only forecast out 12 months in the current year budget—and that is with a lot of complex Excel spreadsheets that take time to put together. With ProfitCents I am now able to project my client’s business out five years into the future with ratios and valuations to match. The business owner was considering introducing new products and a new pricing model; we were able to run scenarios to estimate how these changes would benefit his business.”

What normally took McLaren a few weeks with his Excel models took him half a day using ProfitCents. “All I had to do was enter in one to two years of financial statements and then I could use the Projections ‘what-if’ scenarios to provide my client with the information and specific recommendations that he needed.” McLaren uses these insights to help clients understand the benefits and hurdles of various strategies. The value that McLaren offers his clients comes from his ability to leverage industry insights and the Sageworks solution to make his clients’ businesses better.

“The business owner now wants me to manage his day-to-day accounting for \$1,000 a month and be his advisory for \$3,000 a month. ProfitCents helped me win a \$48,000-a-year client of recurring revenue.”

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## ABOUT SAGEWORKS

Sageworks is a financial information company that provides risk management, financial analysis and business valuation solutions to accounting firms and financial institutions.

Visit [www.sageworks.com](http://www.sageworks.com) to learn more.

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