

Case Study: Frostline Outdoor Co. *(all names are fictitious. Any resemblance to actual persons, living or dead, or actual events is entirely coincidental)*

Company Overview

Business: Frostline Outdoor Co. **Industry:** Retail / E-commerce (Outdoor Apparel & Gear)
Location: Boulder, CO (HQ); ships nationally **Stage:** 4 years in operation **Employees:** 9 (2 full-time, 7 contract/seasonal) **Annual Revenue:** ~\$1.1M (up from \$340K two years ago)

Background

Marcus launched Frostline out of his garage in 2021, selling custom-designed fleece jackets and technical layers through his own Shopify storefront and Etsy. Word spread fast in outdoor and hiking communities, and within 18 months he'd landed on two "Best Of" lists in outdoor lifestyle publications. Today, Frostline sells through its own site, Amazon, and REI's online marketplace. Revenue has more than tripled in two years -but Marcus will be the first to admit the business has grown faster than his ability to manage it financially.

He's 34, single, reinvests almost everything back into inventory, and has never worked with a financial planner. His background is in graphic design, not business -and it shows in the books.

The Problem

Frostline's growth is real, but it's fragile. Several financial fault lines have opened up beneath the surface:

- **Inventory financing spiral** - To keep up with demand, Marcus pre-orders large seasonal inventory runs on credit. If a season underperforms, he's left with excess stock and maxed credit lines
- **Margin erosion** - Amazon and REI take significant cuts (15–30%), but Marcus hasn't modeled whether these channels are actually profitable after fees, fulfillment, and returns
- **No financial infrastructure** - Books are kept in a basic QuickBooks setup that hasn't been reconciled in four months; there is no CFO, controller, or fractional finance support

- **Tax shock** - In year three, Marcus owed \$47,000 at tax time and wasn't prepared. He paid it via a merchant cash advance (MCA) at an effective APR of ~38%, which he's still paying down
- **Revenue concentration risk** - Amazon accounts for 52% of total revenue; a policy change or account suspension could cut the business in half overnight
- **No owner salary structure** - Marcus pays himself inconsistently, drawing from the business account when he needs money, with no formal payroll or benefits
- **Zero personal financial planning** - No retirement accounts, no life or disability insurance, no personal emergency fund separate from the business

What Advanced Financial Planning Would Address

Area	Current State	Target State
Inventory Management	Credit-funded, reactive	Demand-based OTB (Open-to-Buy) model
Channel Profitability	Unknown by channel	Fully loaded P&L per sales channel
Bookkeeping & Reporting	4 months unreconciled	Monthly close with management dashboard
Tax Planning	Reactive, costly surprises	Quarterly estimated payments + entity review
Debt (MCA)	High-interest drag	Refinanced or retired within 12 months
Revenue Diversification	52% Amazon-dependent	Amazon reduced to <30% within 24 months
Owner Compensation	Irregular draws	Formal payroll + distribution policy
Personal Financial Plan	None	Retirement, insurance, and emergency fund

Recommended Engagement

A financial planner working with Marcus and Frostline would structure the engagement in phases:

Phase 1 -Stabilize (Months 1–3)

- Reconcile books and establish a clean baseline
- Model true channel profitability (net margin per unit after all fees, fulfillment, and returns by channel)
- Refinance or pay off the MCA using a lower-cost SBA Express line
- Set up quarterly estimated tax payments to prevent another year-end shock
- Establish a formal owner salary based on market rate and business cash flow

Phase 2 -Structure (Months 4–6)

- Build an Open-to-Buy inventory model tied to rolling 90-day sales forecasts
- Review entity structure (currently sole proprietor -likely candidate for S-Corp election)
- Set up a SEP-IRA and begin funding retroactively for prior tax year
- Implement a monthly financial dashboard (revenue, gross margin, burn, inventory turnover)

Phase 3 -Scale (Months 7–12)

- Model a direct-to-consumer growth plan to reduce Amazon dependency
- Evaluate whether a wholesale or licensing channel makes financial sense
- Stress-test the business against three scenarios: flat growth, 30% growth, Amazon account loss
- Begin a simple personal financial plan: term life insurance, disability coverage, 6-month personal emergency fund

Expected Outcomes (12 Months)

- MCA fully retired, saving an estimated \$14,000 in interest annually
- Channel-level profitability understood and acted upon -potentially dropping one underperforming channel

- Amazon revenue concentration reduced from 52% to ~35%
- Marcus paying himself a consistent \$72,000 salary with quarterly distributions
- SEP-IRA funded; first year of intentional retirement savings in place
- Tax liability fully anticipated and reserved for -no year-end surprises

Key Takeaway

Frostline is a genuine growth story -but growth without financial structure is just accelerated risk. Marcus has built something real on instinct and hustle; what he needs now is the financial architecture to protect it. This case illustrates a common pattern in e-commerce: **a founder who is great at the product and terrible at the books**, where early financial planning intervention can mean the difference between a thriving brand and a cautionary tale about scaling too fast.

Contrast with Maplewood Bakery

	Maplewood Bakery & Café	Frostline Outdoor Co.
Core challenge	Expansion decision-making	Scaling without structure
Owner profile	Experienced operators, mid-40s	Solo founder, early-career, design background
Revenue	\$620K, steady	\$1.1M, rapidly growing
Biggest risk	Overextension	Fragility beneath growth
Urgency	Medium -inflection point	High -fault lines are active
Personal planning	Retirement gap	No personal plan at all