How Finaloop and a Fractional CFO Worked Together to Help Improve the Magic Brand's Profitability by 11.6% QoQ.

"Switching to Finaloop completely transformed the way I use my financials in my day-to-day operations. I'm able to use real-time, granular financial data to better manage costs, focus on increasing my bottom line, and better plan my cash flow. Plus, working with their ecommerce experts, saved me over $60k in taxes."

Austin Witte
Founder & COO, Magic Brands

Highlights

Challenge

- Inaccurate books, leading to hours wasted on checking & correcting them.
- Lack of visibility into COGS, hindering product launches, and pricing decisions.
- Previous bookkeeping service missed tax deductions.
- Lack of proactive tax and accounting advice.
- Poor cash flow and inventory management due to the inability to create projections such as a 13-week cash flow.
- Absence of real-time reports, limiting performance monitoring.

Solution

- Onboarded to Finaloop in 10 minutes, receiving accurate full-year financial reports within 24 hours.
- 15 minutes a month spent on bookkeeping.
- Maximized tax deductions through Finaloop's ecommerce expertise.
- Clear visibility to cash flow, COGS, and profitability.
- Created an ecommerce financial 'A' team by bringing on a fractional CFO to use the real-time financial data to optimize inventory and cash flow management, pricing strategies, and product launches.

Results

92%

Time savings on bookkeeping and financial tasks.

11.6%

Profitability improvement through optimized pricing and inventory policies.

$60,000

Saved in taxes by identifying missed tax deductions and a better tax structure.

4

New products launched with optimal pricing

Enabled real-time, data-driven decision-making.

Restored trust in their numbers

Meet The Magic Brand

The Magic Brand

The Magic Brand was founded by Austin Witte, Grant Lynch, and Spencer Moran in September 2021.

The Magic Brand is a leading provider of wireless adaptors specializing in Apple CarPlay and Android integration. Their advanced technology and commitment to innovation transformed how drivers interact with their vehicles. Notably, The Magic Brand offers cutting-edge wireless adaptors that enable seamless content streaming to car screens. Drivers can enjoy a wide range of multimedia content, such as music, navigation, and apps, directly on their vehicle's display.

In less than 2 years, The Magic Brand has successfully scaled its business to 8-figures!

How were they able to pull this off?
By being super focused on getting their financial game and tech stack right.

The Challenge

The Magic Brand has been experiencing massive growth over the last 2 years.

To support their growth, introduce new products, and take their brand to the next level, Austin Witte, the COO of The Magic Brand was laser-focused on setting up the financial ‘A’ team to help them improve their financial data and management strategies and streamline their processes.

His goal was to set up a bookkeeping process that allowed him to be ‘hands-off’ so he can focus on the brand operations and bring on a fractional CFO to help with financial strategy and operations.

The Solution

At first, he was working with Bench, an online bookkeeping service that is not focused specifically in the ecommerce space.

Finaloop offered to review The Magic Brand’s current financials for free to see if they can identify any optimization opportunities by switching to an ecommerce-focused, real-time service like Finaloop.

> “I received an email within a few hours with a ton of valuable information, including a tax opportunity that saved me thousands of dollars. I switched that day and never looked back.” - Austin Witte

After some time with Finaloop, Austin hired Courtney Myers, CPA, a fractional CFO specializing in ecommerce.

Courtney's focus when working with fast growing brands like The Magic Brand is:

1. Ensure They Have Accurate Numbers for Him to Be Able to Work With and Provide Accurate, Valuable Financial Planning & Analysis (FP&A)

Often when bringing on a new client, he jumps into a deep dive into their books to understand the quality and reliability of the numbers. Without solid numbers, his ability to provide real value and optimization opportunities is limited.

2. Craft a Pricing Strategy to Maximize Growth Along With Profitability

Introducing new products is a key strategy for The Magic Brand to capitalize on the brand's success, and to ensure they keep growing. Without accurate and detailed financials that give full visibility into their margins, they can't build a sustainable pricing strategy that will fuel their growth and ensure a healthy bottom line.

3. Analyze Cash Flow to Optimize Inventory Purchases

Brands tend to struggle with coordinating their cash flow levels with their inventory purchases. But when it's time to pay, they either pay massive rates on short-term financing or face a stockout. Other brands stock too much inventory in advance, locking up their much-needed cash before it's necessary, increasing the risk of inventory waste and damages, and increasing inventory carrying costs.

In order to get ahead of these blockers, Courtney needed real-time cash flow to create and monitor the cash strategy.

Before reviewing The Magic Brand's books, Courtney was skeptical of what Finaloop can offer. He was used to working with Quickbooks and initially, tried to encourage Austin to switch to a traditional set up. Upon Austin's urging, Courtney jumped on a call with the Finaloop team and reviewed the platform and the numbers. He was blown away and switched over many of his other ecommerce clients as well.

They had access to real-time P&L and cash flow - fully synced and reconciled from Shopify, the company's bank and credit card accounts, Bill.com, Gusto, and the rest of their ecommerce apps!

> "At first I was skeptical. I was already used to QuickBooks and to the setup we had going. I knew it wasn't great, but I wasn't sure that Finaloop would be better, and I was concerned that migrating would be too time-consuming. I couldn't be more wrong. In the past, I was constantly wasting time on bookkeeping-related work. Reviewing, double-checking the numbers, and still feeling unsure. Now we finally have accurate numbers so I can focus on using those numbers to do my job."

The Results

With real-time data, Courtney worked with The Magic Brand to adjust the pricing model based on up-to-date numbers. They were able to monitor the performance of changes, adjusting as needed without losing precious time and cash.

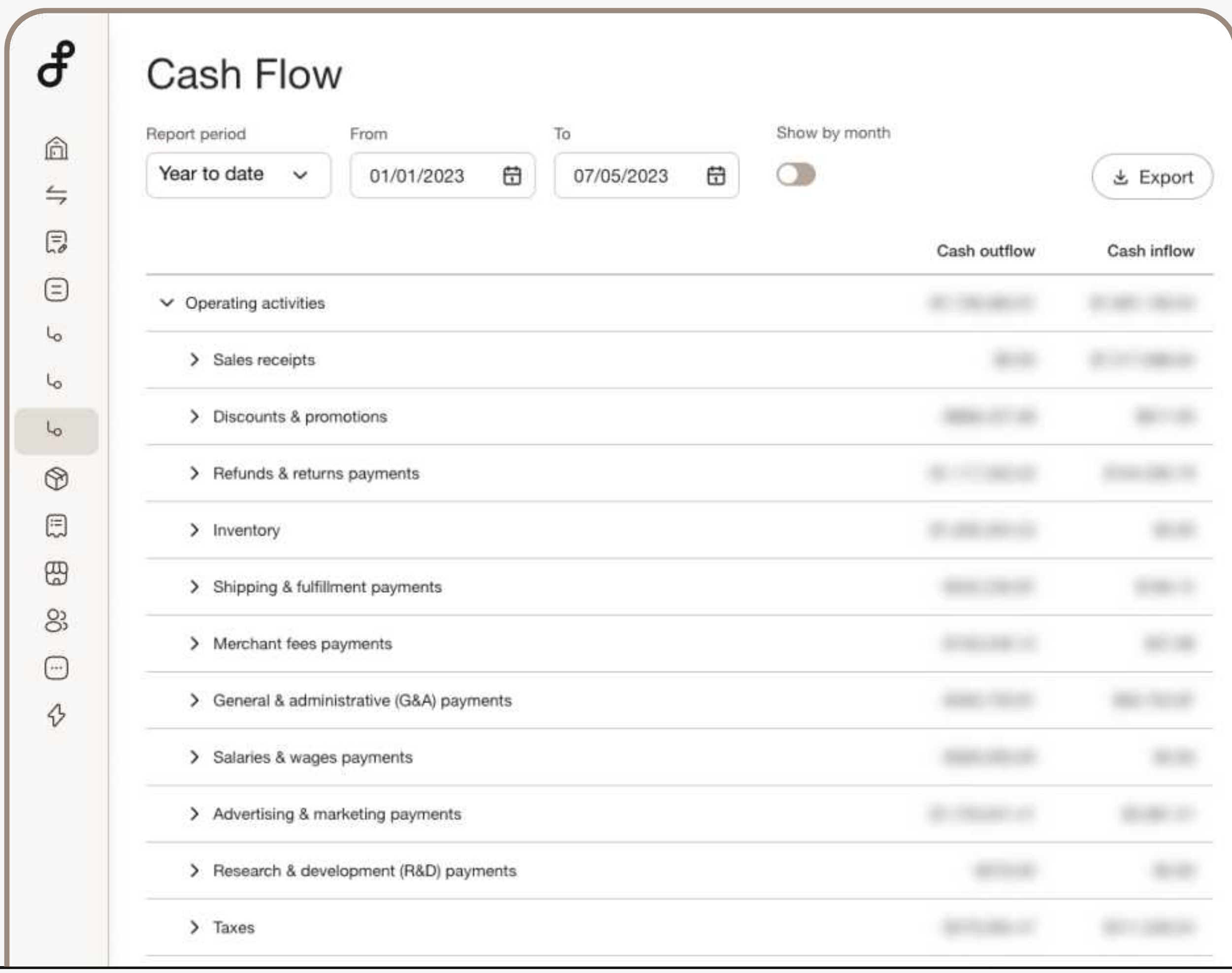
When brands grow, they often hire a CFO to support their growth and take their financial planning and management to the next level. Sadly, many times they discover that the finances are never accurate, always late, and are generally not ready to be analyzed and used for budgeting, forecasting, and planning. Thus, they need to spend their precious time and resources reviewing the books and adjusting the numbers instead of delivering exceptional value to their customers.

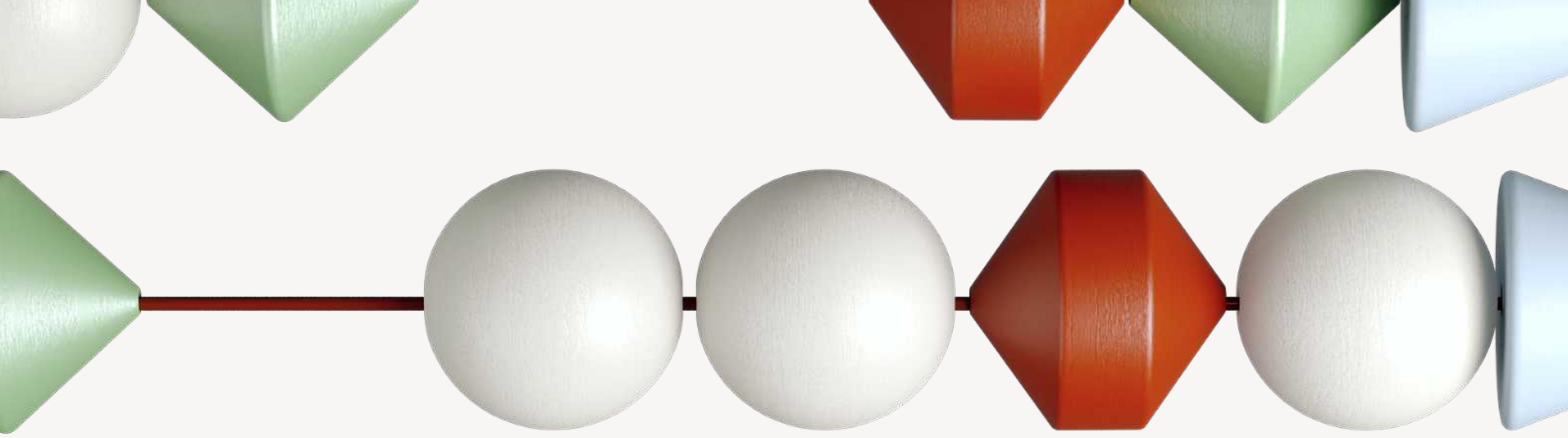
After almost 2 years of working together, Finaloop has helped Courtney and The Magic Brand to:

- ✓ **Reduce the time spent** on bookkeeping and processing the books **by 92%.**
- ✓ **Save $60,000 in taxes** by identifying previously missed tax deductions related to ecommerce loans and recommending a better tax structure.
- ✓ **Improve profitability by 11.6%** by introducing a new pricing structure and optimized inventory purchasing policy.
- ✓ Launch **4 new products** with optimal pricing and discounts achieving sales and profit goals.
- ✓ Stop worrying about data reliability, and fully focus on leveraging it to take the brand to the next level.

Courtney and Austin now leverage Finaloop as the basis of both long-term and real-time management to:

- ✔ Use the financials for creating forecasts and financial projections.
- ✔ Build budgets and update them regularly.
- ✔ Build and maintain a 13-week cash flow forecast and proactively manage their cash flow.
- ✔ Monitor the performance in real-time, move fast, and adjust their plans according to the results.





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