

STEPHENGARROW

CEO RUSHMORE ASSOCIATES



@stephendgarrow

THERE IS NO LONGER ANY SUCH THING AS
FICTION OR NONFICTION...
THERE IS ONLY NARRATIVE.

~ E.L. DOCTOROW



What Doesn't Belong?



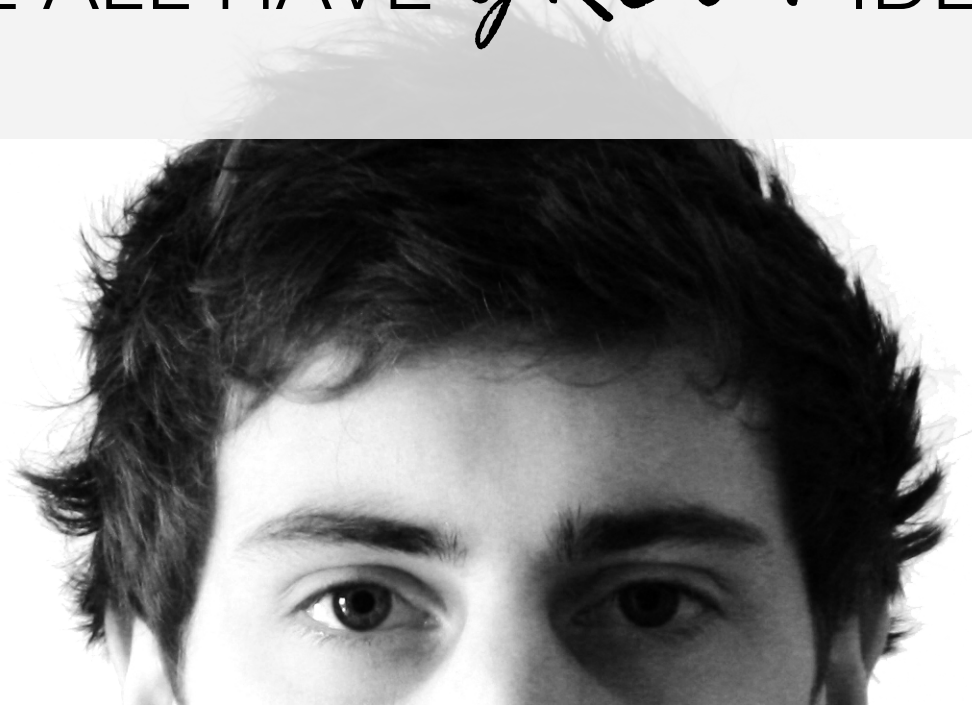




CHANGE THE WORLD WITH YOUR
FINANCIAL NARRATIVE



WE ALL HAVE *GREAT* IDEAS



A broken lightbulb is shown against a light beige background. The bulb is tilted and has several jagged cracks and missing pieces of glass. A white horizontal band is superimposed over the middle of the bulb, containing the text "IF NO ONE UNDERSTANDS YOUR IDEA, IT WILL DIE". The word "UNDERSTANDS" is in italics, and "DIE" is in a larger, bold, sans-serif font.

IF NO ONE *UNDERSTANDS* YOUR IDEA,
IT WILL **DIE**

A marble statue of a man in a state of distress, with his hands covering his face, standing on a pedestal. The statue is positioned on the right side of the frame, with its body and head visible. The man's expression is one of anguish or despair. The statue is set against a plain white background. A semi-transparent grey horizontal band is overlaid across the middle of the image, containing the text.

IDIOT MOMENT *REVELATION*

<http://www.youtube.com/watch?v=zNCrMEOqHpc>



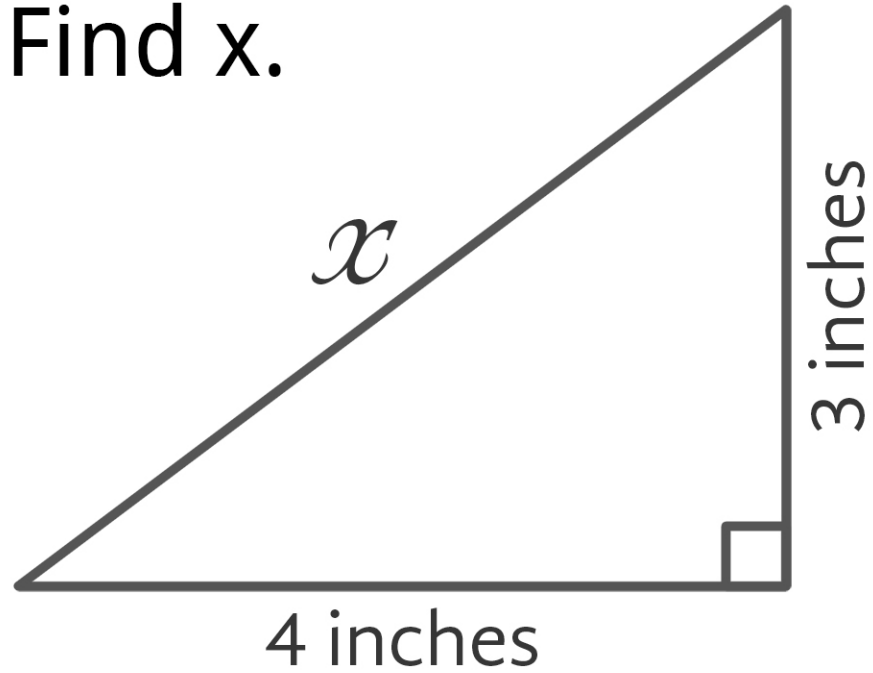
NO ONE BELIEVES YOUR FINANCIALS



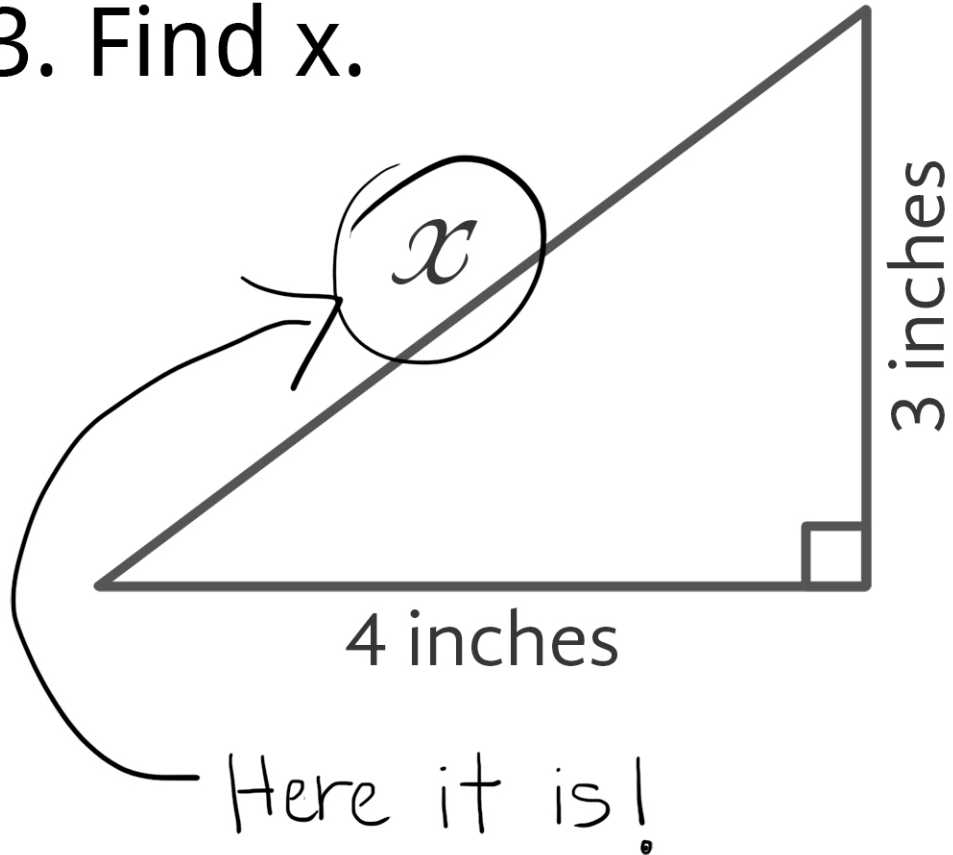
5000
1971

5000

3. Find x .



3. Find x .





THE GUV'NOR





**KEEP
CALM
AND
EAT MORE
CAKE**

CARROT CAKE WILL *SAVE YOUR LIFE*

A fan of US dollar bills is shown against a dark background. The bills are fanned out from the bottom center towards the top corners. The most prominent bill is a \$100 bill, showing the eye of Benjamin Franklin and the green seal of the Federal Reserve. Other bills, including a \$50 bill, are visible behind it. The text "COSTS – (1) OPERATIONAL, (2) STARTUP" is overlaid in the center of the image.

COSTS – (1) OPERATIONAL, (2) STARTUP



CAUTION



**INTELLECTUAL
INCITEMENT
AHEAD**

GUV'NOR'S BAKERY

❖ Variable Costs
[Direct]

❖ Fixed Costs
[Indirect]



GUV'NOR'S BAKERY: VARIABLE COSTS

Type of Cost	Cost Per Unit
Flour	\$0.20
Sugar	0.13
Salt	0.03
Eggs	0.15
Butter	0.13
Spices	0.11
Cream Cheese	0.31
Nuts	0.23
Carrots	0.15
Other	0.22
Labor 1 hour @ \$20 for 50 cakes (\$20/50 cakes)	0.40
Packaging and labeling	0.20
Gas for oven	0.15
Total cost per cake	\$2.41

1 Carrot Cake = \$24.00



GUV'NOR'S BAKERY: FIXED COSTS

<u>Type of Cost</u>	<u>Amount Per Month</u>
Rent	\$800
Equipment lease	500
Accountant	200
Uniforms	22
Electric	225
Phone	65
Cleaning	275
Postal	55
Insurance	150
Stationary/Printing	30
Contingencies	200
Employees	4,000
Total Fixed Costs	\$6,672



GUV'NOR'S BAKERY: BREAKEVEN ANALYSIS

Unit of Sale = 1 Carrot Cake

	<u>\$ Per Unit</u>	<u>\$ Per Month</u>
Sales/Price	\$24.00	\$
Variable Costs	\$2.41	\$
Gross Profits	\$21.59	\$
Fixed Costs	---	\$6,672
Net Profits		\$0

GUV'NOR'S BAKERY: BREAKEVEN ANALYSIS

Unit of Sale = 1 Carrot Cake

	<u>\$ Per Unit</u>	<u>\$ Per Month</u>
Sales/Price	\$24.00	\$
Variable Costs	\$2.41	\$
Gross Profits	\$21.59	\$6,672
Fixed Costs	---	\$6,672
Net Profits		\$0

GUV'NOR'S BAKERY: BREAKEVEN ANALYSIS

Unit of Sale = 1 Carrot Cake

Units = 309

	<u>\$ Per Unit</u>	<u>\$ Per Month</u>
Sales/Price	\$24.00	\$
Variable Costs	\$2.41	\$
Gross Profits	\$21.59	\$6,672
Fixed Costs	---	\$6,672
Net Profits		\$0

GUV'NOR'S BAKERY: BREAKEVEN ANALYSIS

Unit of Sale = 1 Carrot Cake

Units = 309

	<u>\$ Per Unit</u>	<u>\$ Per Month</u>
Sales/Price	\$24.00	\$7,416
Variable Costs	\$2.41	\$745
Gross Profits	\$21.59	\$6,672
Fixed Costs	---	\$6,672
Net Profits		\$0

GUV'NOR'S BAKERY: INCREASED SALES

Unit of Sale = 1 Carrot Cake

Units = 400

	<u>\$ Per Unit</u>	<u>\$ Per Month</u>
Sales/Price	\$24.00	\$9,600
Variable Costs	\$2.41	\$964
Gross Profits	\$21.59	\$8,636
Fixed Costs	---	\$6,672
Net Profits		\$1,964

GUV'NOR'S BAKERY: INCREASED SALES

Unit of Sale = 1 Carrot Cake

Units = 541

	<u>\$ Per Unit</u>	<u>\$ Per Month</u>
Sales/Price	\$24.00	\$12,984
Variable Costs	\$2.41	\$1,304
Gross Profits	\$21.59	\$11,672
Fixed Costs	---	\$6,672
Net Profits		\$5,000

GUV'NOR'S BAKERY: CASH FLOW

Month	1	2	3	4	5	6	7	8	9	10	11	12	13
Sales Units	0	50	100	150	250	300	300	400	550	700	900	1,000	1,000
Sales	0	1,200	2,400	3,600	6,000	7,200	7,200	9,600	13,200	16,800	21,600	24,000	24,000
Net Profit	-6,672	-5,593	-4,514	-3,435	-1,277	-198	-198	1,960	5,197	8,434	12,750	14,908	14,908
Cash Flow	-6,672	-12,265	-16,719	-20,214	-21,491	-21,689	-21,887	-19,927	-14,730	-6,296	6,454	21,362	36,270

GUV'NOR'S BAKERY: START-UP EXPENSES

<u>Type of Expense</u>	<u>Cost Amount</u>
Construction/Remodeling	\$24,000
Ovens	55,000
Fixtures	6,000
Signage	2,500
Legal	1,000
Deposits (Rent, Utilities)	3,000
Promotional	1,000
Contingency	5,000
*Working Capital	22,000
Total	\$119,500



GUV'NOR'S BAKERY: SOURCES OF CAPITAL

<u>Source</u>	<u>Amount</u>
Personal	\$30,000
Investors	30,000
Loan (Family)	40,000
Loan (Bank)	25,000
Total	\$125,000



MAKE YOUR FINANCIALS
PART OF YOUR NARRATIVE

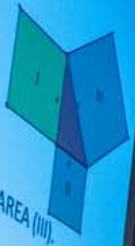
A RATIONAL
SET OF FINANCIALS

A COMPELLING, CREDIBLE STORY

Theorem: Consider a right triangle.



Attach a square to each side: $\rightarrow \rightarrow \rightarrow$



Then:
 $\text{AREA (I)} + \text{AREA (II)} = \text{AREA (III)}$
 $a^2 + b^2 = c^2$

TEDx



A WELL THOUGHT-OUT STORY
DOESN'T NEED TO RESEMBLE REAL LIFE.
LIFE ITSELF TRIES WITH ALL ITS MIGHT TO
RESEMBLE A WELL-CRAFTED STORY.

~ ISAAC BABEL

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