STEPHENGARROW

CEO RUSHMORE ASSOCIATES

@stephendgarrow

THERE IS NO LONGER ANY SUCH THING AS

FICTION OR NONFICTION…

THERE IS ONLY NARRATIVE.

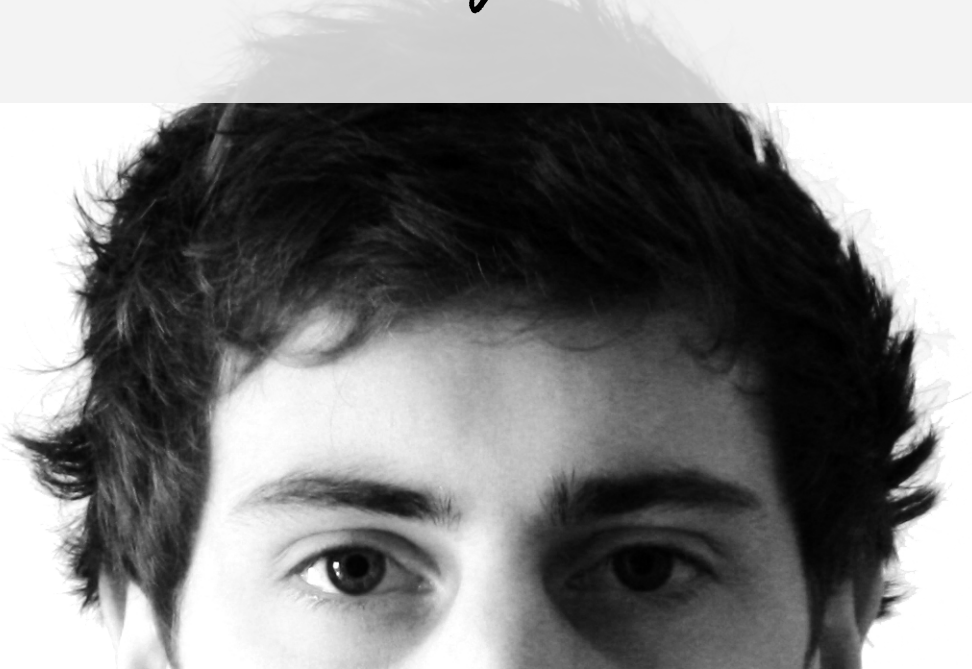
~ E.L. DOCTOROW

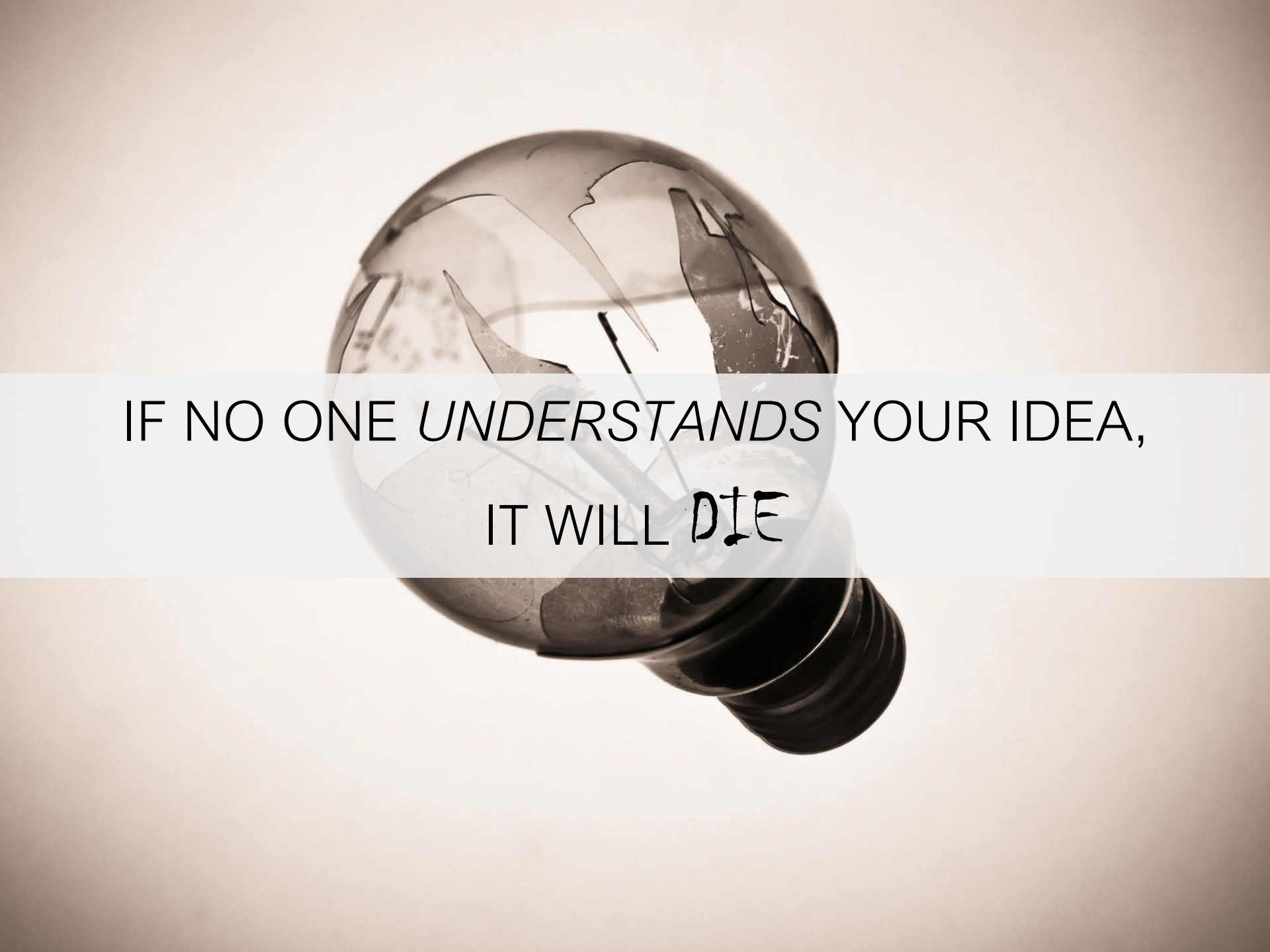
What Doesn’t Belong?

CHANGE THE WORLD WITH YOUR

FINANCIAL NARRATIVE

WE ALL HAVE *GREAT* IDEAS



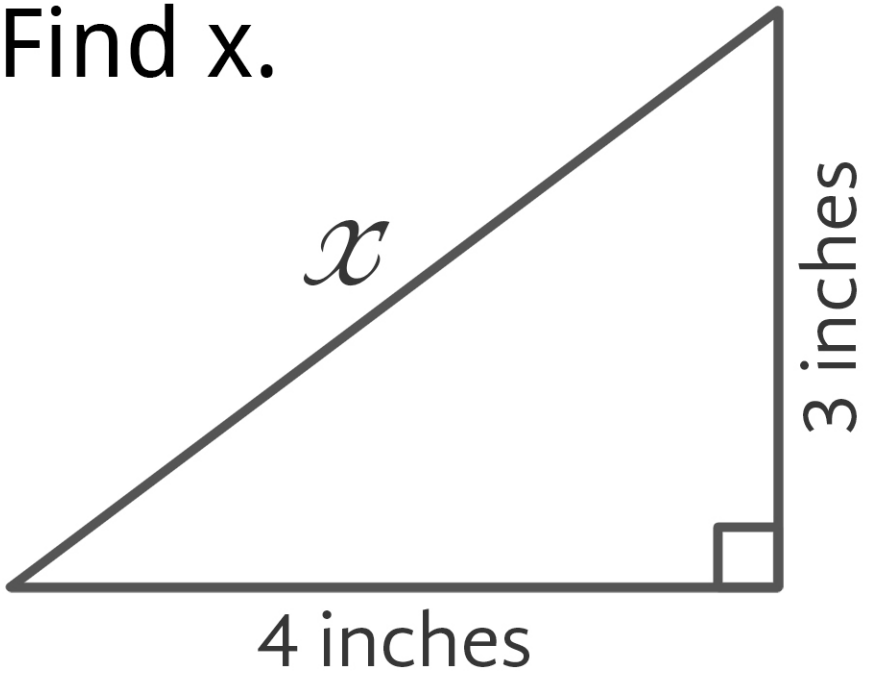

IF NO ONE *UNDERSTANDS* YOUR IDEA,
IT WILL DIE

IDIOT MOMENT *REVELATION*

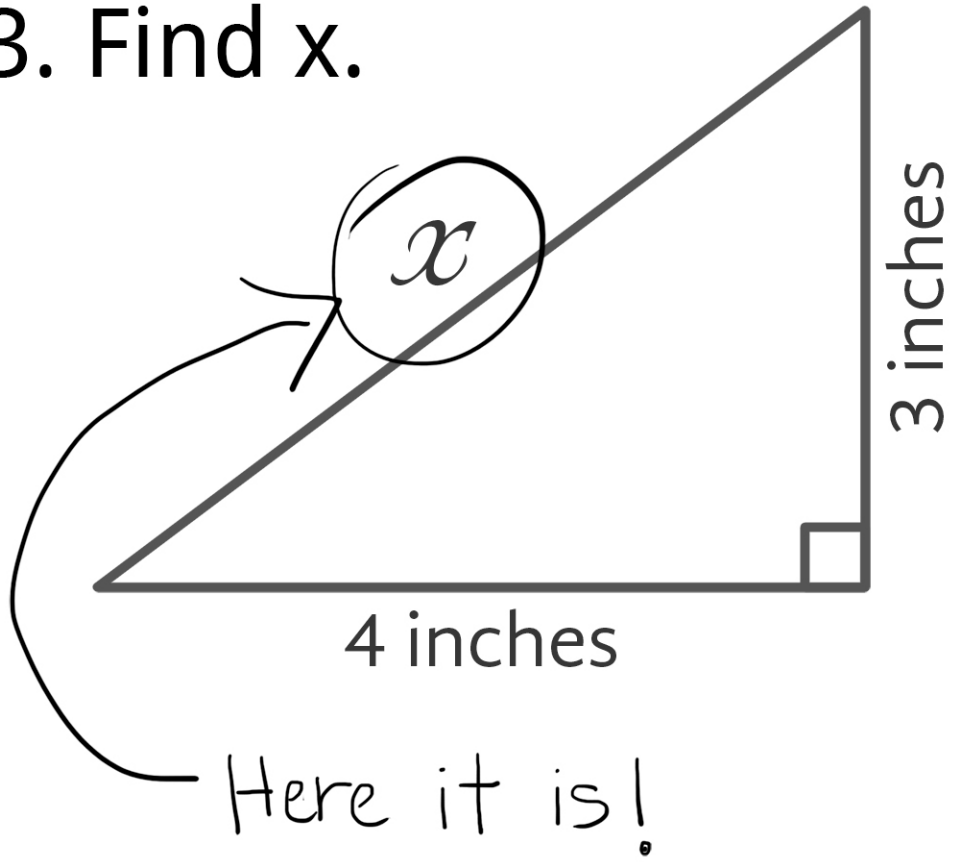
http://www.youtube.com/watch?v=zNCrMEOqHpc

NO ONE BELIEVES YOUR FINANCIALS

3. Find x.



3. Find x.

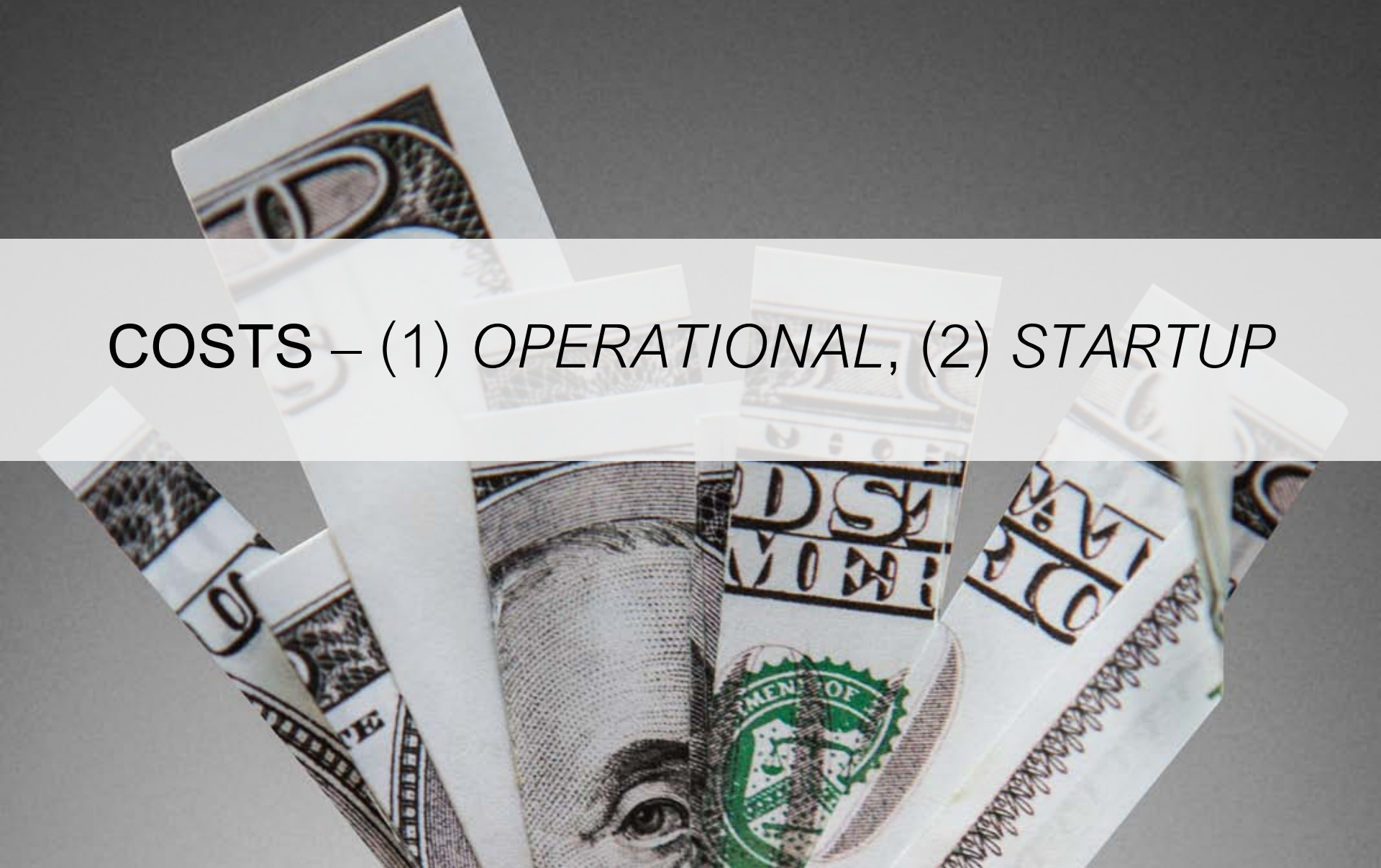


THE GUV'NOR

KEEP
CALM
AND
EAT MORE
CAKE

CARROT CAKE WILL ***SAVE*** *YOUR LIFE*

COSTS – (1) *OPERATIONAL*, (2) *STARTUP*



CAUTION
INTELLECTUAL
INCITEMENT
AHEAD

GUV'NOR'S BAKERY

- Variable Costs
  [Direct]
- Fixed Costs
  [Indirect]

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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

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GUV'NOR'S BAKERY: FIXED COSTS

Type of Cost	Amount Per Month
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

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GUV'NOR'S BAKERY: BREAKEVEN ANALYSIS

Unit of Sale = 1 Carrot Cake

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

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GUV'NOR'S BAKERY: BREAKEVEN ANALYSIS

Unit of Sale = 1 Carrot Cake

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

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GUV'NOR'S BAKERY: BREAKEVEN ANALYSIS

Unit of Sale = 1 Carrot Cake

Units = 309

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

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GUV'NOR'S BAKERY: BREAKEVEN ANALYSIS

Unit of Sale = 1 Carrot Cake

Units = 309

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

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GUV'NOR'S BAKERY: INCREASED SALES

Unit of Sale = 1 Carrot Cake

Units = 400

	$ Per Unit	$ Per Month
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

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GUV'NOR'S BAKERY: INCREASED SALES

Unit of Sale = 1 Carrot Cake

Units = 541

	$ Per Unit	$ Per Month
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

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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

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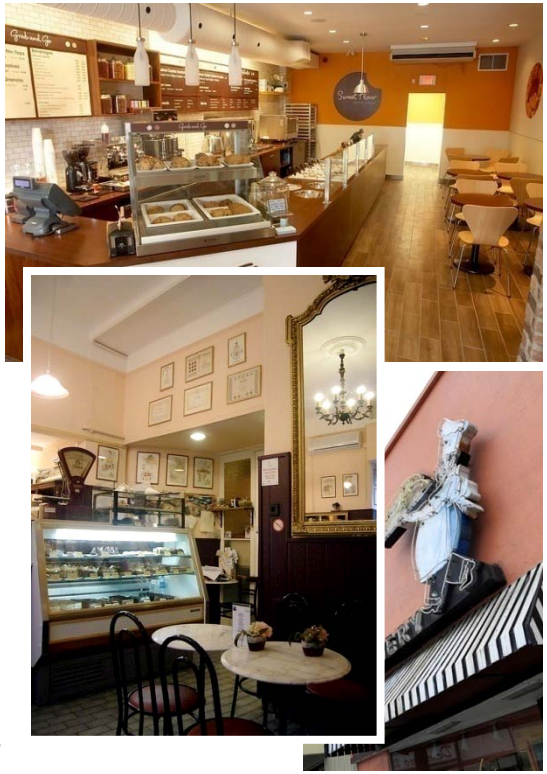
GUV'NOR'S BAKERY: START-UP EXPENSES

Type of Expense	Cost Amount
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



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GUV'NOR'S BAKERY: SOURCES OF CAPITAL

Source	Amount
Personal	$30,000
Investors	30,000
Loan (Family)	40,000
Loan (Bank)	25,000
Total	$125,000

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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:
Then:
AREA (I) + AREA (II) = AREA (III).
a²
+
b²
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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