



SUCCESSFULLY SCALING YOUR BUSINESS FINANCIAL RESOURCES AND CAPABILITIES

Do you have a solid financial foundation?

Your company has an exciting opportunity for growth. How do you know if you're ready financially?

Neglected back-office procedures, unanticipated cash needs and gaps in financial leadership are all potential financial pitfalls that hinder growth. But with the proper planning and attention



to fundamentals, you can circumvent them. A solid foundation supports even the most accelerated growth.

In this edition of *Executive Issues & Insights*, we explore

key insights drawn from the extensive C-suite and Board experiences of the NextLevel team on how to successfully scale your business financial resources and capabilities.

NEXLEVEL CASE STUDY

From dot-com slump to 60 percent growth

A public digital marketing and technology services business was poised for growth again after losing almost half its revenue in less than a year during the dot-com crash. The company's CFO, now part of NextLevel, had a major role in managing the turnaround while repositioning for growth.

The company added two complementary businesses and began to grow rapidly. As they grew, their accounting and information systems were inadequate for the higher volume, reporting and analytics requirements. The NextLevel executive determined which accounting package to implement that would handle their growth almost indefinitely.

He helped determine staff cuts and other cost reductions needed to keep the company afloat when business bottomed out. In growth mode, he had an instrumental role in deciding which positions to add, approving several key

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NEXLEVEL INSIGHTS

Anticipate cash needs and capital availability

Growth costs money in people, equipment and systems. Financial leadership needs to look several months to a year or more ahead to determine cash needs and line up appropriate financing to support this growth. This gets particularly complicated during accelerated growth of 50 percent or more annually or if expansion involves new ways of doing business (e.g., wholesale vs. retail).

Develop good habits for financial procedures

When your company is small is the time to set a solid foundation for procedures, workflow and organizational structure. Make these part of your company culture from the beginning. Establish clear policies and procedures for accounts payable, travel, expense reimbursement, etc. Pay attention to your workflow so that when growth accelerates you don't have bottlenecks. Otherwise, it can be very painful to put these in place afterwards.

Devote resources to financial planning and analysis

Turning data from your accounting and reporting systems into useful information is increasingly important as your company grows. Understanding through analysis where your opportunities and challenges lie lets you focus on the parts of the business that are most profitable. Tying that analysis back to ongoing financial planning ensures that you scale effectively.

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middle-management staff to the financial organization. This supplemented or replaced more senior staff who didn't have the depth to support the more complex accounting and data environment.

He also had a major voice in deciding which capital and strategic investments to make, ensuring that all businesses, particularly the two new ones, had the necessary capital to ensure their ability to exploit their growth opportunities.

The company's revenues grew by a compound annual growth rate of about 60 percent during its rapid ramp-up. The organizational changes and system upgrades were able to support and contribute to that growth. The company's net income grew from a loss of \$4.5 million to a profit of \$54 million over a four-year period. The company's stock price increased dramatically, and the company became one of the strongest growth stocks on the U.S. exchanges.

“REALLY KNOW YOUR BUSINESS PLAN AND UNDERSTAND THE IMPLICATIONS OF WHERE THE COMPANY IS GOING.”

You'll have a framework and insights to manage aggressive growth more confidently.

More Information

To learn more about how NextLevel can help you successfully scale from a financial perspective, call us at (800) 833-NEXT or email info@nlbev.com.

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Be easy to do business with

Don't focus so much on product development and growing your business that you neglect your accounting functions and back-office procedures. When you're trying to ramp up quickly, basic functions such as closing your books monthly, accurately invoicing customers and paying vendors in a timely manner may fall by the wayside if you haven't given this forethought. Failing at these functions can lose key customers and vendors.

Be willing to re-evaluate financial leadership

The financial leadership that got your company to where you are today may not have the skills to grow the company to higher levels. In addition to technical skills, they must be able to communicate the bigger picture of the finance function both internally and externally. Making sure everyone on the management team understands key financial drivers and their respective function's impact on those drivers is critical as the business scales.

Keep your strategic goals in mind

Don't lose sight of the financial goals from your strategic plan as you enter a growth phase. Have you created a discipline and framework to ensure ongoing alignment that will withstand a high-growth chaotic phase?

KEYS TO SUCCESSFULLY SCALING YOUR BUSINESS FINANCES

- **Your cash needs:** Can you anticipate and access appropriate capital?
- **Your financial processes and procedures:** Are they clearly established to avoid bottlenecks as demands increase?
- **Your financial analysis:** Are you focusing on the most profitable parts of your business?
- **Your financial relationships:** Can you continue to make it easy for customers and vendors to do business with you?
- **Your financial leadership:** Do they have the skills to grow the company to higher levels?
- **Your strategic financial goals:** Can you keep aligned with them during rapid growth?