

NEWSLETTER

The CFOs for Small-Business

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U.S. NATIONAL DEBT AS OF:

April 2024

\$34,683,652,700,453

April 2022

\$24,323,109,744,912

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AMBA Conference; The Master's

Our CFO'S:

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"If Walmart, Wawa, and Waffle House had a Baby. . ."

It was Easter Sunday at Indian Rocks Baptist Church in Largo, FL (near Clearwater) where we were on vacation last month. It was our first visit to this church, and after a welcome greeting, this was the statement the Pastor opened up with. So right out of the gate, the man had my attention.

Two weeks earlier, we were driving the long trek down I-75 from Detroit to Clearwater, and after you've been driving a long time, your mind starts to wander. Somewhere along the way, I noticed an extremely tall circular sign perched way above the tree-tops, that I hadn't ever seen before. It was a cartoon beaver's head, smiling and looking towards the sky (**see page 4**). Just the smiling beaver head – no words. And for a second, I thought to myself "hmmm. . . that's weird. . . but we are in the south". I didn't know what it was, and went back to day-dreaming. I didn't give it any further thought.

Until Easter Sunday.

The Pastor stated "You may or may not be aware, of a movement that is sweeping the nation. Everyone around me kept badgering me about it, telling me I have to check it out, and so I recently experienced it for myself. **I'd describe it as if Walmart, Wawa (gas station in the south), and Waffle House had a baby. It's called Buc-ee's.**"

Now as it turns out, a teenage kid happened to be wearing a Buc-ee's costume to Church that day – on **Easter Sunday** – and of course he immediately stood up, and the congregation laughed in unison, making the Pastor's point. According to the Pastor, it was not scripted – he just showed up wearing a Buc-ee costume to church on Easter (again, we're in the south. . .).

So, for those of you who don't already know, Buc-ee's is an enormous gas station, travel stop, convenience mart that brags about having the cleanest bathrooms, the most gas pumps, and. . . wait for it. . . amazing beef brisket, made continuously in the middle of their stores. And oddly, no semi-trucks are allowed.

Brisket in a gas station???

So obviously, we had to experience this on the drive

back – we were now on a mission.

When we left a few days later – ironically or fittingly on **April Fool's Day** – we read the billboards along the highway with increasing anticipation; their billboards are funny. And it made the drive go by faster. As we pulled off the highway a little south of Macon Georgia, we finally saw the spectacle that is Buc-ee's. **Wow. So many cars.** I've never seen so many gas pumps in one location. They had 120 pumps. And there was still a short wait to get one.

We filled up the car, and then walked inside the "convenience store" and had to stop for a moment to take it all in. The Pastor's description was apt; it was mayhem in there. 55,000 square ft. Workers yelling & cheering for brisket; walls of soda

dispensers & Icee dispensers; tacos, camping equipment, home-made fudge, 60 varieties of jerky, and of course lots of Buc-ee's paraphernalia – including a onesie costume. I've never seen anything like it. There must've been 500+ people in that store. And the bathrooms were clean!

So we got some sandwiches, drinks, snacks and some Buc-ee 'swag'. We passed on the "Beaver Nuggets" (ewe).

It was an *experience*.

There was a sign on top of the gas pumps stating they were hiring for various positions, and showing what each position paid. Any idea what the General Manager of a Buc-ee's makes? Flip over to page 4 and it's printed in a tiny font. Wow.

I left with such amazement and so many questions. Who has the guts to put in 120 gas pumps in the middle of no-where Georgia? How did someone take such a mundane, commodity business and make it an experience that has become a destination? What a case study in business.

Unfortunately, I don't remember much of the rest of the Pastor's sermon that sunny Easter Sunday, but I won't soon forget Buc-ee's. If you've never been to one, it's worth a visit.

Rumor has it, there may be a Buc-ee's coming to Michigan. If so, you might want to start working on an application for General Manager!

Jodd Raul





Dan, Todd & Dennis at the AMBA Conference in Grand



A final stop on the return trip from FL, at Buffalo Trace for a tour & tasting.



Tim, Dennis, Bill & Todd on the hallowed grounds of Augusta National



Lucas Glover hitting a hole-in-one during the Par 3 Challenge!

"Success is liking yourself, liking what you do, and liking how you do it."

— Maya Angelou

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Break-Even... a Number Every Business Should Know

There are lots of numbers business owners usually know about their business. Annual sales, payroll costs, rent expense, cost of production or gross margin percent. But one number essential to know if a business owner wants to drive a profitable cash-flowing business is the "Break-Even (BE)" point or number.

Calculating a company's BE involves determining the level of sales (typically a monthly number) at which total revenue equals total costs, resulting in neither profit nor loss. Knowing the BE number, a business owner can compare actual sales against the BE number and have a good idea if they made or lost profit for a given period.

The break-even point can be calculated using the formula in the **box to the right** >.

It's not that difficult to calculate if the financial statements are accurate and properly prepared. All the numbers needed are included in the Profit & Loss Statement.

Here's a step-by-step to calculate a monthly break-even point:

Fixed costs: Take an annual P&L statement and pick out all expenses that typically do not change directly with the level of production or sales. These are ongoing operating expenses like rent, utilities, repairs & maintenance, administrative and management salaries etc. Add together and divide by 12 for the monthly "Fixed costs".

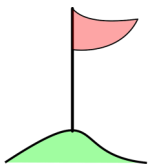
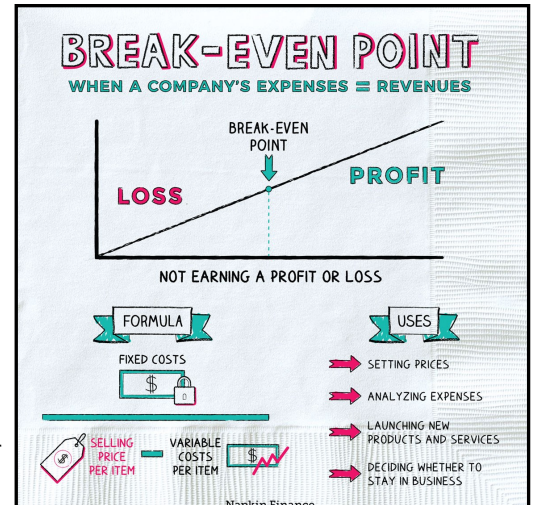
Contribution margin ratio: This is total Sales \$'s, minus direct variable costs \$'s (labor, materials, direct overhead—also know as cost-of-sales) = Contribution Margin \$'s. Then take the Contribution Margin \$'s and divide by Sales \$'s to get a ratio % (example: Sales \$500 - direct costs \$300 = Gross Margin \$200, $\$200/\$500 = .40$ or 40%).

Break-even point: Divide Fixed Cost \$'s by Contribution Margin % = Breakeven Sales \$'s.

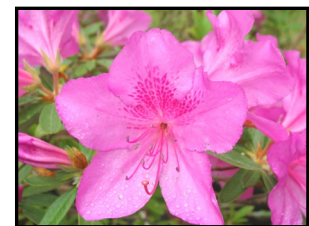
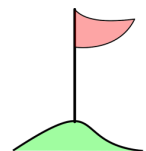
Example: Fixed costs = \$300,000 per month, contributions margin 40%. $\$300,000/.40 =$ the BE sales number of \$750,000 per month.

Once you have calculated the break-even point, you'll have a clear understanding of the level of sales needed for the company to cover all its costs and start generating profits.

If this is still confusing, or seems difficult, as a complementary service we can help calculate your BE number, just send me an email at bbach@michigancfo.com with your contact information and I'll reach out to connect.



Did you know there are 1,600 Azaleas at the Augusta National? There are multiple colors and specie variations!



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\$225K

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