



Case Study – SPOOK



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Company Information:

Type: Bespoke Catering

Size: Small

Date Period: April 2015 to September 2015

Managing Director: Emily Few Brown



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The Initial Prognosis:

- ✚ When Emily asked me to join her, Spook had been trading for a year and had entered the second year of business. The business was growing, getting more clients and more employees, and Emily was starting to think about looking for investment. It was a very exciting business to be part of,
- ✚ Emily had employed a bookkeeper for the previous six months to help her get clear on where she was financially; however, when I started this was not the case. The numbers were about 4 months behind, and there was no analysis done on how each job was doing and which jobs were the most profitable for Spook. Emily was frustrated as she had looked for help and hoped to get to the bottom of what was happening,
- ✚ Emily was super keen to become more financially minded, and run the business using the monthly numbers as tools to help her make strategic business decisions, and she asked me to help her with this,
- ✚ Bespoke catering is a cash-upfront business, so money comes in first, before the food and catering staff costs need to be paid. If the creditors are lenient with when their bills are paid, it can seem like you are 'in the money' as the money flows in quickly, but the costs only go out later. This can make it difficult to know how you are doing. This was the case with Spook,
- ✚ Emily employed an events manager, who was also in charge of all things admin. As you can imagine the events side was super busy, leaving a limited amount of time for the admin side of the business. This directly impacted on the way the creditors were managed. Each job relied on a variety of foods which were purchased from different suppliers. This created a lot of paper work (supplier invoices) for each job. It was easier to pay suppliers when they sent their statements, rather than track each invoice. This created a mismatch of income and costs, and needed to be changed.

- ✚ When I joined, Emily was aware that her overhead costs were higher than they needed to be, but was not sure how much this mattered to her bottom line.

Remedial Actions:

- ✚ The first step was to get Spook's accounts up to date, so we could get clarity on how year one had gone in financial terms. Emily was disappointed to learn that she wasn't doing as well as she had first thought.
- ✚ Emily took immediate action and asked me to put systems in place to track each job and to create and implement a month end procedure, so she could make her monthly decisions based on what the numbers told her,
- ✚ We were working on Sage, so I set up each of her events as jobs, and we started to track all food costs, all charges and what she made from the job,
- ✚ Emily was then able to look at cost saving measures, and started to take action to reduce both costs and overheads.
- ✚ Emily was now able to see her job profitability on a monthly basis, and from this see which jobs were profitable and worth doing again, and which were not.
- ✚ It was important that every employee was part of this new system and they were great with helping me gather, and code invoices and cost all of the jobs. With this increased level of financial accountability, the chefs started coming up with different cost menu options.
- ✚ I implemented a filing system whereby each job had a folder, so all documents and invoices relating to that event would be together.
- ✚ The month end procedure meant that all the right costs and income were in the right month, so Emily could then have a clear picture on how Spook was doing on a monthly basis.

The Final Result:

- ✦ Although she was disappointed with the initial numbers because she and the team were working so hard and the numbers didn't reflect this, she knew that if they kept working hard, but also concentrated on the finances, things would only get better,
- ✦ There was a positive change in how Emily viewed Spooks finances. She now viewed the numbers as tools to help her move forward in her business,
- ✦ At this point she was starting to think more and more about getting investment. To do this she had to be clear and fully on top of the figures, which she now was because of the systems we had implemented together,
- ✦ Emily found an investor, and was able to relocate Spook to bigger premises, so she could then expand the business.
- ✦ None of this would have been possible without Emily taking the time to embrace the new systems and really take the time to focus on Spook's financial situation.

