



# Financial Discipline

## A Success System For Small Business Owners

**How Often Should Small Business Owners Review & Analyze Their Financials?**

**Weekly – 52 Times a Year Without Fail – Even if  
They Are On Vacation!**

## **The Three Biggest Causes of Failure of a Small Business:**

- 1) A Failure To Collect All the Money (Accounts Receivable & Cash Controls)**
- 2) A Failure to Manage The Inventory (Physical & Capacity)**
- 3) Managing The Business Based on How Much Money is In the Bank (No Financial Reports)**

# No Financial Reports?

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## Success Rates of Businesses that Produce, Review & Analyze Financial Reports:

- 1) Annually - when they have to give their accounting records to their CPA to do the taxes = 25%-35%
- 2) Monthly - because they have come to believe they should = 75%-80%
- 3) Weekly – 52 times a year without fail = 95%+

# The Financial Discipline System

- 1) As you go through the week, collect of the business revenue/income records, customer payments, deposits, invoices, POS Reports, etc. - These records are in some kind of printed form. Place the records in the Fishbowl on your desk.

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2) As you go through the week, collect of the business expense records , receipts, cash, credit, on-line, etc. - These records are in some kind of printed form. Place the records in the Fishbowl on your desk.

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3) Every Wednesday afternoon 52 times a year without fail – take the contents to a: well established, multi-client, good reviews & references, working out of a business location bookkeeper.

Avoid friends, family, neighbors.

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4) From Wednesday afternoon to Friday afternoon, the bookkeeper does all of the data entry. The data has to be good and well documented: who, what, when, how much, etc.

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5) Every Friday afternoon 52 weeks a year without fail, the bookkeeper e-mails back to you a set of reports: Profit & Loss, Balance Sheet, Cash Flow Statement, Accounts Receivable Report, Accounts Payable Report, Inventory Report.

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6) Every Sunday morning 52 times a year you take those reports and spend 90 minutes reviewing them and you make 2 lists.

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7) The first list is everything on those reports you do not understand and everything that does not make sense. On Monday you work to get the answer to those questions. This becomes your education in your financials and your oversight of your business.

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8) On the second list you write down everything you understand but you do not like. This list then is the basis of changes to your 12-24 month CASHFLOW forecast.

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# QUESTIONS?