

# Managing Money to Make Money

A “How To.”



**SCORE**<sup>®</sup>  
Counselors to America's Small Business

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**SCORE® Cedar Rapids Chapter**

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# Agenda



- ◆ **THE SECRETS**
- ◆ **A Beginning Forecast**
- ◆ **Fundamental records.**
- ◆ **Financial statements.**
- ◆ **Accounting Support.**

# The SECRETS

## TO SUCCESSFULLY MANAGE YOUR MONEY:

- Keep a record of everything.
  - What's going OUT.
  - What's coming IN.
- Unless trained in money management, hire it done.

# THE ESSENTIALS

- **FIRST, plan and do an 18-month forecast.**
- **Keep records of every expense – Effective Day 1.**
- **HAVE A SYSTEM !!!**
  - Standard Operating Procedures (SOP'S)

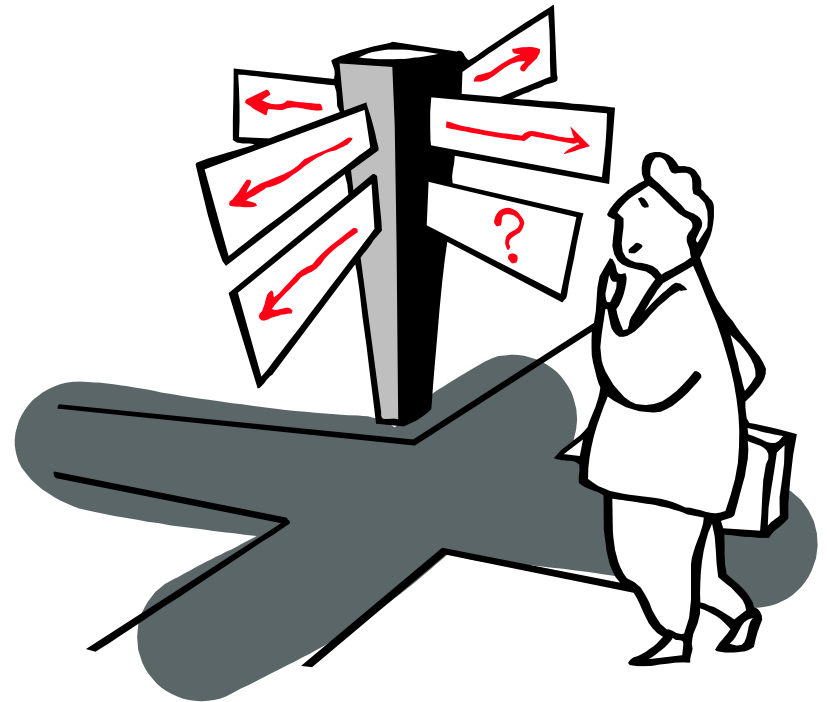
# How We Keep Score & Manage

- **ACCOUNTING is the Recording of the Events of the business as they Occur in terms of money.**
  - Dollars and Cents
- **Source Document – What happened? When did it happen? How much money ??**
- **Journal – Chronological List**
- **Ledger – Sorted by Type**
  - Asset, Liability, Capital, Income, Expense

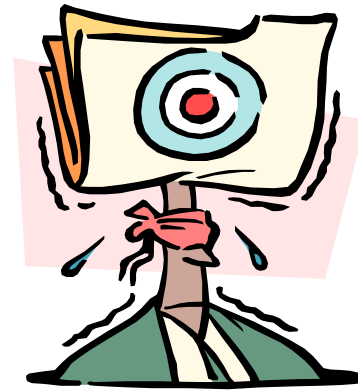
# 5 KEY POINTS

To concern yourself with.

- Profitability
- Frugality
- Record Keeping
- Financial Statements
- Cash Flow



# PROFITABILITY



- **ALL COSTS must be included and counted.**
  - Not just Variable costs but Fixed costs such as rent, insurance, FICA, etc. Not just the eggs and toast !
- Use a formula and know what these things mean.

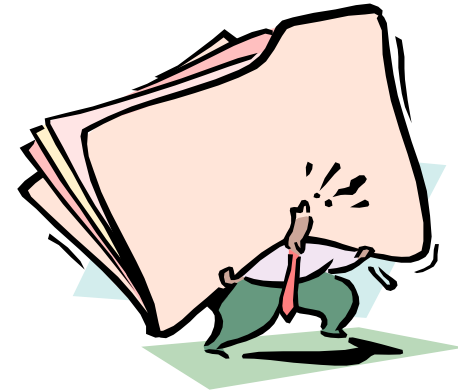
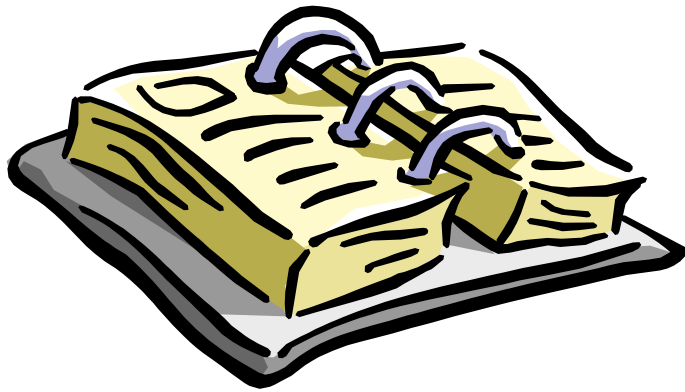


# FRUGALITY



- If your business generates 5% net profit before income taxes it takes \$200 in sales to equal a cost reduction of \$10
- A thought: John D counted paper clips !!

# RECORD KEEPING



- KISS – Keep it Simple Stupid
- QUICKBOOKS is worth considering, when affordable.
- File Hard Copies of things – So you can find it.
- Spreadsheets can be used for all of this.

# FINANCIAL STATEMENTS



- **BALANCE SHEET** = What you own minus what you owe is VALUE of the Business ( Book Value) SNAPSHOT !
- **INCOME STATEMENT** = Your Income minus Expenses ( Profit Performance over a period in time – day, week, month, year )

# CASH FLOW



- **Cash flow is simply the flow of cash into and out of your business.** Cash is most easily viewed as what you have in your bank accounts (checking, savings, etc.) Since cash is what you have in the bank, “cash flow” is the amount going into and out of your “bank accounts” in a day, a month or a year.
- Simple as that.

# SOURCES OF FURTHER INFO

- **[scorecr.org/library](https://scorecr.org/library)**
- **[scorecr.org/seminars/](https://scorecr.org/seminars/)**
- **[scorecr.org](https://scorecr.org)**