

CASE STUDY

Budget Consolidations & Scenario Reporting for a Vertically Integrated Cannabis Company



CLIENT

Cannabis Company

When a vertically integrated **cannabis** company (the Company) decided to divest certain retail locations, Cherry Bekaert played a crucial role by offering financial planning and analysis (FP&A) advisory services and data analytics tools that were essential to the decision-making process.



INDUSTRY

Life Sciences

Assessing the Situation

The Company, a vertically integrated and publicly traded cannabis business with wholesale, white label, and retail sales channels, sought assistance from Cherry Bekaert's **Accounting Advisory** practice for its decision-support needs.

With cannabis investments at an all-time low on the West Coast, the Company's updated strategic plan necessitated divesting from certain retail locations. However, the new CFO and finance team were overwhelmed with the annual budget and monthly reporting processes, requiring additional FP&A support with the design and/or implementation of the following:



OUR ROLE

Financial Planning & Analysis, Accounting Advisory Risk & Accounting Advisory

- ▶ Three-year projections for 15 retail locations
- ▶ Consolidation tools for projections for multiple verticals
- ▶ Dynamic scenario reporting tools

The Company's CFO estimated that the automated financial consolidations model built by Cherry Bekaert saved them 75% of time spent on consolidations and allowed them to focus on strategic support.

Becoming a Trusted Advisor

The CFO shared the strategic plan and existing planning models, proposing meetings with retail business leaders to help Cherry Bekaert's team better quantify the long-term outlook for each location.

Prior to the meetings, Cherry Bekaert reconciled historical results with operating reports and created preliminary projections based on the strategic plan's high-level assumptions, guiding an upper and lower bound to guide sales projections. Additionally, Cherry Bekaert designed three-year planning templates to assist with future consolidations and reporting needs.

With clear expectations set and leveraging Cherry Bekaert's extensive experience in the cannabis industry, the discussions led to more precise and transparent long-term projections for the struggling retail vertical.

Building the Tools Our Clients Need

With the three-year projections finalized for the long-term plan, Cherry Bekaert developed an intuitive, automated financial consolidation model. This model can be used for both historical performance and projections reporting. The CFO estimated that this tool saved them 75% of time spent on consolidations, allowing them to focus more on strategic support to the business teams and less on the minutiae.

Additionally, based on previous strategic planning sessions, the CFO required a tool for on-the-spot scenario analyses during final board presentations. Cherry Bekaert developed a dynamic KPI dashboard that allowed for the omission of selected retail locations and adjustments to high-level assumptions. The dashboard also predefined best- and worst-case scenarios based on insights from planning sessions.

Using the tools and guidance provided by Cherry Bekaert, the CFO successfully led a planning session that resulted in consensus on final divestment decisions, with no additional work for the CFO or his team.

Cherry Bekaert's tailored solutions demonstrated our commitment to efficiency and adaptability, delivering financial strategies that meet evolving business needs

Let Us Guide You Forward

Choosing Cherry Bekaert means partnering with an **Accounting Advisory** team that offers not only deep industry knowledge but a personalized approach to overcoming unique business challenges. Let us help you achieve your financial objectives with clarity and confidence, positioning your company for sustainable success in a competitive market.

For More Information, Contact Us:



Chase Wright

Partner, Accounting Advisory Leader
cwright@cbh.com



Sara Nager

Manager, Risk & Accounting Advisory
sara.nager@cbh.com

About Cherry Bekaert

"Cherry Bekaert" is the brand name under which Cherry Bekaert LLP and Cherry Bekaert Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. Cherry Bekaert Advisory LLC is not a licensed CPA firm. Cherry Bekaert LLP is a licensed CPA firm that provides attest services, and Cherry Bekaert Advisory LLC and its subsidiary entities provide tax and advisory services. For more details, visit cbh.com/disclosure.

© 2024 Cherry Bekaert. All Rights Reserved. This material has been prepared for general informational purposes only and is not intended to be relied upon as tax, accounting, or other professional advice. Before taking any action, you should consult a professional advisor familiar with your particular facts and circumstances.

v. 120624 Case-Study_New-Budget-Consolidations-and-Scenario_1536082277

cbh.com



 **Cherry Bekaert**
Your Guide Forward