

DEVELOP YOUR PERSONALIZED
ACTION PLAN TODAY

WIN @ BIZ[®]

Initiate Effective Financial
Management Tools

WORKBOOK

Growth & Business Coach

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WIN AT BIZ® WORKBOOK

INITIATE EFFECTIVE FINANCIAL MANAGEMENT TOOLS

A TEN E-BOOK SERIES

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Action Step Workbook: Develop a Plan for Effective Financial Management

1. Make a list of people whom you could ask to be on your board to consult for you company.

2. Develop an internal statement to manage your breakeven point and operating profits. In it, isolate all of your variable or direct costs driven by revenue. Also isolate your fixed expenses relative to revenue.

Sales \$ _____

Cost of goods sold \$ _____

Gross profit margin \$ _____

Variable expenses \$ _____

Margin \$ _____

Fixed expenses \$ _____

Operating profits \$ _____

3. In the space below or on a separate chart, develop a matrix of critical numbers that drive your economic engine for utilization as a spot check of your daily progress toward your financial goals. Critical numbers might include the following: The amount of billable revenue for every truck in the service fleet or the number of widgets produced for every eight hour shift.

4. Compute your breakeven point.

Fixed expenses _____

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Total \$ _____

Variable direct expenses _____

_____	% of sale _____
_____	% of sale _____
_____	% of sale _____
_____	% of sale _____
_____	% of sale _____
_____	% of sale _____
_____	% of sale _____
_____	% of sale _____

Total percentage _____%

Cost of goods sold as a percentage to sales \$ _____

Compute your breakeven point in terms of required sales:

Formula: fixed expenses divided by (100% less cost of goods sold as a percentage to sales and total variable expenses as a percentage)

Convert percentage to decimal. i.e. 35% to a decimal .35

Sales required to break even \$ _____

5. Make a list of actions you can take to increase revenue. Actions might include the following: increase prices, increase closing ratio, increase average sale, expand existing products to a new geographical area, introduce new products.

6. Make a list of actions you can take to lower your cost of goods sold.

7. Make a list of actions you can take to decrease your direct or variable costs.

8. Make a list of fixed expenses you can restructure as variable expenses.

9. Make a list of actions you can take to reduce fixed expenses.

10. Make a list of actions you can take to increase cash. Examples include improving collection of accounts receivable, developing more efficient inventory controls, and taking discounts on payables.

11. Make a list of ideas that would make the best use of cash on hand, for instance, reducing debt or investing in income-producing assets.

12. Develop a budgeted profit report.

Sales \$ _____

Cost of goods sold \$ _____

Gross profit margin \$ _____

Variable expenses \$ _____

Total variable expenses \$ _____

Margin \$ _____

Fixed expenses \$ _____

Total fixed expenses \$ _____

Operating profit \$ _____

13. Develop a budgeted cash flow statement.

Budgeted income \$ _____

Minus cost of goods sold \$ _____

Minus operating expenses \$ _____

Minus interest expenses \$ _____

Net cash provided from operating activities \$ _____

Sale of fixed assets \$ _____

Minus purchase of fixed assets \$ _____

Net cash provided by investing activities \$ _____

Cash advance from short-term bank note \$ _____

Minus pay-down of short-term bank note \$ _____

Cash advance from long-term bank financing \$ _____

Minus pay-down of long-term bank financing \$ _____

Minus dividend disbursements \$ _____

Net cash provided by financing activities \$ _____

Net cash increase/decrease for period \$ _____

Plus/minus cash at beginning of period \$ _____

Cash at end of period \$ _____

About the Author

David Gabbert

Entrepreneur, business mentor and growth coach, David Gabbert helps business professionals, business owners, new startups, and students learn how to win at business. Self employed for forty-seven years, founder and owner of four million-dollar-plus businesses, and author of ten Win at Biz® business books, Dave offers free business articles about a variety of proven business strategies which compose the basic building blocks of starting and operating a successful business.

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- Book 3: Initiate Effective Financial Management Tools
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