



5 STEPS TO MAXIMIZE YOUR CASH FLOW



It's Not Rocket Science!
IT'S ACTUALLY HARDER!



It Takes Discipline



First some fast facts



DID YOU KNOW

the survival rate for
businesses

@ 4 years – 37%

@ 10 years – 9%

DID YOU KNOW

that more than

25%

of all start-ups and small
businesses fail because of
accounting difficulties?

DID YOU KNOW

some reasons business failure?

- Failure to understand cash flow
- Poor accounting
- Poor Planning



FINANCIAL DISCIPLINE AS FOUNDATION FOR GROWTH

- ✓ Pre-condition for growth in any economy
- ✓ Minimizes risk of making a poor decision
- ✓ Increases speed & flexibility of decision making
- ✓ Allows for greater pursuit of opportunities
- ✓ Monitoring and controlling costs increase cash flow



Step One : Daily Activities

DEVELOP YOUR DASHBOARD:

- Review Cash & Bank Activities
- A/R Balance
- A/P Balance
- Sales MTD
- Orders MTD



Step Two – Weekly Activities

MONITOR FINANCIAL TRAFFIC

- Cash Collected
- Cash Spent
- Review Customer Balances
- Shipments
- Orders



Step Three – Monthly Activities

DEVELOP REPETITIVE MEASUREMENTS

- Close Books
- Reconcile cash and other balance sheet accounts
- Create Monthly Package
(Balance Sheet, P&Ls, Statement of Cash Flows)
- Budget vs. Actual reports
- Prior period comparison



Step Four – Your company's performance

UNDERSTAND KEY PERFORMANCE INDICATORS

- **Gross Margin**
- **Material Costs as % of Sales**
- **Labor Costs as % of Sales**
- **Days Sales Outstanding**
- **Inventory Turnover**
- **Industry Comparisons**



Step Five– Plans/Budgets/Forecasts

- Strategic Plan – 3 Year
- Budget – 1 Year
- Forecast – 3 to 6 months



Extra Credit–

- Know your costs intimately
- Keep well organized
- Know where your company ranks vs. industry
- Know industry trends
- Know macroeconomic trends



**Franklin
Management
Systems, Inc.**

STEP ONE	STEP TWO	STEP THREE	STEP FOUR	STEP FIVE
DAILY ACTIVITIES	WEEKLY ACTIVITIES	MONTHLY ACTIVITIES	YOUR COMPANY'S PERFORMANCE	PLANS, BUDGETS, FORECASTS
DEVELOP YOUR DASHBOARD	MONITOR FINANCIAL TRAFFIC	DEVELOP REPETITIVE MEASUREMENTS	UNDERSTAND KEY PERFORMANCE INDICATORS	PLANNING ESSENTIALS
<ul style="list-style-type: none"> - REVIEW BANK & CASH ACTIVITY - A/R BALANCE - A/P BALANCE - SALES MTD - ORDERS MTD 	CASH COLLECTED CASH SPENT REVIEW CUSTOMER BALANCES	CLOSE BOOKS RECONCILE CASH AND OTHER BALANCE SHEET ACCOUNTS CREATE MONTHLY PACKAGE - BALANCE SHEET - P&LS - STATEMENT OF CASH FLOWS	GROSS MARGIN MATERIAL COSTS AS % OF SALES LABOR COSTS AS A % OF SALES DAYS SALES OUTSTANDING INVENTORY TURNOVER INDUSTRY COMPARISONS	STRATEGIC – 3 YEARS BUDGET – 1 YEAR FORECAST – 3 TO 6 MOS.



Company

- **Serve as Accounting Dept. for Small Businesses, Non-Profits and Start-Ups**
- **Experienced in accounting software, including QuickBooks, NetSuite and Xero**
- **Offer higher level of expertise and efficiency than small organizations can staff on their own – at a lower cost.**



Services

- Bookkeeping
- Payroll Services
- Financial Statement Preparation
- Business Plans
- QuickBooks
- NetSuite
- Xero
- CFO Review
- Financial Advisor On Call
- Banking & Legal Liaison
- Budgets/Forecasts
- Business Plans



Client Diversity

- 3 Start Up
- 7 Nonprofits
- 4 Manufacturing
- 5 Restaurants
- 3 Service
- 2 Retail
- 1 Medical
- 4 Tech
- 1 Auto Repair
- 1 Real Estate
- 1 Bio Tech
- 1 Legal
- 5 Wholesale



Value Proposition

- At FMS we give our clients the financial tools needed to make sound business decisions
 - Repetitive Measurements
 - Monthly Financial Package
 - Financial Reviews



Value Add & Benefit

- Higher level of expertise and efficiency than most small organizations can afford to staff on their own, at a lower cost
- Experienced across many industries
- Management Company instead of accounting firm
 - ❖ Understand issues growing businesses and organizations will face