

Essential Finance Skills for Small Business Owners

How to Consistently Track and Manage the Profits and Losses of Your Business



Student Course Book

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Introduction

Are you ready to take control of your finances and set your business up for success? Financial management is the key to creating a plan for reaching your short and long-term goals.

With a solid financial management strategy, you'll be able to efficiently manage your money flow, boost profits, and stay ahead of tax season. Plus, you'll learn how to cut costs and prepare for any unexpected bumps in the road.

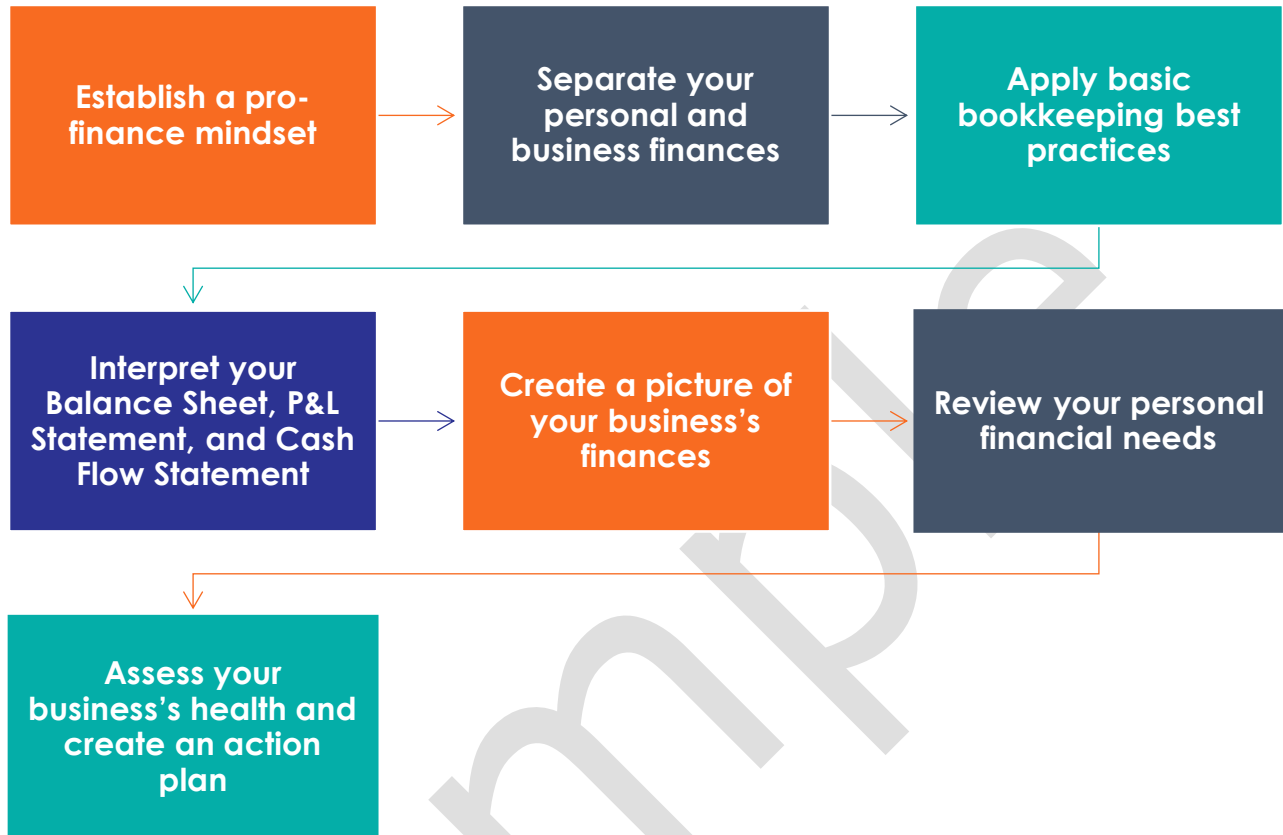
But let's be honest, financial management can be intimidating - and many small business owners put it off until it's too late. Don't make that mistake! Understanding your finances is crucial for running your business, not just paying taxes.

You can't expect to grow your business if you have negative cash flow, unmanageable debt, or your company loses a lot of money each month.

In this course, you'll learn how to build a financial management system that improves cash flow, keep your personal and business finances separate, and analyze balance sheets, P&L statements, and cash flow statements.

By the end, you'll have the skills to make informed decisions about every aspect of your business and watch it thrive.

Here is your roadmap through the course:



Learning Objectives:

By the time you complete this course, you'll be able to:

- Establish a mindset around financial management that will motivate you to stay on top of your numbers so that you can grow a profitable business.
- Recognize the importance of keeping personal and business finances separate and start that process immediately.
- Apply basic bookkeeping best practices and implement a bookkeeping system in your business.

- Interpret the most important elements of a Balance Sheet, P&L Statement, and Cash Flow Statement so you can assess your business's financial health.
- Create a picture of your business's finances moving forward so you can make informed decisions about strategies and tactics that will impact your numbers.
- Ensure there's a balance between how much money you personally need and what your business can provide.
- Apply the information you've learned about your finances to assess your business's health and create an action plan for making it even more robust.
- Identify the actions you need to take next that will also motivate you to implement what you learned in the course.

This course is broken down into 8 major modules and individual lessons to take you step-by-step through the essential finance skills that every small business owner needs to develop.

The modules follow a logical order, so while you can skip around if you want, it's best to work through them one at a time.

As you go through each module, use your Action Guide to help you complete the Action Steps at the end of each.

Action Steps:

1. Before we start the course, take a minute to think about what you want to get out of it. In the Action Guide, write down three skills you expect to gain.
2. Complete the quiz in your Action Guide to examine your level of confidence about math, numbers, and analysis.

Now that you're clear about what you want this course to deliver, we can get started.

Module 1 – The Impact of Financial Management on Your Business Success

When it comes to running a business, cash is everything. Without cash flow, keeping the lights on, paying your staff, and growing your business is impossible. Unfortunately, many business owners don't realize how important financial management is until it's too late. They end up scrambling to find all their expenses, or worse, they run out of money altogether.

But here's the thing: it doesn't have to be that way. By keeping a close eye on your finances, you can avoid all that stress and ensure the success of your business.

Tracking your monthly expenses and profits is like checking your bank account. It helps you make smart financial decisions. Plus, it's a lifesaver when tax season rolls around.

When you have a handle on your finances, you'll be able to sleep better at night, knowing you're in control of your business's cash flow. And you'll know exactly where you need to focus attention on other parts of your business, like sales and expenses.

Problems Poor Financial Management Can Cause

1. Cash Flow Struggles

If you don't have a sound system in place for managing your money, you might find yourself constantly running low on cash. To identify cash flow

problems, look at your cash inflow and outflow. If your cash outflow exceeds your cash inflow, you might struggle to pay debts and expenses.

Cash flow problems in a business can cause:

Delayed supplier payments that hurt relationships



Delayed or missed debt repayment, which negatively affects your credit ratings



The need to cover business expenses with personal funds or credit



Late salary payments that lead to decreased employee morale



- Delayed supplier payments that hurt relationships
- Delayed or missed debt repayment, which negatively affects your credit ratings
- The need to cover business expenses with personal funds or credit
- Late salary payments that lead to decreased employee morale

When you understand how and why cash flow issues arise, you'll be ready with a solution if these situations come up.

2. Mounting Debt

If you're not keeping track of your expenses and profits, it's easy to take on more debt than you can handle.

Before you know it, you might find yourself in a hole too deep to climb out of, and you might be forced into bankruptcy.

Have a system to track the expenses and profits of your business so you only take on what you can repay.

3. Limited Growth

Businesses need cash on hand to grow, invest in research and development, refill inventory, and carry out their daily operations.

But if you're constantly struggling with cash flow issues, this won't be possible.

Poor financial management will make it hard for you to stay competitive and can limit the potential of your business.

How Does Sound Financial Management Help Small Business Owners?

Effective financial management is essential for the success of any small business. Here's how building a sound financial management system is going to help you:



- **Improved cash flow management:** This helps you track and manage your cash flow, helping you to better anticipate and plan for financial fluctuations.
- **Budget and expenses:** You'll be better able to identify and budget for expenses, allowing you to anticipate and plan for your financial needs accurately.
- **Improved financial decision-making:** Provides the data and insights needed to make more informed financial decisions.
- **Reduced administrative burden:** Helps you reduce the time and effort you need to devote to managing your finances.

With all that in mind, we will dive deeper into building a financial management system that works for you in the following modules and lessons. You'll learn how to track your expenses and profits, analyze your financial statements, and create a budget that will set you up for success. By the end of this course, you will have the tools and knowledge you need to take control of your finances and achieve your business goals.

ATTENTION:

This is only an excerpt from our full course Essential Finance Skills for Small Business Owners.

The full, customizable course contains 8 major modules and Action Steps.

When you purchase a license for the course, you'll receive the editable files for the Course Book, Action Guide, graphics, social posts, and other resources.

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