ROVA PARTNERS
BEYOND ORDINARY FINANCE

PRAJAPATI & COMPANY CPAs LLP
TAXATION • ACCOUNTING • CONSULTING

DTC STRATEGIC FINANCE

From Back Office to Command Center

The Problem: Finance Is Still Treated Like Compliance

Too many companies still treat finance like an afterthought. Something that closes the books, prepares reports, files taxes. A back office function that keeps the lights on but not much more.

But today, that model fails. In fast-moving markets, reactive finance leaves businesses flying blind. Reporting after the fact doesn't help you steer through volatility or capitalize on opportunities. And it definitely doesn't tell you what to do next.

The businesses that win? They operate with financial clarity and command. Finance isn't about keeping score. It's about calling plays.

STRATEGIC FINANCE

What It Actually Looks Like

Forget the buzzwords. Here's what strategic finance looks like when it's done right:

Rolling forecasts that tie directly to business inputs.

- Paid channel CAC trends (e.g., if Meta CAC rises above your target threshold, pause spend and reallocate to stronger-performing channels)
- Conversion lift driven by seasonality, marketing pushes, or churn patterns
- Monthly return rates that hit gross margin
- Major outflows like vendor payments, loan servicing, and capex cycles

These forecasts aren't just about revenue; they're built around real cash timing and help leadership manage runway, not just earnings.

STRATEGIC FINANCE (CONT'D)

Scenario models that drive critical operating decisions.
You build models to answer:

- If container fulfillment or delivery costs double next quarter, how many SKUs or services fall below target margin?
- If we add a third shift in the warehouse, how much faster does inventory turn and what does that do to cash?
- What's the revenue and EBITDA delta if we cut wholesale and go 80% DTC in Q4?

Then you run board-level conversations based on those answers.

Margin visibility by SKU, cohort, and channel.
Not just total COGS. You track:

- Gross margin by product or service line, including real delivery costs, customer support impact, platform fees, and return-adjusted costs
- LTV to CAC by cohort – for example, if your Meta Q2 '23 cohort costs $86 to acquire and returns just $112 in LTV, that's a 1.3x return. Not terrible, but far from healthy.
- Channel-level fulfillment cost (e.g., third-party fulfillment costs vs in-house handling)

That lets you cut underperformers early and double down where ROI is real.

Finance and ops run in lockstep.

- Warehouse team wants to switch from FedEx to UPS? You run a model showing impact on unit economics across top 10 SKUs.
- Planning team wants to bump safety stock by 20%? You show the cash flow drag, working capital hit, and runway risk.

You don't approve or deny, you guide.

Dashboards are action tools, not eye candy.

- Weekly cash balance vs forecast, refreshed every Monday 9AM
- CAC and ROAS by campaign, channel, and geography
- Unit-level contribution margin by fulfillment method (e.g., 3PL vs in-house)

And when trends break from plan, alerts go out.

High-Performing Companies

How They Operate Differently

Top brands treat finance as a strategy partner, not a cost center. They do the following:

1. Set financial guardrails.
They track financial and operational KPIs to keep decisions grounded. Burn multiple, cash conversion, and margin per dollar spent might be a few, but the full picture depends on the business. Smart teams track what matters, not just what's easy.

2. Focus on profitability by design.
They make SKU or service-line tradeoffs: cut low-margin variants, bundle slow movers, double down on high-margin winners.

3. Stay cash-aware.
They use direct cash flow forecasts weekly. Models are built to reflect real payment cycles, vendor terms, and cash timing across the org. Leadership always knows cash runway, upcoming payments, and timing risk.

4. Integrate systems.
Finance, ops, and sales work from one shared source of truth. Decisions move fast, based on clean data, not guesswork.

5. Prioritize flexibility.
They bake in optionality. Delay hiring if CAC jumps. Pause inventory orders if sales dip. Finance keeps the business agile.

Case Study

Helping a DTC Apparel Brand Move From Control to Command

We worked with a high-growth apparel brand stuck in reactive finance. Their inventory system was disconnected from the GL. Forecasts lived in spreadsheets. They couldn't see SKU-level profit or cohort performance.

What we did:

- Built SKU-level margin dashboards showing real -time profitability by product
- Replaced their static annual budget with a 12-month rolling forecast tied to demand signals, returns, and promo calendars
- Ran scenario models to weigh wholesale expansion vs DTC focus
- Rebuilt landed cost model to account for tariffs, shipping swings, and supplier terms
- Integrated ERP, inventory, and QBO stack for clean reporting and a faster close

The result?

- Gross margin improved by 310 bps in 2 quarters
- Forecast variance dropped from 27% to under 8%
- CFO now briefs investors monthly with updated runway, payback periods, and ROI by channel

THE BOTTOM LINE

Strategic finance isn't a luxury, and it definitely isn't about pretty dashboards or big spreadsheets. It's about making sure your decisions are grounded and your business actually knows what it's doing.

If your finance team is just closing the books, you're not leading, you're just reporting. Reach out to rohan@rovapartners.com or prashant@prajapatico.com to learn more.

REACH OUT
TODAY