



the essential tools for success:

the financials

year of action ●●●

what is the financial impact of your work

If the CEO was seated next to you:
“What do I pay you to do around here?”

I’m a copywriter.

**If the CEO was seated next to you:
“What do I pay you to do around here?”**

**You pay me to drive sales
by creating marketing campaigns
that deliver 15% growth each quarter.**

leadership

- » you
- » your team
- » your business

Leading the business - not just leading the people.

Understand the business, strategy and financials.

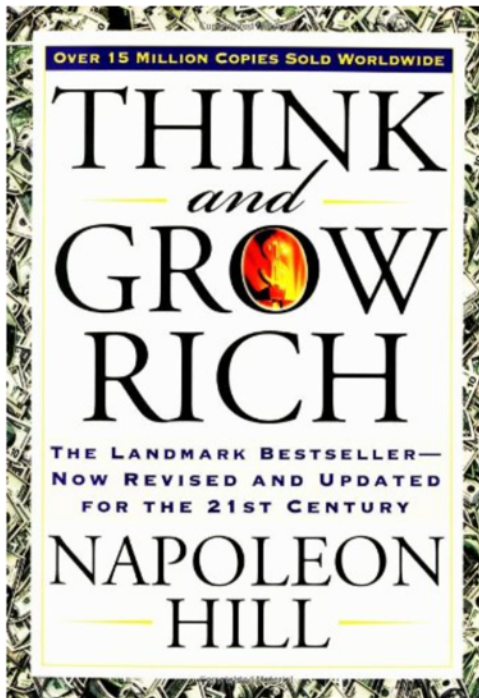
understanding money

- » money beliefs
- » money types
- » action items for money types
- » money goals
- » specifics about tools and terms

do you:

- » have a backlog of invoices/outstanding invoices?
- » charge the same price you did 2, 3, 4, 5+ years?
- » avoid having sales conversations?
- » always jump straight to discounts?
- » avoid asking for money/asking for a raise?
- » work hard, but struggle to make ends meet?
- » take on a lot of low price/volunteer/free projects?

money beliefs



1937 - Napoleon Hill was given a project by Andrew Carnegie (richest man in the world, renowned steel-tycoon) to interview 500 millionaires to find a success formula that could be used by the average person.

25 years of research. One of the best-selling books of all time.

shift **mindset** and **behavior**

our emotions and mindset
keep us from succeeding

come up with a plan to
overcome them

money beliefs

start when you are young

- » your relationship with money
- » your money story and beliefs

Your **money story** and **beliefs about money** affect how you are operating in your business and your career

money beliefs

ROOT EXPERIENCE

how did your family talk about money

- » “you think we’re made of money”
- » “money doesn’t grow on trees”
- » “we can’t afford that”
- » fights/worry about money?
- » feel bad asking for money?
- » had to sacrifice for you?
- » something you just don’t talk about

money beliefs

ROOT EXPERIENCE

create a money voice in your head

- » afraid to talk about it
- » can't ask others to pay for this
- » don't be greedy, pushy
- » they don't have the money to pay for this
- » it's not worth it/I'm not worth it
- » don't think about it/avoid the money conversation

money beliefs

ROOT EXPERIENCE

struggle in your business / career

- » don't have enough business
- » apologize for the cost
- » you don't want to talk about it
- » you don't value what you are worth
- » avoid the money conversation/value conversation
- » afraid to ask for what you're worth

money beliefs & story

how to change your money story

- » understand your money type and story
- » create a new money voice and money story
- » create a money focus statement
- » create a revenue tracking sheet
- » create a better understanding of money
- » create an understanding of money as a tool

money types

avoider

- » avoid looking at the #s/avoid your credit card bills
- » pile of bills/avoid talking about it
- » over-worrying - don't know how much money you need
- » over-working - not sure what work relates to outcomes
- » chronically fearful - don't know how things are going to work out
- » hope and pray things work out

MONICA SHAH - MONEY COACH

money types

spender

- » love to pick up the check, have fun, host parties/events
- » spend to feel better: if you're hungry, lonely, sad: buy
- » can't pay bills, jack of all trades/master of none
- » not afraid to take risks - upset when it doesn't work
- » willing to invest - but often based on emotions
- » prone to distractions

MONICA SHAH - MONEY COACH

money types

saver

- » have \$ in the bank, no balance on credit cards, know exact #s
- » overwork - drive to burn out - don't want to spend
- » won't get help if have to pay for it (assistant/doctor not on approved list)
- » afraid to spend
- » fearful, over cautious, afraid to see opportunities

money types

martyr

- » would love to give away your services for free
- » hate that people can't pay for your services
- » negotiate downward from the start (2 payments of xx, discount)
- » giving, giving, giving - more than receiving
- » lower price of your own product, but will pay more for others
- » don't ask for value of what you're worth
- » burnt out, doesn't feel fair, too hard

MONICA SHAH - MONEY COACH

money types

WHICH ARE YOU? (CAN BE A COMBINATION)

avoider

- avoid looking at/talking/thinking about money
- always worried
- don't know where your money comes from

spender

- spend to feel better
- always picks up the check - but then can't pay your own bills
- spending based on emotions

saver

- keeps very close eye on money - knows exactly how much on credit card/bank
- afraid to spend - even if it would help you (overworked)
- fearful, cautious

martyr

- would love to work for free; hates having to charge for services
- doesn't ask for value of what you're worth
- works hard/burn out/not fair/negotiates downward

money types

ACTION ITEMS TO HELP YOU FIND MORE BALANCE

avoider

- MONEY DATE:
- 20 min weekly
- Check all your bank accounts/cc
- How much came in last week/how much went out
- Plan for how much you want to bring in
- Consistency
- Can get help providers

spender

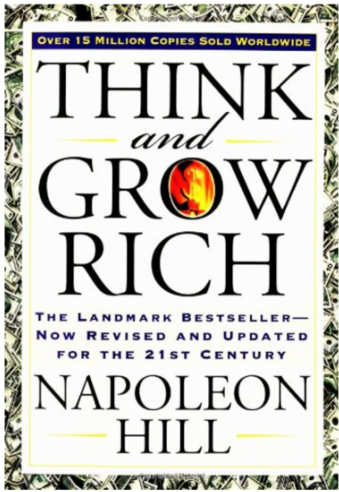
- WAIT 24 hours before purchase
- WHY am I really buying this
- Money buckets:
Savings account
Nickname (Vacation)

saver

- OPEN account (FUN) every time you bring money in - put some amount in FUN - have to spend on YOURSELF - every 30 days

martyr

- WORK ON MONEY STORY - with a coach/advisor
- Why is it so important to lower price
- Use a script for sales conversations



think and grow rich – 6 steps

Ways to stay focused on a daily basis

You need to determine:

- 1) the EXACT amount of money you want to create in the next 60 days/end yr
- 2) the DATE you would like the money (can do one for 60 days/ 1 for the year)
- 3) WHAT you intend to give in return for the money you want - explain the services/ products you would like to sell (There is no such thing as SOMETHING for NOTHING.)
- 4) CLEAR PLAN to get what you want and begin at once - even if you don't feel ready
- 5) WRITE a clear concise statement of above 4 steps into one paragraph
- 6) READ your statement twice daily - aloud - when you wake up and before you go to bed (See, feel, believe yourself already in possession of it)

money focus statement

EXAMPLE FOCUS STATEMENT -

I intend to acquire \$10,000 in my business by June 30, 2016. I will do this by working in a focused effort for at least 2 hours a day every day on sales in my business, taking good care of myself physically and emotionally and taking time off when I need it. My plan to do this will be to focus on getting speaking engagements, where I can offer value to the attendees and offer programs for continued value. I am open to other sources of revenue streams as they occur. I am committed to enjoying my work and helping people to create work and life they love.

KEEP THIS NEXT TO YOUR BED. READ IT ALOUD IN THE MORNING & AT NIGHT FOR 60 DAYS

money tracking sheet

» how much money do you want to generate over the next 60 days: _____

	TODAY	MONTHLY TOTAL
1)	_____	_____
2)	_____	_____
3)	_____	_____
4)	\$500	\$500
5)	\$200	\$700
6)	_____	_____

- » Any time you bring money in from ANY source - write it on that day
- » Tally it up as you go along
- » Constant focus on what is most important to get results/generate revenue - stay focused on creating consistent income - gold star
- » Tired of putting zeros - come up with new ideas/new ways of generating income - keeping things consistent

create a new money voice

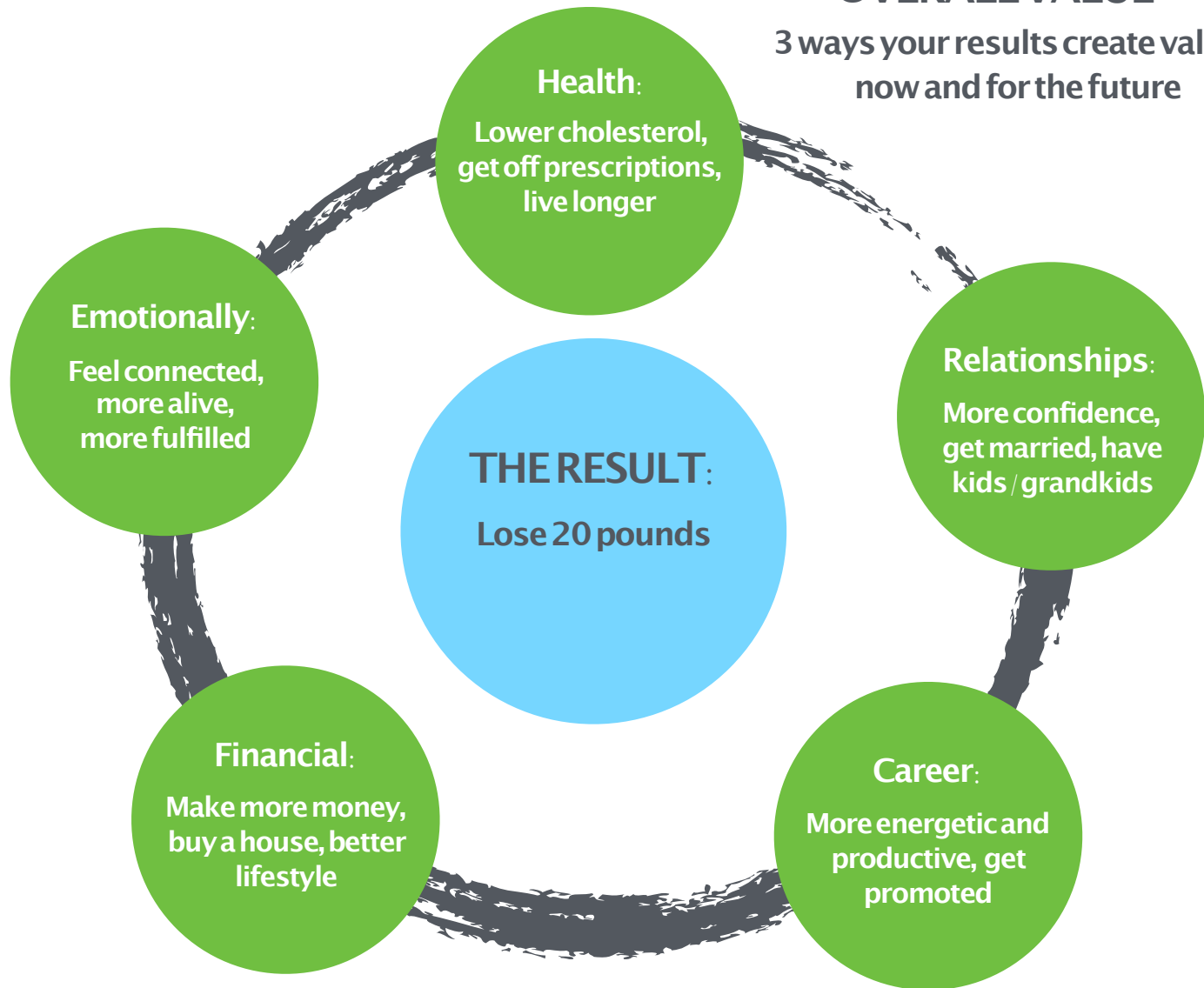
- » The more success I have, the more I can help others
- » My services can and will change lives and are worth every dollar
- » I am proud to talk about money and my value
- » I love to work with clients who pay me well, because they highly value my work.

write out your **NEW** money voice

feel as though you are already there –
in your new money voice –
start acting from that new voice

what would someone with this new money voice do?

value wheel



OVERALL VALUE

3 ways your results create value –
now and for the future

value wheel



OVERALL VALUE

3 ways your results create value –
now and for the future



the essential tools for success:

know the numbers

year of action ●●●

money basics

REVENUE

The TOP LINE - The amount of money brought in from sales

PROFIT

The BOTTOM LINE - The amount of money that remains AFTER all the expenses have been deducted.

money basics

GROSS

GROSS is the amount BEFORE you take out expenses

NET

NET is the amount AFTER you take out expenses

So GROSS SALES doesn't mean your profit. It means how much you sold, BUT you still have to subtract all your costs and expenses to get your NET SALES.

money basics

COGS

Cost of Goods Sold -

The total costs to create a product or service (labor, materials and overhead)

money basics

CAC

Customer Acquisition Cost - The cost to get a new customer.

To calculate it monthly: add up all the costs associated with sales and marketing (salaries, events, software, social media) and divide it by the number of new customers for that month.

If you spent \$500/ 10 new customers = \$50 CAC

LTV

Lifetime Value of a Customer- The ability to MONETIZE a customer - they buy something.

To calculate it: It is the revenue you earn from a customer minus the cost it took to acquire them.

$LTV > CAC$. For startups, a rough formula is $LTV > 3 \times CAC$

The 3 essential financial statements for a business:



Balance Sheet

It's a snapshot - a quick picture - of the value of your business. It shows what a company **owns (Assets)** and what a company **owes (Liabilities)** and what's **left over** is the **net value** or **equity** of the business.

If you have \$100 in Assets and owe \$40 in Liabilities, the balance, \$60, is the equity: $\$100 = \$40 + 60$

Assets = Liabilities + Equity.
Both sides have to balance.



Income Statement

It's like a report card. It shows how your business is doing over a period of time.

It shows if sales are going up or down. Also called an *Operating Statement*, *Earnings Statement*, *P&L* (Profit & Loss).

Often developed monthly, quarterly and annually. You can also create a **projected** statement for the year ahead.



Cash Flow Statement

Cash is the fuel that runs your business. You must have "cash flow", money on hand, to be able to pay the bills and daily expenses.

The Cash Flow Statement shows the money that comes in, money that goes out and the money kept on hand to meet daily expenses and emergencies.



Balance Sheet

CARRIE'S COMPUTERS - BALANCE SHEET - FEBRUARY 28, 2016

ASSETS (WHAT YOU OWN)	
Current Assets (converts to cash in one year)	
Cash	10,000
Accounts Receivable	75,000
Inventory	85,000
Total Current Assets (10K+75K+85K)	170,000
Non-Current Assets (more than one year to convert to cash)	
Fixed Assets (furniture, fixtures, property, equipment)	140,000
Less Accumulated Depreciation	- 25,000
Fixed Assets (net, 140K - 25K)	115,000
Advances to Owners	6,000
Total Non-Current Assets (115K + 6K)	121,000
Total Assets (170K + 121K)	291,000
LIABILITIES (WHAT YOU OWE)	
Current Liabilities (due within one year)	
Accounts Payable	41,000
Accrued Taxes	3,000
Current Portion of Long-Term Debt	6,000
Note Payable (due within one year)	100,000
Total Current Liabilities	150,000
Long-Term Liabilities (due for more than one year)	
Loan Payable	54,000
Total Long Term Liabilities	54,000
Total Liabilities (150K + 54K)	204,000
CAPITAL OR NET WORTH (THE COMPANY'S EQUITY)	
Owners Investment	20,000
Retained Earnings (income kept in the business)	67,000
Total Capital or Net Worth (67K + 20K)	87,000
Total Liabilities & Capital (204K + 87K)	291,000

Accounts Receivable
Sales made, but money is still owed to the company

Fixed Assets
Original Cost

Depreciation
Assets lose their value. Deductions are made according to tax rules

Accounts Payable
Purchases made that haven't been paid for yet

Retained Earnings
Money left in the business from the company's profits, accumulated over the life of the business

Advances to Owners

Money that owners take, as a loan, to be repaid

Current Portion of Long-Term Debt

One year's worth of loan payments

Loan Payable

Loan balance after one year's worth of payments

Owners Investment

Money owners invest in the business

TOTAL ASSETS = TOTAL LIABILITIES + EQUITY



CARRIE'S COMPUTERS - INCOME STATEMENT

Income Statement

Net Sales

Revenue or income.

Selling Expenses

Salaries and expenses related to sales only

Operating Income (or Loss)

Shows how the business performed

Net Sales900,000	100%	
Less Cost of Goods Sold (cost to make products):			
Beginning Inventory	75,000	8%	
Purchases (to make product)	350,000	39%	
Labor (to make product only)	200,000	22%	
Total (75K+350K+200K)	625,000	69%	
Less: Ending Inventory	- 85,000	9%	
Cost of Goods Sold (625K less 85K)	540,000	60%	
Gross Profit (900K less 540K)	360,000	40%	
Operating Expenses:			
Selling Expenses	90,000	10%	
General and Administrative	+ 170,000	19%	
Total Expenses (90K + 170K)	260,000	29%	
Operating Income (360K less 260K)	100,000	11%	
Less: Interest Expense (on loans)	- 20,000	2%	
Net Profit before taxes (100K less 20K)	80,000	9%	
Less: All Income Taxes	- 27,000	3%	
Net Profit (80K less 27K)	53,000	6%	

Gross Profit

This is your profit margin

General & Administrative (G&A)

All other expenses used to run the company

Net Profit

Profit left after all expenses have been paid

TO TURN THE NUMBERS INTO PERCENTAGES: Divide the number by the Net Sales.

For example: Net Profit \$53,000 divided by Net Sales, \$900,000 = .06 or 6%.

It is good to use % so you can compare statements and see if the percentages are increasing or decreasing.



Cash Flow Statement

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
A. Cash On Hand (Beginning of month)	10,000	5,627	13,741	10,470	13,830	15,190	11,498	15,202	22,157	30,997	39,372	48,601	
B. Cash Receipts													
1. Cash Sales													
2. Collections from Credit Accounts	32,813	75,000	76,250	81,250	85,000	85,750	88,500	90,000	88,750	84,250	81,500	78,750	
3. Loan or Other Cash injection (specify)													
C. Total Cash Receipts (B1+B2+B3)	32,813	75,000	76,250	81,250	85,000	85,750	88,500	90,000	88,750	84,250	81,500	78,750	
D. Total Cash Available (A+C, before cash paid)	42,813	80,627	89,991	91,720	98,830	100,940	99,998	105,202	110,907	115,247	120,872	127,351	
E. Cash Paid Out:													
1. Purchases (Merchandise)	0	30,000	42,500	42,500	44,000	45,000	45,000	42,500	41,000	40,000	37,500	37,500	447,500
2. Gross Wages (excludes withdrawals)	10,758	10,758	11,364	11,970	11,970	12,334	12,576	12,576	11,970	11,606	11,364	10,758	140,004
3. Payroll Expenses (Taxes, etc.)	1,076	1,076	1,136	1,197	1,197	1,233	1,258	1,258	1,197	1,161	1,136	1,076	14,001
4. Outside Services	758	758	808	859	859	889	909	909	859	828	808	758	10,002
5. Supplies (Office and operating)	383	383	408	434	434	449	459	459	434	418	408	303	4,972
6. Repairs and maintenance	390	390	416	422	422	458	468	468	442	426	416	390	5,108
7. Advertising	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	50,400
8. Car, Delivery and Travel	2,700	2,700	2,800	2,900	2,900	2,960	3,000	3,000	2,900	2,840	2,800	2,700	34,200
9. Professional Services (Accounting, legal, etc.)	1,500	0	0	1,500	0	0	0	0	0	1,500	0	0	4,500
10. Rent	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	23,400
11. Telephone	278	278	296	315	315	326	333	333	315	303	296	278	3,666
12. Utilities	400	400	400	400	400	400	400	400	400	400	400	400	4,800
13. Insurance	0	450	450	450	450	450	450	450	450	450	450	0	4,500
14. Taxes (real estate, etc.)	0	750	0	0	750	0	0	750	0	0	750	0	3,000
15. Interest (on loans)	500	498	495	493	490	488	485	482	480	477	475	472	5,835
16. Other/Miscellaneous Expenses (specify)	0	0	0	0	0	0	0	0	0	0	0	0	0
17. Subtotal	24,893	54,591	67,223	69,590	70,337	71,137	71,488	69,735	66,597	66,559	62,953	60,785	755,888
F. Other Operating Costs:													
1. Loan Principal Payment	293	295	298	300	303	305	308	310	313	316	318	321	3,359
2. Capital Purchases (ex., Buy a computer)	0	0	0	0	0	5,000	0	0	0	0	0	0	5,000
3. Other Start-up Costs	0	0	0	0	0	0	0	0	0	0	0	0	0
4. Reserve and/or Escrow (ex., Pay \$100K loan)	10,000	10,000	10,000	5,000	10,000	10,000	10,000	10,000	10,000	5,000	5,000	5,000	100,000
5. Owner's Withdrawal	2,000	2,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	4,000	4,000	4,000	36,000
G. Total Cash Paid Out (E17 + F1 through F5)	37,186	66,886	79,521	77,890	83,640	89,442	84,796	83,045	79,910	75,875	72,271	70,106	
H. Cash Position (End of month, D minus G)	5,627	13,741	10,470	13,830	15,190	11,498	15,202	22,157	30,997	39,372	48,601	57,245	

Total Cash Available

Cash On Hand + Total Cash Receipts (before cash paid out)

Total Cash Paid Out

Total Section E (Cash Paid Out) + Other Operating Costs

Cash Position

This company has a positive cash flow. At the end of the month, this is how much cash they had on hand after expenses were paid.

money basics

Get comfortable
with the numbers

