



*Addressing the Accounting,
Tax and Business Needs
of Food & Beverage
Industry Executives*

July 2011

Find Your Next Business Improvement Idea - From a CPA

There are basic business principles we all recognize. Cash is king. Buy low, sell high. But as simple as these concepts sound, we also recognize how difficult they can be to execute.

A CPA has the unique perspective of seeing the company from all angles and at a deep level of detail, sometimes finding little changes that can make a big impact.

As a follow-up to our March 2011 newsletter, ***Looking Beyond the Numbers***, we are pleased to share stories from food executives about the best advice they have received from their CPAs.

From scoping accounting projects to managing cash flow, here are some tips uncovered by CPAs for food executives.

Scope of an Audit – What do I need right now?

Many executives eventually find themselves contemplating a transaction (e.g. merger, financing, or venture capital investment) that requires a third-party to review their financial documents. As they request proposals, questions arise. Do I need a full audit? How many years back need to be inspected? What type of information is critical for my transaction? Are my key business ratios trending up or staying flat?

A good CPA will guide the executive through the process to help them save money on the audit. Joe Bratter, President and owner of Bratter

Enterprises, LLC shares, “If you are not required to perform an audit, don’t. There are always alternatives in the financial market – inquire about and pursue these alternatives.”

In some cases, a CPA can recommend alternatives to a full audit, such as a financial statement review or balance sheet audit. Also, they can recommend how far back you may need to review documents to meet your lenders’ or investors’ requirements. Finally, they can help you determine timing of services, perhaps postponing more costly services until they are actually needed.

The key is flexibility and knowing the needs of the service provider. A good CPA will be your business advocate and will negotiate on your behalf to achieve the best possible results for all parties.

Which updates in tax legislation are relevant to my business?

With economic pressures on food supplies, warehousing and shipping, many executives are seeking ways to save money through their taxes.

New tax credits and deductions seem to appear and change every year. Navigating the path between compliance and strategic tax planning can be daunting to even the savviest CFO.

Be sure to ask your tax service provider about credits, such as Enterprise Zone (EZ) for those companies conducting business in certain cities or

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Research and Development (R&D) for innovative companies. You can also look for deductions that you might be able to take on new equipment or leases.

Bob Crumby from Corazonas Foods, Inc. did just that, and he received great guidance from his tax accountant. Bob shares the fact that he received a significant amount of R&D credits that were previously overlooked.

A good tax service provider will go beyond being a preparer. They should be familiar with your business goals and strategies. This means knowing and talking on a regular basis to your executives, accountants, bankers, lawyers and other providers. Service providers who communicate and work toward a common goal are more likely to find areas for improving your business.

Improving Collections to Improve Cash Flow

We've all seen the stories about businesses that make the fatal mistake of confusing growth with profitability. This can be common in an industry that can benefit from multiple warehouse locations or exporting packaged foods and ingredients to other countries.

When reviewing the financials, a CPA can help identify areas for improving cash flow. A common area that CPAs often see relates to accounts

receivable collections.

Art Kavoukjian, owner of Golden State Seafood, learned this firsthand. "Since my CPA was meeting with me quarterly, he was able to bring my attention to a gap in my collections," Art shared. "My CPA showed me how this impacted my cash flow and my overall ability to grow my business. We made the changes, and within a short time, we made improvements."

In Art's situation, simply enforcing the terms that were negotiated in contracts helped him improve his collections and cash flow. Other ideas may include offering different terms for loyal customers or larger customers. Either way, you want to be sure to stay on top of customers to improve your cash flow. &

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