

The Asset-Heavy CFO

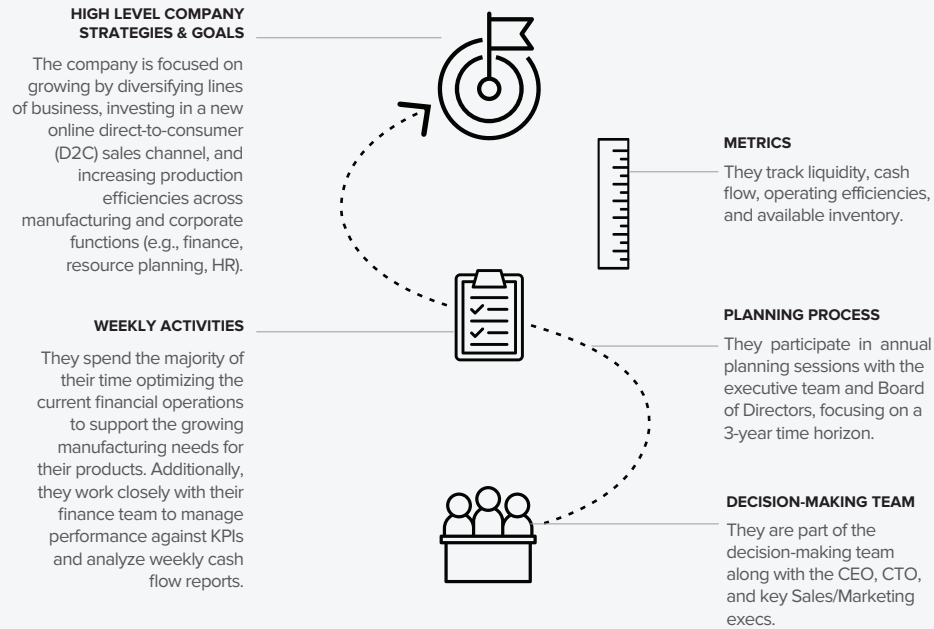
"My goal is to focus on quality and create the best products and services possible, which helps me do right by our customers."

STRATEGY & STRUCTURE

Business Details

- Industry:** Manufacturing
- Location:** San Diego, CA (HQ)
Las Vegas, NV (Mfg. Plant)
- Revenue:** \$200M
- Employees:** 800 Employees
100 Corp. Employees

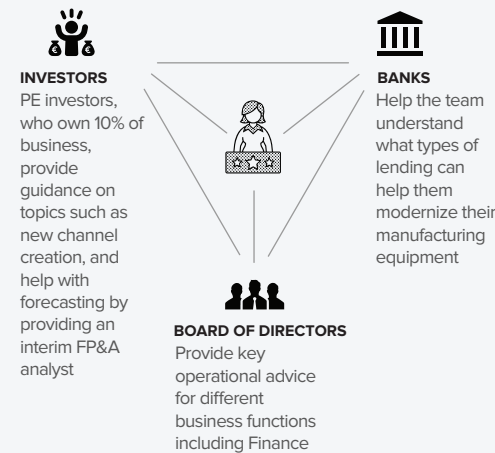
Strategy, Planning & Goals



Roles & Responsibilities

- Role:** CFO (Former controller for 7 years)
- Responsibilities:** Oversees finance, procurement, and technology teams specifically supporting financial operations, and acts as a primary contributor to strategy setting for the company
- Reports:** Controller, 2 Accountants, 1 Temp Financial Planning & Analysis (FP&A) Analyst, and 2 Accounts Payable/Accounts Receivable employees
- Reports into:** The Board of Directors and CEO influence their responsibilities and expectations of role

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Could also look like

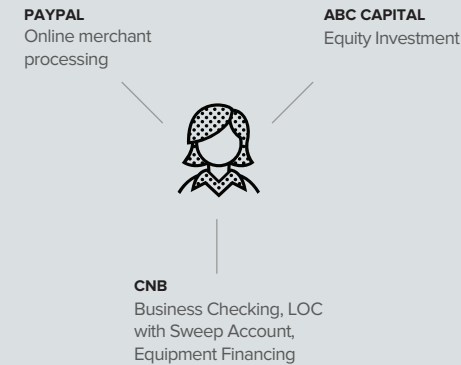
- Food Wholesaler**
Food wholesale company that is looking to upgrade their industrial refrigerators for storing food, and they need an asset-based loan to invest in the upgrade.
- Medical Device Manufacturer**
The medical device manufacturer that builds kits for diabetes patients and needs a large LOC to ensure they are always able to meet demand even if they experience a supply crunch.
- Production Company**
A production company that needs a loan for specialized equipment for an upcoming film to supplement their existing set of standard production equipment.

OPERATIONS & OPPORTUNITIES

Financial Relationships

They partner with multiple financial institutions and investors to fund the business. They use the assets on their balance sheet (e.g., inventory, manufacturing plants, equipment) to collateralize loans, which provides cost-effective financing for the business. They struggled to find a bank willing to finance the company's ambition of creating a D2C sales channel, so they took on a private equity investment that is allowing them to expand into this new, digital line of business.

What financial relationships do they have?



What do they expect from their RMs?

Their lead RM has had a continuous relationship with the company for the past 8 years. This long-term relationship has made it easier to get questions answered, issues resolved, and needs met. They value when their RM proactively checks-in during the busy season or when he sees news about the company.



Financial Operations & Products

Product Use Cases

- Asset-based LOC with Sweep Account:** Uses the line of credit tied to the company's inventory to maintain the levels of working capital required for operations. The sweep account helps make sure they are only drawing on the line when necessary, and paying it down when possible.
- Equipment Financing:** Financing for some of the manufacturing equipment in their plant.
- Equity Investment:** Funding for the creation of a digital experience for their D2C channel.
- Online merchant processing:** Used to process payments on their website. The company chose PayPal because they are a tech company that would easily integrate with their website.

Opportunities & Unmet Needs

- Sales are growing internationally, and they need help managing the FX implications for the firm, but they aren't sure which product to use and whether the right product will be too complicated to implement.
- Their team still uses Excel for cash management. While they feels their system works, they are worried that new sales channels and cash cycles will make managing things in Excel too complicated.
- It is hard for them to use inventory-based lending to meaningfully drive growth because as sales increase, inventory decreases, resulting in a smaller LOC. This, in turn, can restrict additional growth.

Technology

Software Use Cases

- Online Banking:** Checks bank balances and available cash digitally (e.g., CNB Online Banking).
- ERP Software:** Sees an integrated view of finances and operations of the business (e.g., SAP).
- Wire Transfer App:** Sends money quickly to support the operations of the business, while maintaining control over big payments.

Opportunities & Unmet Needs

- They feel like the online banking user experience is extremely outdated and difficult to use. For instance, to access messages from their bank they have to follow a link in an email to log in to a system to read the message, which they often don't have time to do.
- They increasingly need to have their systems and bank accounts linked to SAP because it creates a more seamless, consolidated workflow for them and their team.

Challenges

- The CFO and their team worry about external market factors like trade wars that may affect their growing international sales.

About

They are the CFO of a consumer electronics manufacturing company in Southern California. The company has experienced sustained growth over the past decade as demand for their product has grown. After they spent 7 years as the firm's Controller where they consolidated and simplified the company's banking relationships from four banks with overlapping products to one bank with a streamlined set of products, they earned a promotion to CFO. As CFO, their focus shifted to building and managing a strong finance organization. During executive meetings, they provide a conservative lens to key strategies, which is appreciated by the rest of the exec team. For banking relationships, consistency and responsiveness are key. The firm is a great candidate for asset-based lines of credit, which they leverage to finance the business. Increasingly, they want to streamline the way the bank and internal ERP systems communicate through features such as single sign-on.

The Asset-Light CFO

STRATEGY & STRUCTURE

Business Details



Industry
Social Impact Consulting for non-profits & clients with ESG strategies



Location
New York City, NY



Revenue
\$75MM



Employees
~200, mostly full-time and college educated

Strategy, Planning & Goals

HIGH LEVEL COMPANY STRATEGIES & GOALS

The company wants to continue building on their strong growth trajectory by investing in customer acquisition channels such as industry conferences, marketing, and paid media spotlights. Internally, they want to make further improvements to their staffing and revenue cycle and create a fully integrated technology platform over the next few years to further strengthen their operations.

WEEKLY ACTIVITIES

They spend a lot of their time working directly with their team to make sure the strategic vision is being executed by the finance team. They also keep a close eye on daily cash flows and forecasts to make sure they have the operating budget to grow their client base and consulting team.



METRICS

They leverage metrics to gauge progress towards goals because they believe success comes from repeatedly taking deliberate steps, measuring the outcome, then adjusting strategy. Their key metrics are revenue & earnings growth, working capital needs, lifetime value of customers and new customer acquisition costs.

PLANNING PROCESS

They evaluate aggressive 5-7-year growth goals based on sophisticated revenue forecasting and scenario analysis. Current revenue growth goals are capital intensive due to large marketing budgets and an increase in hiring strong talent, both of which have led to some growing pains for financial operations and the culture of the firm.

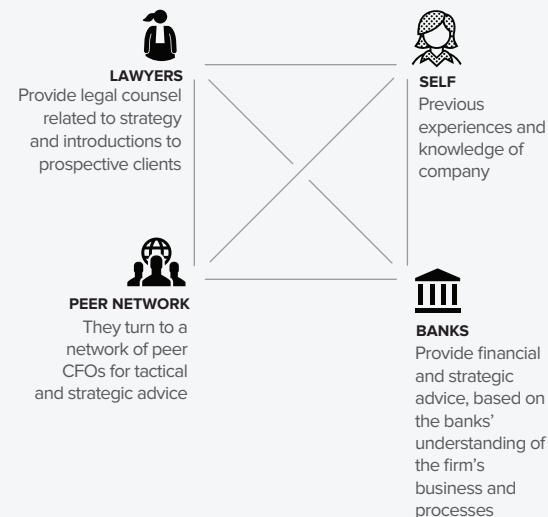
DECISION-MAKING TEAM

They are a part of the decision-making team along with the CEO and CTO.

Roles & Responsibilities

- Role:** CFO, newly appointed and first CFO in company's history
- Responsibilities:** Plays a mix of strategy and financial accounting roles. Brings a conservative perspective to strategy meetings leveraging financial info created by her team. Also, oversees employees focused on consolidating data, reporting, modeling, risk management, treasury, investor relations, and employee benefits
- Reports:** Director of Financial Planning & Analysis, Director of Accounting, 2 Analysts
- Reports into:** CEO

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Could also look like

Franchise Owner

Franchise owner that wants to expand his store footprint into new cities across California, and he needs a bank to refer franchisees to for franchise financing.

Ecommerce Company

Ecommerce company executive that wants to expand marketing efforts, but struggles to find the extra cash to increase spend, so they are looking for ways to improve cash management.

Law Firm

Law firm that juggles multiple business accounts and has personal bank accounts with their primary bank, and they need a bank that gives them more tailored attention to help them manage their financial complexities.

OPERATIONS & OPPORTUNITIES

Financial Relationships

They work with a few financial institutions that help them manage the business and maintain a healthy cash flow for operations and growth. Since they rely less on asset-based loans (ABL) to finance the business, they need to be sure they have cash available. The business couldn't get financing from banks in the early days because their lighter balance sheets made it harder to put up collateral for loans, but that has improved as revenue has increased.

What financial relationships does the CFO have?



What do they expect from their RMs?

They primarily need help with the day-to-day finance activities that comprise 90% of their team's work, as opposed to large investments like buying office space. For any financing, they need them to take a holistic view of the company and consider aspects such as high cash balances or a strong record of growth when evaluating her firm's creditworthiness. Finally, they want RMs that exemplify their partnership with the company by advocating for them and their team within the bank to get occasional preferential treatment, which makes them feel recognized.



Financial Operations & Products

Product Use Cases

- Treasury services:** Maintains timely accounts receivable from busy clients.
- Lines of Credit:** Smooths the uneven cash inflows from clients that are invoiced for consulting services; tied to accounts receivable.
- Corporate credit cards:** Used for the everyday expenses of their employees that are billed to the company or to their clients.

Opportunities & Unmet Needs

- The company is interested in growing by buying other consulting companies, but they are finding it difficult to get cheaper, collateralized financing because of their "asset-light" balance sheet.
- They need support and education around all that treasury services can do for the firm with respect to cash management and wants a treasury expert on the RM team.

Technology

Software Use Cases

- ACH Transfers and Fraud Prevention:** Leverages treasury software provided by the bank for transferring money and preventing fraud.
- Forecasting & Planning software:** Builds reporting and data visualizations for forecasting, planning, and budgeting using integrated tools (e.g., Treasury and PowerBI).
- ERP:** Manages projects and resource allocation (e.g., NetSuite).

Opportunities & Unmet Needs

- They don't want to use tech for the sake of using tech, so they appreciate guidance on when to deploy it and which way is best for their business.
- Now that the tech platforms are implemented and operating effectively, they want to make the data they have more actionable to support better consolidation, analysis, visualizations, and forecasting.

Challenges

- With a strong foundation in place, they frequently look to external advisors like their bank for advice and strategic involvement in optimizing the finance department.
- The company didn't receive much help from banks when they were smaller despite growing quickly; now that the company is successful, they are wary of new banks who come across as disingenuous and opportunistic when soliciting business.

"We've come a long way in building this business, and I don't see us slowing down. I want to keep us on a good path financially, but as we continue to grow, I know I'll need to adapt quickly."

About

They are the first-ever CFO at a privately held social impact consulting firm. They joined the team 5 years ago and spent the first few years managing multiple departments (e.g., operations, compliance, and HR) and overhauling the finance operations before fully focusing on growing the finance team and the business as CFO.

They are a strong believer in their firm's mission-oriented approach to help their clients, and has been increasingly focused on streamlining how the company can use technology, especially with regards to their finances.

They recently advocated for and led a transition from their old bank to CNB, where they feels the company's needs, growth ambition, and desire to incorporate treasury technology were going to be better served. They are also excited to begin building a long-term partnership with their new bank and plan on relying on the new bank for expert advice and insight.

The Small Business Owner

"I am the changemaker, the strategist, and the face of my business. I want my bank to provide tailored advice when I want it, and let me run my business my own way."

About

They are the owner, CEO, and founder of a small business that purchases parts and assembles them into consumer products to be sold at wholesale. They started the business 20 years ago and are primarily focused on sustaining moderate growth and maintaining control over the operation.

While they tend to rely on their personal experience and knowledge for making business decisions, they want their bank to provide occasional advice specific to their needs and value them as a client. They maintain several banking relationships because they believe it hedges risk. They are also increasingly concerned with their upcoming retirement and leaving a legacy.

STRATEGY & STRUCTURE

Business Details

Industry
Light manufacturing and wholesale

Location
Los Angeles, CA

Revenue
\$8MM

Employees
~50, 3-person leadership team

Strategy, Planning & Goals

HIGH LEVEL COMPANY STRATEGIES & GOALS

They grew their company quickly over the first 10 years, but are now experiencing more moderate growth. While they are fine with growing the business at a more stable, steady rate, they are opportunistically looking for new growth opportunities. Long-term, they are concerned with their exit strategy: a succession plan or a sale of the business.

WEEKLY ACTIVITIES

They tend to be more reactive than proactive, as the needs of the day-to-day operations take up the majority of their time. They also spend a lot of time dealing directly with customers and suppliers, personally handling many issues that come up.

METRICS

They mainly look at cash flow and growth. They want to use metrics to measure the performance of the business, but ultimately their instincts, not metrics, are what drive decision-making.

PLANNING PROCESS

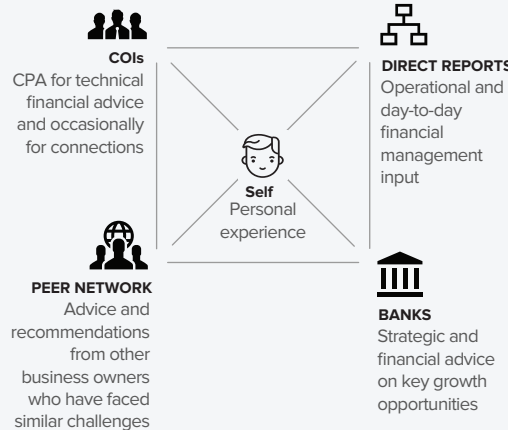
They don't follow an established planning process; instead, they look for opportunities and take them as they arise. However, they do want better forecasting, but this can be a challenge for a small business because of their lack of data and analytical capabilities.

DECISION-MAKING TEAM

They take advice from their direct reports, their mentors, and their bankers, but ultimately, they don't want to answer to anyone and make all final decisions themselves.

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- Role:** Owner, CEO, Founder
- Responsibilities:** Ultimate decision-maker, head of sales, key strategist, and face of the organization to suppliers and clients
- Reports:** Controller
- Reports into:** No one, but Director of Operations and Director of Sales provide input



Could also look like

Dental Practice

A dental practice that is adding its 3rd location a year after building its 2nd, and they need equipment financing and a term loan to keep growing.

Non-Profit

A non-profit that is has some extra grant money to put towards building a new program, but they need financial and strategic advice on how execute their vision.

Local Health Food Store

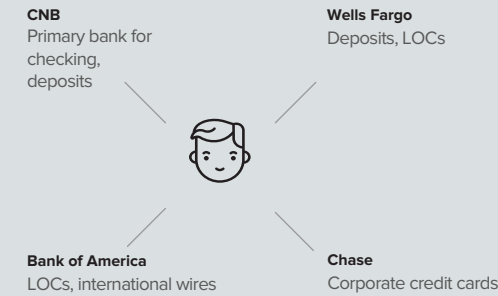
A health food store that wants to capitalize on consumer health trends and needs a LOC for working capital to increase product variety.

OPERATIONS & OPPORTUNITIES

Financial Relationships

They like to have duplicates of the same product at different banks (e.g., deposit accounts at more than one bank) because they believe it helps them diversify risk. Additionally, they prefer having relationships with a mix of smaller and larger banks – the smaller banks tend to value them as a customer more, while the larger banks validate their business in the eyes of suppliers and employees, and give them a greater geographic reach.

What financial relationships does he have?



What does he expect from his RMs?

They want their RMs to strike a balance between providing targeted advice and strong too hands-on. They find they add the most value when they are an advocate in the bank on their behalf, helping them get lower rates and larger lines of credit. They think of the best RMs more as friends than mere business relationships, and they like having continuity so that conversations can pick up where they were left off customer service, without being



Financial Operations & Products

Product Use Cases

- Checking and Deposit Accounts:** Uses for day-to-day cash management.
- Credit cards:** Facilitates the day-to-day activities of his employees and earn points or cash-back to reinvest in the business.
- Lines of Credit (LOC):** Provides working capital to the business.
- Term Loans:** Leverages occasionally as a stopgap when cash is tight and LOC is insufficient. Also used to pursue new opportunities (e.g., real estate purchases).
- International wires:** Processes payments to suppliers.

Opportunities & Unmet Needs

- They desire access to the same products and favorable rates offered to larger banking clients
- They would like more help managing their personal wealth, which they have not prioritized: they passively worry they have no Will or Trust set up for their family.
- Their business is a potential candidate for Treasury products because of their need for cash management and forecasting. However, their perception is that Treasury is too expensive and difficult to implement.
- Because of the overlap of their finances, they are concerned that unforeseen events could have a dramatic impact on both their business and personal finances (e.g., a lawsuit).

Technology

Software Use Cases

- QuickBooks:** Aggregates information for accounting and uses to send data to his CPA.
- Excel:** Tracks cash flow of payments, expenses, and invoices and uses to send data to his CPA.
- Third-party vendor platform:** Automates payroll payments.

Opportunities & Unmet Needs

- They take pride in being hands-on in the business and would welcome technology that would maintain a clear view into how the business is operating and how money is flowing through the organization.

Challenges

- They found it challenging to get bank support in the early years of their business to fund growth opportunities, and while they face this challenge less today, they still wonder if they are underbanked as a result of that initial experience.
- They want their bank to recognize them as a sophisticated, valued client even though they know they aren't as large or profitable as other clients.
- They would like to have a more integrated and automated approach to managing their business's finances.

The Real Estate Investor

"I need to be quick because I could lose out on an investment opportunity or a lot of money if I'm too slow getting funding from my bank."

About

Along with two other partners, they are a partner and co-founder of a private Real Estate Investment firm that is focused on buying and flipping multi-family residential real estate. They spent 18 years working in real estate as a broker and investor at a large firm before branching out with two colleagues to start their own firm.

While they predominantly view themselves as investors and flippers, they do have a few properties they plan to keep and act as landlords. They and their partners pride themselves on being quick to close deals when the opportunity arises, and the firm is always looking for new properties.

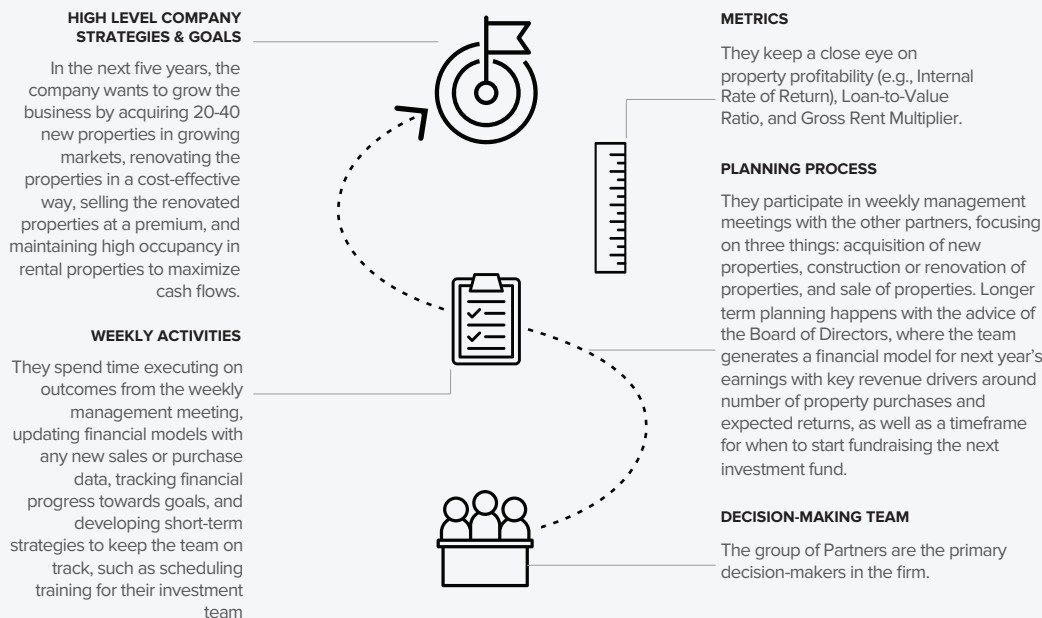
They need a banking partner who matches the pace at which their team works and is also well-established, responsive, and dependable. Property financing is their main concern; however, they are happy when their bank can provide some extra advice on managing the cash flows of their multiple properties.

STRATEGY & STRUCTURE

Business Details

- Industry:** Investor Real Estate
- Location:** San Jose, CA
- Revenue:** \$19M
- Employees:** 21 employees

Strategy, Planning & Goals



Roles & Responsibilities

- Role:** Partner
- Responsibilities:** Identify and evaluate potential investment properties, train investment team on how to find good investments, oversee property management staff and construction staff, maintain liquidity of business finances to support opportunistic growth
- Reports:** All employees report directly to the three partners
- Reports into:** No one, the Board of Directors plays an informal advisory role

Could also look like

Buy-and-Rent Investor

Investor with portfolio of rental properties that require longer-term loans (20-30 yrs) to purchase, and cash management tools for a high-volume of incoming rent.

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Owner-Occupied Executive

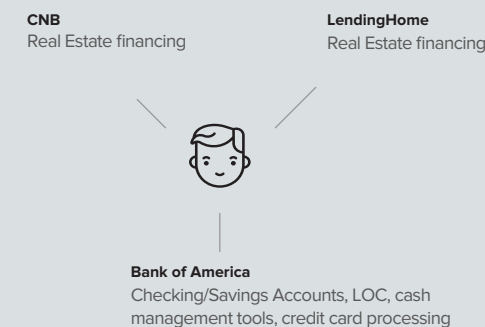
The business owner who occupies and owns his office space, but needs to find a new office to fit his growing business, and he needs to decide to purchase the new office by himself or through the business.

OPERATIONS & OPPORTUNITIES

Financial Relationships

They use one bank to manage the deposit accounts for their company. Conversely, for their investments, they typically borrow from the firm they used to work for which specializes in short-term, multi-million-dollar real estate financing. They will forgo better rates for a bank that can get them the financing they need in a tight time frame.

What financial relationships does he have?



What do they expect from their RMs?

They don't think banks should just be a place where the company parks their money or where they get money from, but most of their bank contacts don't understand the inner workings of the industry or firm well enough to teach them something new and add to the relationship. When they find a great RM with strong industry knowledge and service levels, they will follow them to different banks – they are loyal to RMs, less so banks. It is also critical that the RM team and bank can move quickly enough to get a loan secured in time to commit to a purchase.

Financial Operations & Products

Product Use Cases

- Checking and Savings Accounts:** Maintains large cash balances from the sales of properties and holds his entire fund (\$4M - \$6M) in cash in a bank account while it is not invested.
- Line of Credit:** Helps with working capital needs of the business.
- Term Loan:** Finances property purchases with a 10-yr term loan that may include a Loan-to-Value ratio of 70% where they pay the loan amount and all interest at the end of the term.
- Cash management tools:** Leverages the tool to keep track of the money coming in from multiple renters and the money flowing out to pay for renovations, taxes, and loan payments.
- Credit Card processing:** Processes rent payments or property-related payments via credit card.

Technology

Software Use Cases

- Forecasting Tool:** Uses an online spreadsheet tool to create collaborative, complex financial models for forecasting and planning that year-over-year require more precise inputs, more sophistication, and more automation using data from other systems (e.g., Google Spreadsheets and Excel).
- Bookkeeping Tool:** Enables revenue and expense tracking and financial reporting for the business (e.g., Quickbooks).
- Lead Management Tool:** Logs potential investment opportunities and property pricing, which is incorporated into financial models (e.g., Salesforce).

Challenges

- Because the bank won't give them a large enough line of credit, they sometimes have to finance the operations of the firm with personal capital when cashflow is tight.

Opportunities & Unmet Needs

- Finding ways to speed up the process of resolving issues with titles or loans is crucial to Rob and his team when they are ready to buy a new property.
- When they tried community banks in the past, they found they could not understand the business model well enough to lend to them or manage their deposit accounts, so they went to a bigger bank.
- They regularly keep \$500K with his primary bank but only has a \$30K line of credit, which is often insufficient and makes him feel under-appreciated and misunderstood by his bank.

Opportunities & Unmet Needs

- They wish they had a better way to integrate the bank, forecasting tools, and bookkeeping tools to decrease the labor of inputting data and increase the accuracy of data and forecasts.

- They struggle with the financial impact and legal implications of beginning to buy properties in new states.
- Fundraising bigger funds is important and can take a lot of effort.

The Alternative Asset Manager

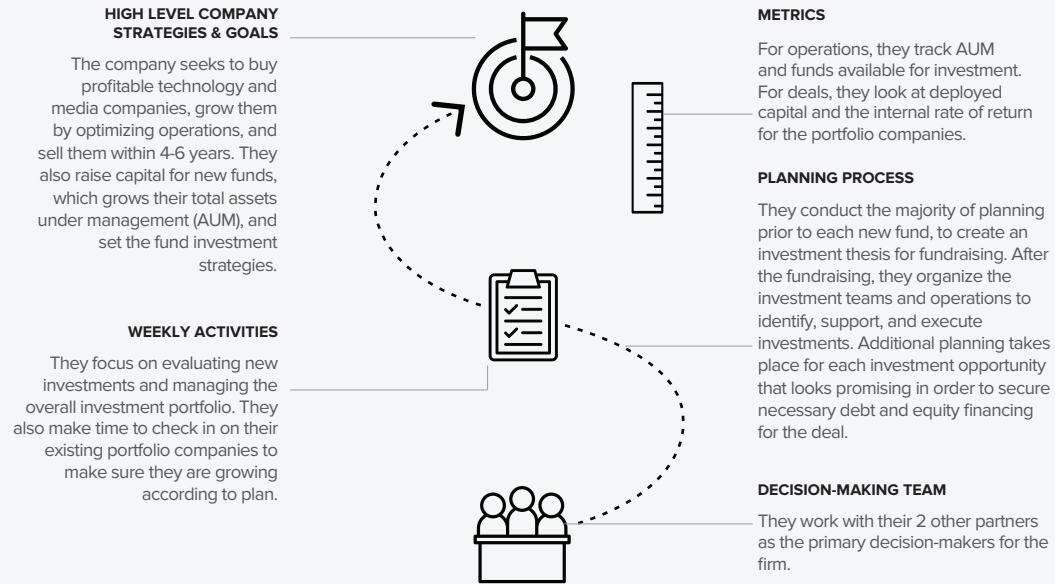
“Our top priority is to earn a strong ROI for our investors and for ourselves by transforming good companies into great companies. We need a strong banking partner that can match our ambitions.”

STRATEGY & STRUCTURE

Business Details

- Industry:** Alternative Asset Management
- Location:** Santa Monica, CA
- Revenue:** \$3B
- Employees:** 12 people; 9 investors and 3 back-office staff
- Current Fund:** 3rd Private Equity Fund for buying West Coast technology & media companies

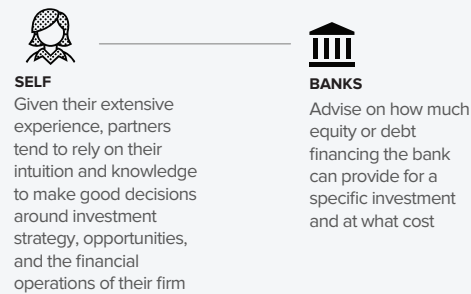
Strategy, Planning & Goals



Roles & Responsibilities

- Role:** Partner
- Responsibilities:** Leads investment team to evaluate opportunities, selects investments with other partners, oversees back-office finance team including CFO, and sits on the Board of Directors for 2 portfolio companies
- Reports:** 3 investment associates for the fund & CFO, 2 accountants
- Reports into:** Other partners who are their peers in the firm

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Could also look like

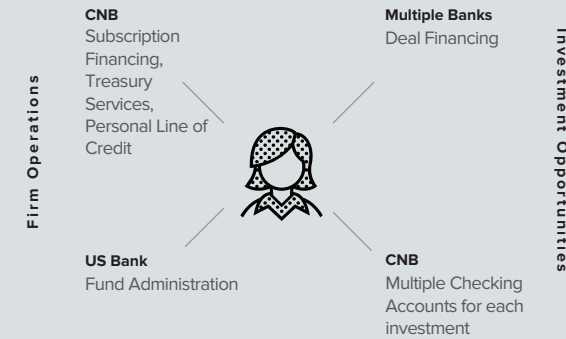
- Hedge Fund Owner:** Hedge fund that wants to chase the energy project finance trend to build and sell wind turbines, but is struggling to find bank financing for the short-term projects that offer little collateral.
- Multi-Strategy Manager:** Larger Investment firm that pursues a variety of different investment strategies across industries, and appreciates a single banking partner that can accommodate a majority of their diverse funding needs.
- PE Firm Controller:** Controller at a Private Equity firm who handles more of the day-to-day operational finance needs of the firm like ensuring cash is coming in from investors to pay off loans rather than securing financing for a single deal.

OPERATIONS & OPPORTUNITIES

Financial Relationships

Alternative Asset Managers are experts in finance, and they know what they need for their financial operations and investment deals. To maintain business operations, the Partners need extra cash to provide liquidity and working capital, since so much of their money is tied up in investments. To close new deals, they need to have investment funds available that are both cost-effective and readily accessible whenever an opportunity arises.

What financial relationships does she have?



What does she expect from her RMs?

They value that their CNB RM has proven that they can "punch above their weight class" – writing bigger checks or creating more innovative financing to meet the firm's needs for each deal.



Tactically, it's important that they can quickly pull together financing term sheets for new deals. More strategically, they appreciate that they understand and tailor their advice to the firm's mission and the funds' investment strategies.

Financial Operations & Products

Product Use Cases

- Subscription Financing:** Ensures they have funds available to do a deal even if they haven't received all their cash from investors yet.
- Fund Administration:** Outsources some of the time-consuming activities of managing the funds such as making capital calls to investors asking for money or distributing cash to investors after the sale of an investment.
- Debt Financing for Investments:** Provides a cheaper way to finance an investment, compared to equity, which increases the return on investment for a deal.
- Personal Line of Credit:** Uses a line of credit tied to Alice's personal money she has invested in her private equity deals; with this LOC she can maintain some liquidity for money that is tied up in investments.

- Bank Accounts for each portfolio company:** Maintains multiple bank accounts to ensure that money transacted with a specific portfolio company is separate from other money the firm manages.

Opportunities & Unmet Needs

- For each deal, they seek unique, flexible, and innovative financing options that are tailored to the specific nuances of the investment opportunity.

Technology

Software Use Cases

- Investment Forecasting:** Evaluates investment opportunities and determines potential ROI (e.g. Excel).
- Investor Portal:** Reports status of investments and portfolio updates to Limited Partners.
- Fund Administration Software:** Tracks fund administration details related to activities such as capital calls and enables visibility of fund details such as the current value of the fund (e.g. Maitland Group).

Opportunities & Unmet Needs

- They would like the ability to link their fund administration software to their bank accounts to create a more seamless cash flow experience.

Challenges

- Finding a financial institution that can easily scale and connect bank accounts for each investment because they typically need 2-5 bank accounts per investment across tens (or hundreds) of investments.
- They, and their partners, want to spend less time on the tactical needs of the firm, and more time on making the investments and growing portfolio companies. Ultimately, their compensation is tied to investment performance and this is their priority.