

Case Study: Maplewood Bakery & Café *(all names are fictitious. Any resemblance to actual persons, living or dead, or actual events is entirely coincidental)*

Company Overview

Business: Maplewood Bakery & Café **Industry:** Food & Beverage / Retail **Location:** Denver, CO **Stage:** 6 years in operation **Employees:** 14 (3 full-time, 11 part-time) **Annual Revenue:** ~\$620,000

Background

Sarah and Tom founded Maplewood after years working in hospitality. The business has grown steadily through word-of-mouth and a loyal local customer base. They recently signed a lease on a second location and are fielding interest from a regional grocery chain to carry their packaged goods. On paper, the business looks healthy - but beneath the surface, financial strain is mounting.

The Problem

Despite strong sales, Sarah and Tom face a cluster of compounding financial challenges:

- **Cash flow gaps** - Payroll hits before receivables from wholesale orders clear, forcing them to dip into personal savings twice in the past year
 - **No formal budget** - Spending decisions are made reactively; there is no monthly or annual operating budget
 - **Tax exposure** - They've been filing as an S-Corp but haven't reviewed their entity structure since revenue crossed \$500K; their CPA suspects they're leaving deductions on the table
 - **Debt stack** - An SBA loan (\$85K remaining), a business line of credit (\$22K drawn), and a personal loan used for early equipment (\$18K) are being managed without a unified repayment strategy
 - **No retirement planning** - Neither owner has set up a SEP-IRA or Solo 401(k) despite being in their mid-40s
 - **Expansion risk** - The second location requires \$140K in buildout; they're unsure whether to self-fund, seek an SBA 7(a) loan, or bring in a silent partner
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What Advanced Financial Planning Would Address

Area	Current State	Target State
Cash Flow Management	Reactive, personal-funded gaps	13-week rolling cash flow forecast
Budgeting	None	Monthly budget with variance tracking
Tax Strategy	Basic S-Corp filing	Entity review + owner compensation optimization
Debt Management	Siloed, uncoordinated	Unified payoff waterfall strategy
Retirement	\$0 saved through business	SEP-IRA or Solo 401(k) established
Expansion Financing	Undecided	Modeled scenarios with risk-adjusted projections
Exit Planning	Not considered	10-year owner buyout or sale readiness plan

Recommended Engagement

A financial planner working with Maplewood would ideally provide:

1. **Discovery & Diagnostic** - Full review of P&L, balance sheet, tax returns (3 years), and loan documents
2. **Cash Flow Modeling** - Build a rolling 13-week forecast integrated with their POS and accounting software
3. **Tax & Entity Optimization** - Coordinate with CPA to model S-Corp salary vs. distribution mix and identify deductions
4. **Debt Consolidation Strategy** - Rank debts by interest rate and cash flow impact; model early payoff scenarios
5. **Retirement Setup** - Open and fund a Solo 401(k) before year-end to capture current-year deductions
6. **Expansion Feasibility Study** - Model three financing scenarios (self-fund, SBA loan, equity partner) with break-even timelines

7. **Owner Exit Roadmap** - Begin building a 10-year plan toward a structured sale or succession
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Expected Outcomes (12 Months)

- Eliminate personal-savings gaps through proactive cash flow planning
 - Reduce effective tax rate by an estimated 4–6% through compensation restructuring
 - Retire the personal equipment loan 18 months early
 - Make a data-backed decision on the second location
 - Have retirement accounts funded and operational
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Key Takeaway

Maplewood isn't in crisis - it's at an **inflection point**. Without structured financial guidance, a period of genuine opportunity could easily become a period of overextension. This case illustrates how advanced financial planning isn't just for large corporations; for a \$600K small business with growth ambitions, it can be the difference between scaling confidently and stalling out.