
GETTING FINANCIALLY NAKED

Roundtable Case Study
with Real Numbers from
Real Food Hubs





WHAT WE DO

Our goal is simple – to help passionate farmers and food artisans build lasting, profitable, locally-focused businesses. We accomplish this by working alongside our clients. No stuffy business plans that get thrown on the shelf, never to be looked at again. We have real-world experience and bring that to our work everyday. We have walked a mile in your shoes and understand first-hand the challenges facing small businesses. We are results-oriented, and our work is about actionable steps to make your business stronger and more profitable.



Advising + Coaching

It is true that it's lonely at the top. Our business owner/organizational leader advising and coaching provides lasting results through a relationship built on trust, honest communication and consistency.



Hands on Help + Project Management

Sometimes, advising isn't what you need, sometimes you need someone to get in there and get it done alongside you.



Financial-Strategic Alignment

Bookkeeping that actually helps you manage your business, not just figure out your taxes.



Interim/Virtual Management Team

When your organization is in a period of growth and change, you sometimes need multiple levels of support to navigate change successfully



Helping passionate farmers and food artisans build lasting, profitable, locally-focused businesses.

OUR FOUR TENETS

1. WE'VE WALKED A MILE IN YOUR SHOES.

Our team has spent more time in the trenches than consulting. We know what it feels like to make payroll, hire, fire, motivate, sell and run businesses.

2. THERE'S NO BS.

We're not worried about our next paycheck, we will tell you what we're thinking, even if you don't like it and even if we're wrong—we're going to be honest, period.

3. WE ROLL UP OUR SLEEVES, RIGHT ALONGSIDE YOU.

We act like a partner without equity.

4. WE ARE COMMITTED TO PROVIDING YOU MORE VALUE THAN THE COST OF OUR SERVICES.

What keeps us up at night is that you make more money than our costs. We also aim to teach you the skills you need to graduate from our services.



Helping passionate farmers and food artisans build lasting, profitable, locally-focused businesses.



OUR INTENT TODAY

- Show the value of financial collaboration
- Create an opportunity to continue the conversation afterwards

WHY A PEER GROUP?

Many reasons...

Business

- Free consulting
- Structured competitiveness
- Benchmarking
- Continuous improvement

Educational

- Experiential connection
- Definition of insanity
- Leadership development
- Best practices sharing

Personal

- Emotional connection
- Ability to commiserate
- Support network



AGENDA

Roundtable Case Study, 4 Groups

- Internal group questions
- Group information sharing
- Financial ranking information
- Moderated Q & A
- Conclusions

- KTC's Take Home Lessons
- Next Steps
- Questions

CASE STUDY

A mock roundtable of
4 real world food
hubs





ROUNDTABLE CASE STUDY

- Break into 4 groups
- Read your intro
- Review financials, ask 2-3 clarifying questions of Rebecca and Ted
- Answer your 4 case study questions and choose a spokesperson from your group

ROUNDTABLE CASE STUDY

Internal Group Questions

- Has the business gotten more efficient year on year?
- Where does the business have the greatest opportunity for improvement?
- What's the most important question you would ask an advisor who knows about this business? What question needs to be asked?
- What's the most important number they need to focus on in the next 12 months?



ROUNDTABLE CASE STUDY

Group info sharing



ROUNDTABLE CASE STUDY

Financial Ranking Information

- Why are financial ratios important?
- What can we learn from this exercise about our own business?
- Who do we want to network with and learn from?
- How can we help others?



KEY RATIOS, SORTED

Rank	Food Hub/ Period	Sales per employee	Food Hub/ Period	Labor as % of Sales	Food Hub/ Period	Gross Margin	Food Hub/ Period	Inventory Turns	Food Hub/ Period	Average Pay per employee	Food Hub/ Period	\$ of Sales per \$1 of Assets
1	#4-17	\$ 290,000	#2-16	13%	#3-16	51%	#4-16	57.8	#2-16	\$ 19,374	#4-17	\$ 34.5
2	#4-16	\$ 230,435	#4-17	15%	#3-17	49%	#4-17	51.3	#1-17	\$ 21,833	#4-16	\$ 32.1
3	#2-16	\$ 143,913	#2-17	16%	#2-16	38%	#3-16	13.8	#2-17	\$ 21,891	#3-16	\$ 18.7
4	#2-17	\$ 135,174	#1-17	17%	#2-17	36%	#1-16	11.9	#1-16	\$ 22,188	#3-17	\$ 7.7
5	#1-17	\$ 125,667	#1-16	20%	#1-17	35%	#3-17	10.4	#3-16	\$ 25,130	#1-16	\$ 7.3
6	#3-17	\$ 122,417	#4-16	21%	#1-16	28%	#1-17	5.1	#3-17	\$ 32,867	#1-17	\$ 6.0
7	#1-16	\$ 111,500	#3-17	27%	#4-17	27%	#2-17	4.4	#4-16	\$ 47,783	#2-16	\$ 5.5
8	#3-16	\$ 86,050	#3-16	29%	#4-16	25%	#2-16	4.3	#4-17	\$ 52,200	#2-17	\$ 4.1



ROUNDTABLE CASE STUDY

Moderated Q & A

- If your group could ask 2 questions of any other business in the room, what would they be?

Let's answer them and learn!



FINANCIALS - ALL 4 FOOD HUBS



	2017	2016		2017	2016		2017	2016		2017	2016
PROFIT AND LOSS	Hub 1	Hub 1		Hub 2	Hub 2		Hub 3	Hub 3		Hub 4	Hub 4
Sales	\$ 754,000	\$ 892,000		\$ 3,109,000	\$ 3,310,000		\$ 734,500	\$ 860,500		\$ 5,800,000	\$ 5,300,000
COGS	\$ 489,000	\$ 642,000		\$ 1,987,300	\$ 2,047,000		\$ 375,000	\$ 420,000		\$ 4,226,900	\$ 3,963,900
Gross Profit	\$ 265,000	\$ 250,000		\$ 1,121,700	\$ 1,263,000		\$ 359,500	\$ 440,500		\$ 1,573,100	\$ 1,336,100
Opex	\$ 58,500	\$ 83,800		\$ 109,400	\$ 75,000		\$ 69,200	\$ 95,200		\$ 427,600	\$ 440,300
G & A	\$ 40,000	\$ 37,700		\$ 101,500	\$ 101,000		\$ 68,200	\$ 76,100		\$ 164,100	\$ 184,400
Fixed	\$ 37,500	\$ 58,300		\$ 102,500	\$ 106,000		\$ 37,800	\$ 34,200		\$ 57,400	\$ 48,900
Labor	\$ 131,000	\$ 177,500		\$ 503,500	\$ 445,600		\$ 197,200	\$ 251,300		\$ 894,000	\$ 1,099,000
Net Profit	\$ (2,000)	\$ (107,300)		\$ 304,800	\$ 535,400		\$ (12,900)	\$ (16,300)		\$ 30,000	\$ (436,500)
	-0.3%	-12.0%		9.8%	16.2%		-1.8%	-1.9%		0.5%	-8.2%

	2017	2016		2017	2016		2017	2016		2017	2016
BALANCE SHEET	BS -1	BS-1		BS-2	BS-2		BS-3	BS-3		BS-4	BS-4
Inventory Asset	\$ 96,000	\$ 54,000		\$ 453,300	\$ 479,500		\$ 36,100	\$ 30,400		\$ 82,400	\$ 68,600
Equipment	\$ 125,000	\$ 123,000		\$ 762,400	\$ 606,000		\$ 95,000	\$ 46,000		\$ 168,000	\$ 165,000
A/R	\$ 44,000	\$ 36,000		\$ 9,700	\$ 14,700		\$ 125	\$ 9,600		\$ 299,500	\$ 335,800
A/P	\$ 178,000	\$ 161,000		\$ 96,400	\$ 68,500		\$ 17,700	\$ 10,500		\$ 500,100	\$ 822,000
Loans	\$ 163,000	\$ 135,000		\$ 534,600	\$ 357,700		\$ 232,000	\$ 205,000		\$ 642,000	\$ 164,000

FINANCIALS - ALL 4 FOOD HUBS



	2017	2016		2017	2016		2017	2016		2017	2016
OPERATIONAL DATA	Hub 1	Hub 1		Hub 2	Hub 2		Hub 3	Hub 3		Hub 4	Hub 4
Years in Business	7	6		10	9		4	3		10	9
Number of Employees	6	8		23	23		6	10		20	23
Total Facility Square Feet	3000	5000		9500	6500		7000	7000		5000	5000
Number Delivery Vehicles	2	3		6	6		0	1		6	6
Number of Food Vendors	45	40		35	30		146	112		128	118
Customers	190	195		1500	1600		650	650		568	561
Initial Financing	Family			Family			Business plan contest + Friends and Family			Self	
Growth Financing	Family + Bank	Family + Bank		Bank	Farm Credit + Family		Bank	Farm Credit		Friends + Family	Small Bank Loan
Ownership Structure	LLC			LLC			LLC			LLC	
Direct Connection to Farm	Yes			Yes			No			No	
Supply Geographic Radius	50 miles			50 miles			75 miles			150 miles	
Delivery Geographic Radius	150 miles			150 miles			50 miles			200 miles	
Product Mix	Dairy, protein, eggs			Dairy, protein, eggs, sundries			Veg, dairy, protein, eggs, sundries			Produce	

	2017	2016		2017	2016		2017	2016		2017	2016
KEY RATIOS	#1-17	#1-16		#2-17	#2-16		#3-17	#3-16		#4-17	#4-16
Sales per Employee	\$ 125,667	\$ 111,500		\$ 135,174	\$ 143,913		\$ 122,417	\$ 86,050		\$ 290,000	\$ 230,435
Labor as % of Sales	17%	20%		16%	13%		27%	29%		15%	21%
Gross Margin	35%	28%		36%	38%		49%	51%		27%	25%
Inventory Turns	5.1	11.9		4.4	4.3		10.4	13.8		51.3	57.8
Average Pay per Employee	\$ 21,833	\$ 22,188		\$ 21,891	\$ 19,374		\$ 32,867	\$ 25,130		\$ 44,700	\$ 47,783
\$ of Sales per \$1 of Assets	\$ 6.03	\$ 7.25		\$ 4.08	\$ 5.46		\$ 7.73	\$ 18.71		\$ 34.52	\$ 32.12
Wholesale % of Sales	72%	81%		2%	2%		0%	0%		100%	100%

ROUNDTABLE CASE STUDY

Conclusions

What would happen next in a real roundtable?

- Bring expert to talk about inventory turn and best practices
- Ask #4 to prepare discussion for case study on employee productivity, come in with sales manager
- Open moderated discussion about assets, owned vs rent
- Gross margin of #3

This is what we see. What do you see? What would you want if this was your group?





KTC'S TAKE HOME LESSONS

Ratios, organizing chart of accounts,
standardizing financials

KTC'S TAKE HOME LESSONS

Worksheet of Ratios

Sales per Employee

Total Sales / Number Employees

Labor as % of Sales

Total Labor \$ / Total Sales

Gross Margin

Gross Profit / Total Sales

Inventory Turns

Gross Profit / Year End Inventory

Average Pay per Employee

Total Labor / Number Employees

\$ of Sales per \$1 of Assets

Total Sales / Assets (Equipment)



TAKE HOME LESSONS

Chart of Accounts Basic Theory

Seven Numbers

- Sales
- Cost of Goods Sold (COGS)
- Labor
- General and Admin (G&A)
- Operating Expenses
- Fixed Expenses
- One-Time Expenses





TAKE HOME LESSONS

Standardize financials, so
you can have meaningful
conversations comparing
apples to apples





NEXT STEPS

- Who wants to do this?
- Sign up on our email sheet for follow up.



Rebecca Frimmer
(703) 593-5420
rebecca@
kitchentableconsultants.com

Questions?

THANK YOU!

Ted LeBow
(610) 324-6973
ted@
kitchentableconsultants.com

www.kitchentableconsultants.com