Train-the-Trainer Workshop

Welcome to

MONEY SMART FOR SMALL BUSINESS

Introduction

Presenter Name

Title

Organization

Contact Information

Ground Rules

- Participate
- Ask questions
- Tell me what you think
- Cell phones on vibrate

Training Materials

- Train-the-Trainer Participant Guide
- Managing Cash Flow
  - Instructor Guide
  - Participant Guide
  - PowerPoint Slides
- Glossary Terms
- Success Tips

Parking Lot

- To help manage time, we may need to “park” some questions
- We will assess at the end to see if your questions were answered
- If not, we can plan to follow up

Agenda

- Welcome
- Learning Objectives
- MSSB Curriculum Overview
- The Thirteen Modules
- A Deep Dive
- Getting Started with MSSB
- Success Tips

Icebreaker

What are the top [1-3] products/services offered by your organization/branch that entrepreneurs love?

or

What are the top [1-3] resources that your organization/branch has that organizations serving entrepreneurs love?

Learning Objectives

- Simply state
  - Introduce the MSSB Curriculum
    - What it is
    - Why it was created
    - Who can benefit
    - How they benefit
    - Getting started!

MSSB: What It Is

- A business education tool
- Collaboratively developed by the FDIC & SBA
- 13 modules
- Covers a wide range of business topics

MSSB: Why It Was Created

- To assist financial institutions and community organizations
- To help entrepreneurs think
- To have deep and sustainable impact
- To spur economic activity

MSSB: Who Can Benefit

- Financial Institutions and Community Organizations
  - Small Business/Economic Development Organizations
  - Community Banks/Financial Institutions
  - Government Programs
  - Chambers of Commerce or Business Chambers/Trade Associations
  - Independent Small Business Consultants

- Aspiring and Existing Entrepreneurs

- Urban and Rural Communities

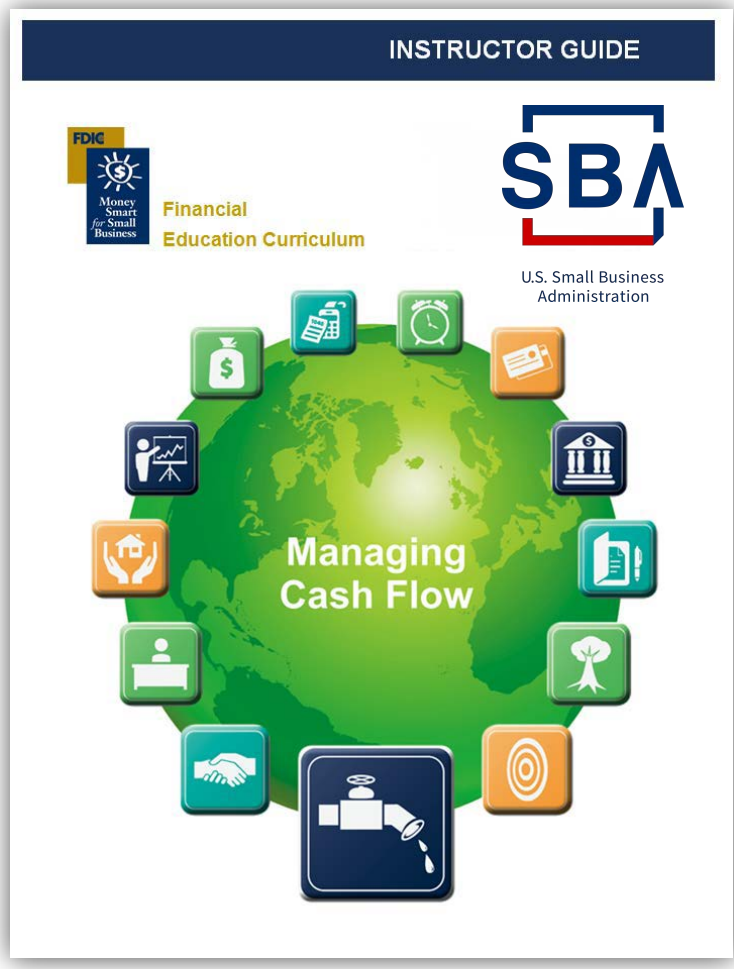
MSSB: How They Benefit

- Financial Institutions and Community Organizations
- Aspiring and Existing Entrepreneurs
- Urban and Rural Communities

MSSB: Curriculum Overview

MSSB: Curriculum Components

- Instructor's Guide
- Participant's Guide/Workbook
- PowerPoint Slides



MSSB: Curriculum Modules

- Banking Services
- Credit Reporting
- Financial Management
- Insurance
- Organizational Types
- Record Keeping
- Risk Management
- Selling a Business and Succession Planning
- Tax Planning
- Time Management
- Is Small Business Ownership a Good Fit for You?
- Planning for a Healthy Business
- Managing Cash Flow

Banking Services

Understanding the Value for Small Businesses

Banking Services

- Entrepreneurs will
  - Gain a solid understanding of the banking products and services available to small business owners
  - Understand the importance of building effective long-term relationships with a banker or lender
  - Recognize the role of a personal credit score in the lending process

Credit Reporting

Demystified

Credit Reporting

- Entrepreneurs will
  - Understand the full scope of credit reporting and the impact of credit reports on the operation or growth of a small business
  - Discover strategies for building or improving business credit
  - Appreciate how personal credit scores impact the ability of a business to obtain credit

Financial Management

Appropriate Allocation of Resources

Financial Management

- Entrepreneurs will
  - Grasp the importance of sound financial management
  - Understand the basics of small business financial management including:
    - Startup financing
    - Financing for a growing business
    - Financing working capital
    - Financing fixed assets

Insurance

Planning for the Unexpected

Insurance

- Entrepreneurs will
  - Recognize the importance of small business insurance
  - Understand the full range of insurance products and services
    - Required coverage
    - Other coverage

Organizational Types

Advantages and Disadvantages of Business Structures

Organizational Types

- Entrepreneurs will
  - Know that the legal structure of a business determines how a company operates and is taxed
  - Distinguish the general characteristics, advantages and disadvantages of organizational types:
    - Sole proprietorship
    - Partnerships
    - Limited liability company
    - C-corporation
    - S-corporation

Record Keeping

Critical Managerial Tool

Record Keeping

- Entrepreneurs will
  - Comprehend the necessity for good record keeping
  - Learn about the practices and rules of record keeping for small businesses
  - Discover record keeping software tools.

Risk Management

Be Prepared for Negative Outcomes

Risk Management

- Entrepreneurs will
  - Understand the common risks associated with a small business
  - Identify the external and internal factors which can cause risks for a small business
  - Implement, monitor and evaluate a risk management plan for a small business

Selling a Business and Succession Planning

Exit Strategies

Selling a Business and Succession Planning

- Entrepreneurs will
  - Learn how to change the ownership of a business through selling, closing or transferring the business to successors
  - Know how to establish an exit strategy for retirement which includes a succession plan, transferring ownership of the business and paying taxes

Tax Planning

Understanding the Details

Tax Planning and Reporting

- Entrepreneurs will
  - Understand the range of state, local and federal tax reporting requirements of a small business and its owner
  - Be able to research general tax reporting requirements
  - Understand the importance of establishing a plan to pay taxes

Time Management

Steps on Effective Use of Time

Time Management

- Entrepreneurs will
  - Understand the importance of time management
  - Discover commonly used time management practices like
    - Pareto analysis
    - ABC method
    - Eisenhower method
    - POSEC method

Is Small Business Ownership a Good Fit for You?

Strength Assessments

Is Small Business Ownership a Good Fit for You?

- Entrepreneurs will
  - Discern between the myths and realities of small business ownership
  - Start a self-assessment to determine their readiness to become a small business owner
  - Gain insight about their readiness to start a business

Planning for a Healthy Business

Startup Costs and Beyond

Planning for a Healthy Business

- Entrepreneurs will
  - Discover a 4-Step Business Planning process, via a case study, that will help them create a long-term healthy business
    - Back-of-Napkin Plan
    - Resource Plan
    - Business Plan
    - Action Plan

Managing Cash Flow

Practical Problem-Solving

Managing Cash Flow

- Entrepreneurs will
  - Learn how critically important cash flow management is for a small business
  - Act as advisors to Bob and The Wired Cup
  - Understand the need for expert assistance and advice

The Deep Dive

Managing Cash Flow

Pre-Test

- Locate the Pre- and Post-Test Form at the back of your Participant Guide.
- Complete the BEFORE Training column to assess your knowledge on this topic *before* participating in this class.

Agenda

- Welcome, Pre-Test, Agenda, and Learning Objectives
- Introductions
- Case Study: Bob and The Wired Cup
- The Opening Balance Sheet
- Three Views of Cash Flow
- What Can Bob Do?
- Summary, Post-Test, and Evaluation

Learning Objectives

- **Describe the purpose of cash flow management in a start-up small business.**
- **Assess a cash flow cycle and make some cash flow projections.**
- **Describe how a cash flow statement can help assess and improve the financial health of a start-up.**

Continued …

Learning Objectives, cont.

- **Identify some ways to manage cash flow in terms of managing costs and potential income.**
- **Identify ways to seek out expert technical assistance to improve cash flow management.**

Introducing Bob and The Wired Cup

Bob's case begins on page 4 in your Participant Guide.

- **The Wired Cup café has had a great start.**
- **Bob faces some cash flow issues and needs to juggle his priorities.**
- **The good news: Bob is thinking ahead and he has great advisors: you!**

Introductions: Where are you on the cash flow continuum?

Beginner

Intermediate: I know some, still have questions

I'm an expert (and still have questions)

Cash Flow Continuum

Opening Balance Sheet for The Wired Cup

Year 1 Opening Balance Sheet

The Wired Cup

Assets			*Liabilities*		
Current Assets:			*Current Liabilities:*		
Cash	$	5,000	Bank Note	$	3,371
Accounts Receivable	$	-	Accounts Payable	$	-
Pre-Opening Expenses					
Accounting	$	250	*Long Term Liabilities:*	$	16,629
Advertising	$	500			
Bank Charges	$	350	*Total Liabilities*	$	20,000
Cable/Internet Services	$	200			
Insurance	$	2,000			
Ingredients	$	3,500			
Janitorial Supply	$	75			
Lease	$	1,350			
Legal Fees	$	2,500			
Licenses/Fees/Permits	$	1,500			
Payroll	$	2,400			
Payroll Taxes	$	360			
Telephone Services	$	150			
Utilities	$	365			
Total Current Assets	$	15,500	Equity		
			Owner's Capital	$	30,000
Fixed Assets:					
Kitchen Equipment	$	9,000	*Total Equity*	$	30,000
Lease Hold Improvements	$	18,200			
Office/Techn Equipment	$	2,300			
Total Fixed Assets	$	29,500			
Total Assets	$	50,000	Total Liability & Equity	$	50,000

Assumptions: Loan $20,000 5 years 14.54%; Payroll 3 workers $10/hr = $30/hr * two 40 hr. weeks = $2,400

Page 5 in your Participant Guide

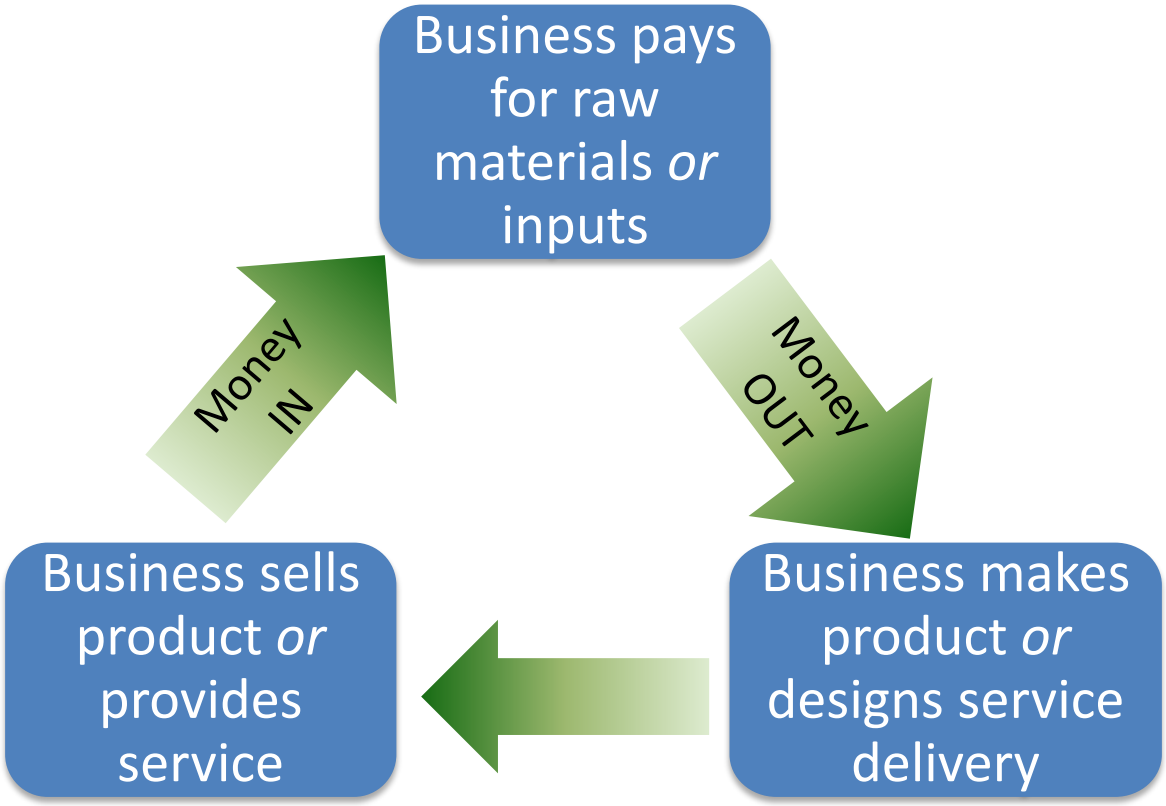
A Few Notes About Debt

- It takes effort to obtain a small business loan.
- Your credit score will directly influence your ability to secure a loan.
- Talk with a bank's commercial loan officer before you need the loan.
- Other modules in this Money Smart series can help!

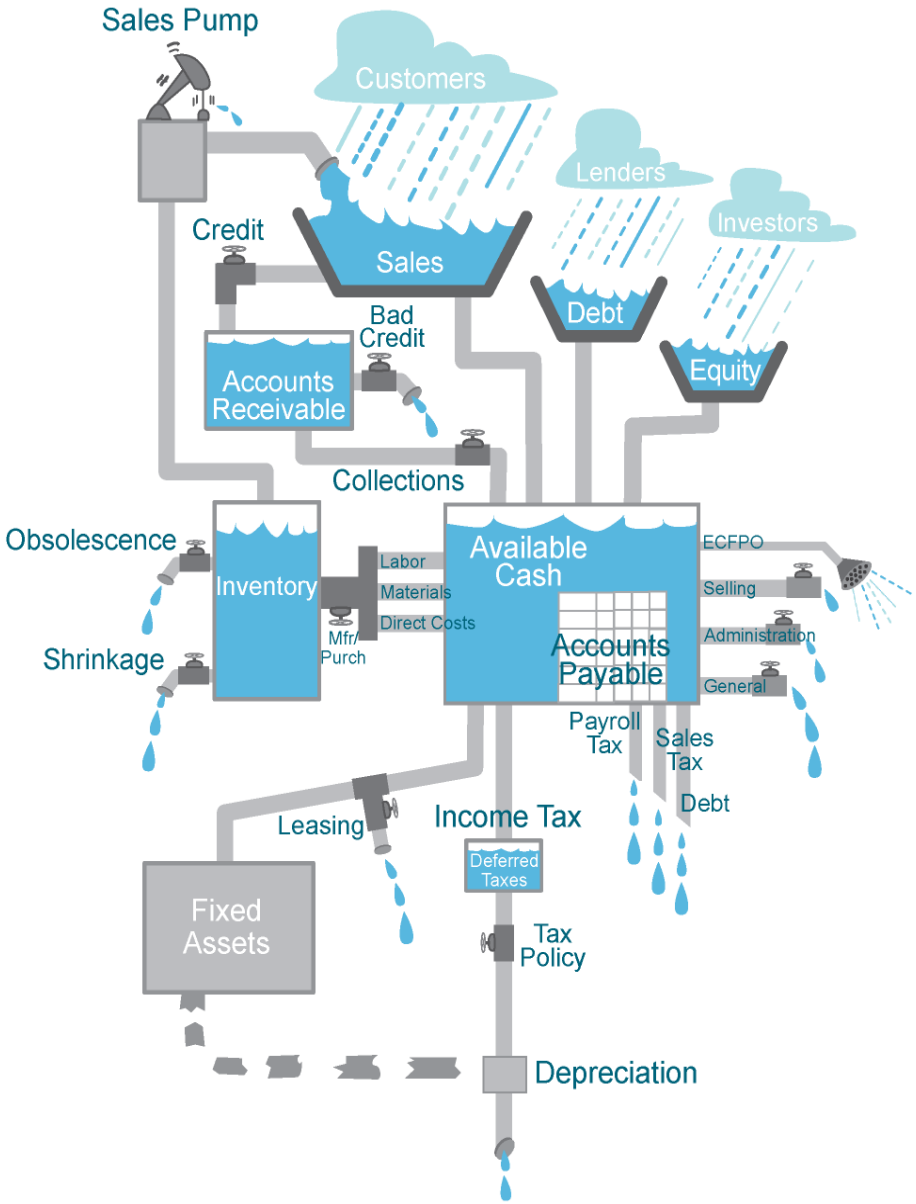
Three Views of Cash Flow

- **Cash Conversion Cycle**
- **Cash Flow Diagram**
- **Cash Flow Statement**

Cash Conversion Cycle



Cash Flow Diagram



Page 7 in your Participant Guide

This diagram has been adapted from a diagram designed by George M. Dawson and illustrated by Buck Dawson, 1995.

The Wired Cup Cash Flow Statement

Page 10 in your Participant Guide.

This statement tells a story:

- **How much money Bob has to run his business.**
- **How much money is moving in and out of The Wired Cup.**
- **Where the money is coming from and where it is going.**
- **When that money is moving in and out of the business.**

What Can Bob Do?

Group Discussion:

- How can Bob increase sales revenue at The Wired Cup?
- How could Bob negotiate a better deal with his vendors and suppliers?
- How can Bob plan for seasonal ups and downs?
- Is it wise for Bob to use a credit card to offset cash flow issues?
- What do YOU recommend?

Possible Ideas for Bob

Increase revenue

- Provide incentives for customers to pay in cash
- Start catering
- Sell gift cards
- Increase number of corporate accounts

Negotiate with vendors and suppliers

- Ask for better terms or payment plans
- Landlord: pay entire year's rent in 10 months not 12

Reduce costs during slow months

- Staff
- Store hours
- Reduce menu options

What NOT to Do

- Do not postpone paying estimated taxes
- Do not hide from loan officers – they can provide invaluable advice
- Do not pay vendors late (they can cut off supply)
- Do not overestimate revenue
- Do not underestimate costs

Key Points to Remember

1. Managing cash flow is a core competency of small business ownership.
2. An opening balance sheet tells a compelling story.
3. A cash flow statement continues the story. Use it to monitor projected and actual income and expenses.
4. Plan for seasonal fluctuations.
5. Try to maintain a rapid cash conversion cycle.
6. Manage your paperwork like a pro.
7. Ask an accountant for advice.

Toolkit of Resources

See the **Toolkit of Resources** in your Participant Guide for more details.

- **Glossary of Cash Flow Terms**
- **Cash Flow Statement Template**
- **Negotiating Better Terms**
- **For More Information: technical assistance options – many of these are free!**

End of The Deep Dive

Evaluation Best Practices

- Each module should be evaluated for two main reasons:
  - Evaluate the quality and impact of each module
  - Identify what is next

Evaluate for Quality and Impact

- The Participant Guide for each module includes an evaluation form on the last page.
- The forms are easy to complete.
- Evaluation forms are effective tools for gauging immediate reactions to a class.

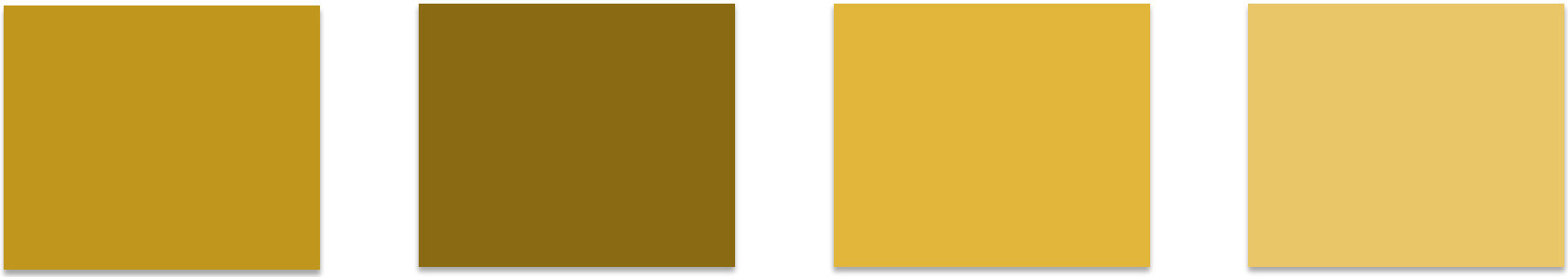
What's Next

- At the end of a class, conduct a debriefing conversation with the class. Ask, "What should happen next?"
- Scan the Parking Lot for questions that indicate a need for additional classes.
- Interview guest experts for their ideas. They can offer great advice based on the questions the participants ask of them.

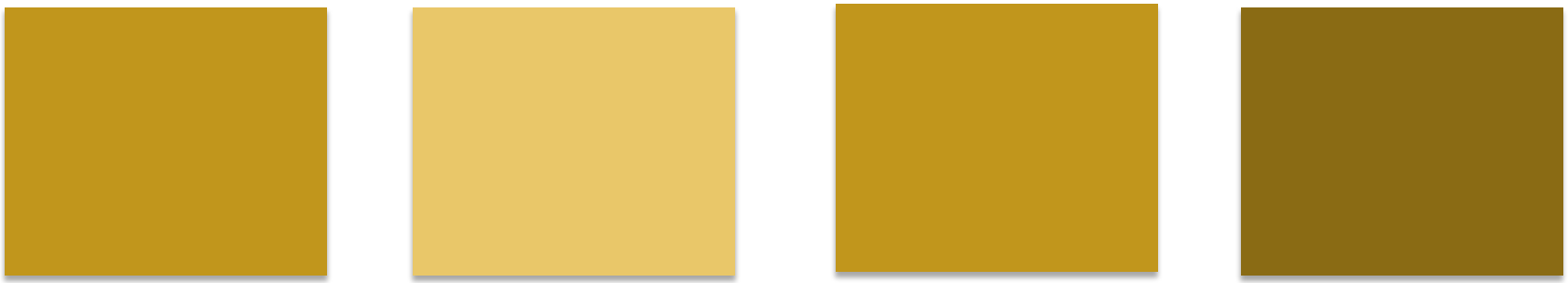
Questions

Getting Started With MSSB

Selecting Modules



There is more than one way to customize a *Money Smart Program*



Selection Options

Sample 1

Week	
1	Is Small Business Ownership a Good Fit for You?
2	Planning for a Healthy Business
3	Financial Management
4	Managing Cash Flow
5	Credit Reporting
6	Banking Services
7	Tax Planning
8	Time Management and Graduation

Sample 2

Day 1	Is Small Business Ownership a Good Fit for You? Planning for a Healthy Business Credit Reporting Focus Group: What should be next in this program?
2	TBD Focus Group
3	TBD Focus Group
4	TBD Graduation

There are many other options. The order and sequence of modules is up to you.

Working with Experts

Experts can be:

- Small business owners with stories about successes, and how they learned from mistakes.
- Representatives from such fields as banking, credit, taxes and others.
- Advisors such as accountants or insurance brokers.

Join the Money Smart Alliance

- Sign up to become an Alliance Member:
  - https://www.fdic.gov/consumers/consumer/moneysmart/business.html

- To download any Money Smart curriculum and collateral material:
  - https://catalog.fdic.gov/

Money Smart - A Financial Education Program

Money Smart Home
Página de inicio en español
Teach Money Smart
Money Smart for Adults
Money Smart for Young People
Money Smart for Older Adults
Money Smart for Small Business
Train-the-Trainer Program
Implementation Resources
Learn Money Smart
Computer-Based Instruction
Money Smart Podcast Network (MP3)
Resources
Money Smart News
Money Smart Alliance Members
Press Releases and Publications
Contacts

Money Smart for Small Business

Vea esta página en español

Money Smart for Small Business (MSSB) provides a practical introduction to topics related to starting and managing a business. Developed jointly by the Federal Deposit Insurance Corporation (FDIC) and the U.S. Small Business Administration (SBA), this instructor-led curriculum consists of 13 modules (download the MSSB Flyer). FDIC and SBA invites eligible organizations to begin teaching this free curriculum right away!

The curriculum can be downloaded , but it is also available in CD format.

MSSB Trainings for aspiring and existing entrepreneurs are conducted by the members of the Money Smart Training Alliance. MSSB Alliance members can be contacted to find available training near you (List of MSSB Alliance Members (Excel 25KB) (Microsoft Excel Help)

MSSB is designed to be delivered to new or operating small business owners - persons without formal business training - by financial institutions, small business development centers (SBDCs), city/county economic development offices, faith-based organizations and others. The curriculum is a tool for bank-community partnerships. For example, bank staff could deliver the curriculum in collaboration with small business resource providers.

The Training Modules

The topics for the training modules provide a practical introduction to aspects of starting and managing a business that can be taught in any order or independently in 60 to 90 minutes. Each module includes a fully scripted instructor guide, participant workbook, and PowerPoint slides. In addition to grounding participants in the basics, the curriculum serves as a foundation for more advanced training and technical assistance.

- Is Owning a Business a Good Fit for You? -- NEW!
- Managing Cash Flow -- NEW!
- Organization Types
- Time Management
- Financial Management
- Record Keeping
- Planning for a Healthy Business -- NEW!
- Credit Reporting
- Risk Management
- Insurance
- Tax Planning and Reporting
- Selling a Small Business and Succession Planning

Promotional Items

Categories

- About FDIC
- Banking Resources
- Consumer Resources
- Deposit Insurance
- Money Smart - Learn
- Money Smart - Teach
  - For Youth
  - For Adults
  - For Small Business
  - Train-the-Trainer Resources
  - **Promotional Items**
    - Brochures
- Subscriptions
- For Banks Only
- FDIC Only

Money Smart for Adults Two-Sided (English/Spanish) Promotional Flyer

view product

Money Smart for All Ages MP3 (Audio) Version Two-Sided (English/Spanish) Promo Flyer

view product

Money Smart for Elementary School Students 2-Sided (English/Spanish) Flyer (PDF)

view product

Money Smart for Older Adults Two-Sided (English/Spanish) Flyer

view product

Money Smart for Small Business Two-Sided

Money Smart for Young Adults Two-Sided

Money Smart for Young People and Teacher

Teacher Online Resource Center

Success Tips

- Tips
- Tools
- Resources

Learning Objectives

- Recap
  - What it is
  - Why it was created
  - Who can benefit
  - How they benefit
  - Getting started!

Key Points To Remember

- Curriculum is free
- A stand-alone product
- A complete package
- Out-of-the box ready
- Customizable
- Objective information from the FDIC
- Available in English and Spanish
- An award-winning curriculum that can bring proven results

Parking Lot

THANK YOU!

Presenter Name

Title

Organization

Contact Information