



# MANAGING YOUR CASH FLOW AND MAXIMIZING PROFITS DURING COVID-19

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ABC Solutions, LLC

Exclusively presented for SolarWinds MSP



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# Welcome!

General housekeeping

- Session is being recorded
- All attendees are on mute
- Use the questions panel to ask questions at any time
- Let us know if you have any audio/video issues



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Podcast: [PSAImpact.net](https://PSAImpact.net)

Accounting and Tax Firm for MSPs

Teacher, Speaker, Writer



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# AGENDA



Overview and Perspective

Focus Your Efforts

Firm Up Income Streams

Scrutinize Spending

Accounts Receivable and Terms

What you should be doing right now

Answering your questions



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# POLL

Are you experiencing cash flow issues?

# OVERVIEW & PERSPECTIVE



Dow jones industrial average

## Perspective

Market Correction

Don't Panic

Make a new plan

Most companies can expect a 33% decrease in 2020 revenue from 2019



<https://www.macrotrends.net/1358/dow-jones-industrial-average-last-10-years>

# FOCUS YOUR EFFORTS



Remember what you do and don't deviate

Remove/Reduce Interruptions

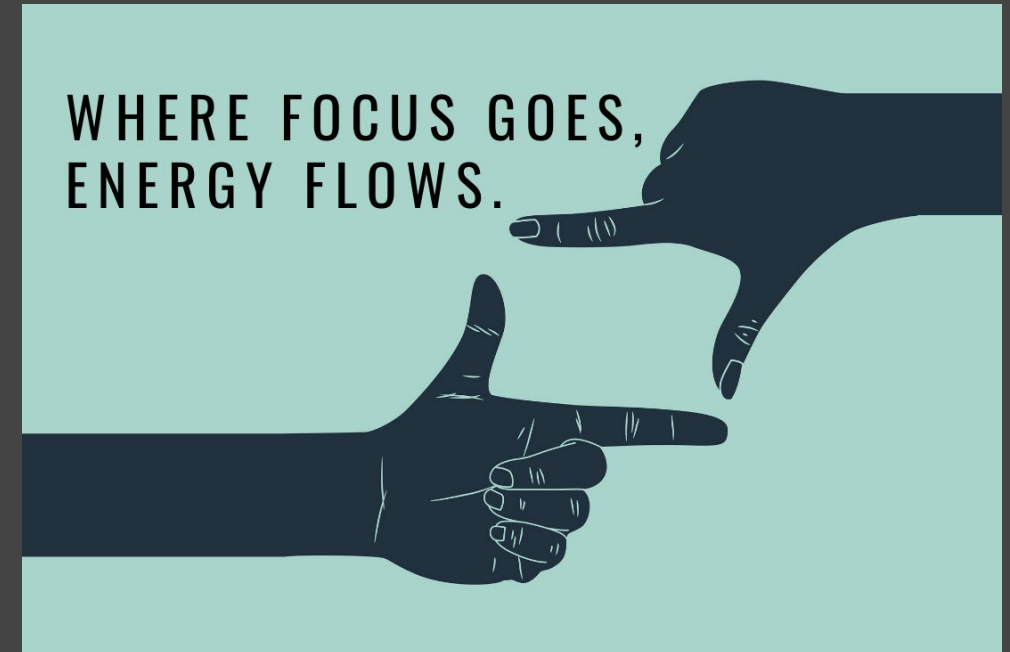
- Phone/email
- Children/home

Stay focused on profits, customers, cash

Communicate with your customers and community

Be Proactive with your Customers

Market your specialty



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# POLL

How often are you reaching out to your customers to see how they are doing?



# FIRM UP INCOME STREAMS

Evaluate your bundles

What services are most valuable to your customers?

- Solid
- Secure
- Functional

Determine actual future revenue

Adjust Contracts/Agreements as needed

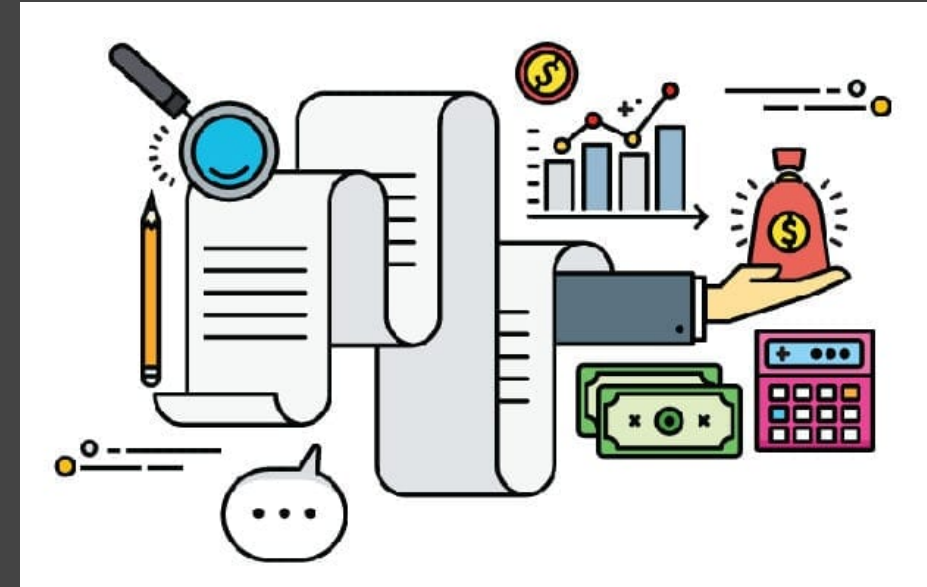
- Reduce seats
- Reduce services

DO NOT reduce margin

Vendors are already doing this

- They are not selling, they are trying to determine what their income stream will be

**THIS IS CRITICAL TO DETERMINING FUTURE CASH FLOW**



# SCRUTINIZE SPENDING



Review every subscription/vendor payment

Is it being invoiced to a customer?

- Do they need it or want it?

Determine your new Gross Profit

Most companies can expect a 33% decrease in 2020 revenue from 2019

With Income Streams firmed up, you can use actual numbers.

- If not, take your 2019 revenue and multiply by 66% to estimate

If your gross margins did not change, calculate your new Gross Profit

- The gross profit is what you have left to spend on expenses and your profit



# SCRUTINIZE SPENDING



Review every expense account

Is the product/service being used and necessary?

- Subscriptions – can they be reduced or eliminated?
- Marketing – are you using it fully?
- Do you have overlaps or duplications?

Review monthly costs side by side

Review internal purchasing procedures

Inventory/Stock Purchases

- Reduce purchases and Quantity on Hand to need

Expenses should not exceed your new Gross Profit figure

	JAN 2020	FEB 2020	MAR 2020
Expenses			
Accounting	190.00	220.00	785.00
Automobile Expense	837.54	869.02	667.24
Conferences	60.00		
Contributions	170.00	60.00	60.00
Dues and Subscriptions	1,251.50	112.50	112.50
Equipment Rental	65.59		
Insurance	409.99	408.42	443.56
Internet Access Expense	110.59	110.59	110.59
Licenses and Permits	133.40		
Marketing	1,305.86	624.86	789.86
Meals - Client		252.56	
Meals - Staff	425.82	133.65	630.36
Meals - Travel		20.98	38.37
Office Supplies	699.19	54.29	16.58
Officer Salary	6,000.00	6,000.00	10,000.00
Payroll Expenses	4,000.00	4,000.00	8,316.52
Pension Expense	416.49	438.24	425.28
QuickBooks Payments Fees	97.06	68.50	137.00
Rent	800.00	800.00	800.00
Salaries & Wages	832.00	611.00	
Security	24.99	24.99	24.99
Taxes	904.45	1,305.90	765.00
Telephone	327.50	327.15	623.64
Travel			377.73
Uncategorized Expense		2,125.00	980.00
Uniforms	49.20	19.60	
Total Expenses	\$19,111.17	\$18,587.25	\$26,104.22





# POLL

Are you still offering your customers payment terms?

# ACCOUNTS RECEIVABLE & TERMS

Collect your money now

Send reminders daily on past due invoices

Call weekly on past due invoices

Assess late fees for invoices over 30 days

Communicate with your customers

- Change in Terms to due on receipt
- Pay in advance for all purchases

YOU ARE NOT A BANK



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# What Should You Do Now?



## For your msp

Pay your bills as long as you can

Market your company

- Offer community assistance
- Offer work-at-home tips/virtual courses
- Educate on security best practices

Work with your customers to restructure contracts

Look hard at internal costs, cut where you can no matter how small

Surveys indicate that employees value health insurance more than salary

Look to cut other benefits when necessary

- Retirement contributions
- Life/Disability
- Salary reductions

Build new internal procedures/standardization

Teach your team new skills for the other side





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# How Can We Help?

<https://abcsolutionsfl.com/resources/>

<https://abcsolutionsfl.com/consult/>



# Questions?

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