

JD Financial Associates Case Studies

FINANCING NEEDS FOR GROWING COMPANY

Executive Summary:

Bank increased line of credit utilization after Client presented cash flow forecast prepared by JD Financial Associates

The Challenge:

Client outsourced the manufacturing of specialty items in China and sold to US major drug store chains. The Asian manufacturing process had a 4-6 month lead time, so Client had to pay vendors four months before delivery of product. This caused considerable cash flow struggles.

How JD Financial Associates Helped:

Jennifer prepared a cash flow forecast to determine timing and amount of bank line of credit utilization to fund payments to vendors for production. Once the bank understood the cash flow timing and submitted the proper documents, they were able to increase the availability to accommodate the growth.

Furthermore, the actual cash flows were tracked according to plan, which provided insight into possible manufacturing delays. The owner was then able to proactively address those issues.

SALES TAX REPORTING SAVINGS

Executive Summary:

Cook County sales tax reporting prep time reduced by 95% from 24 hours to 1 hour after JD Financial Associates optimized the use of client operations software.

Tax calculation error identified and corrected by JD Financial Associates resulting in thousands of dollars to bottom line per month.

The Challenge:

The accounting staff were manually preparing monthly sales tax reports for Cook County. In addition, amounts paid to the County were more than amounts collected from customers.

How JD Financial Associates Helped:

Jennifer determined the information required to be reported on the tax return and then prepared an export file from the operations software to electronically prepare the detail for the return. In the process, she discovered the tax calculation for the County reporting was incorrect. This reduced the monthly preparation time from three full days to 1 HOUR AND eliminated the calculation error, which resulted in thousands of dollars of “found” cash flows each month.

MANAGEMENT REPORTING DELAY ELIMINATED

Executive Summary:

Client gained immediate visibility into operating expenses after JD Financial Associates implemented new process

The Challenge:

Client used a complex commission structure to pay local sales agents across the US. At the end of each month, the commissions were manually accumulated. This took the bookkeeper several days to calculate and accumulate.

This was a significant, fluctuating operating expense amount (11% - 18% of sales) that was unknown until long after the end of the month when the bookkeeper could complete her analysis.

How JD Financial Associates Helped:

Jennifer implemented a new process that calculated the commission in real time, at the time of the sale. The commission expense was recorded at the same time, which eliminated the month end accumulation process.

This gave the Client immediate visibility into the expenses in real time as they accumulated. This also improved operations by identifying potential issues, which were researched and resolved quickly, resulting in improved customer and agent communications and satisfaction.