Rapid Learning Guide

A 3-Part Plan to Breathe Financial Life Back into Your Business

How to Create a Financial Future that is Bigger and Brighter than Your Past

By Philip Campbell, CPA

Business | Money | Freedom
FINANCIAL RHYTHM

A 3-Part Plan to Breathe Financial Life Back into Your Business

(How to Create a Financial Future that is Bigger and Brighter than Your Past)

FREE Report

By Philip Campbell, CPA

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Business | Money | Rhythm

Thinking Strategically About Financial Performance

Thank you very much for requesting this Free Report. I'm excited to be sharing it with you because I'm confident it will help make your business stronger financially.

I am providing this information to you FREE of charge and with no obligation on your part.

Why? In order to introduce you to a system for methodically managing and improving your financial performance. Most small to medium size businesses don't have the benefit of a seasoned, strategically oriented CFO. So they end up winging it when it comes to financial management. I would like to help change that.

There is a word I'd like you to keep in mind as you read this report. That word is "strategic". I'd like you to think strategically about the financial side of your business. There is value in developing a strategic approach to winning financially in business.

There's no magic tricks that produce financial success in business. It takes a strategic, systematic plan to help you focus on successfully increasing profits, improving your cash flow, and creating wealth. Thinking strategically will help ensure your business achieves the financial success you have worked so hard to create.

My Sincere Goal

My goal is to have you implement the process I set out in this report. It would be a failure on my part if you read the report, agree with the logic and rationale in the plan, then were unable to actually implement the process in your business.

To help achieve my objective I have purposefully done three things.

- First, I worked hard to keep the information simple and to the point. Making financial information simple is actually hard work! One of my favorite sayings goes like this: "It is a simple matter to make things complex, but a complex matter to make things simple". ☺

- Second, I resisted the urge to have a designer “pretty up” this report. I did that so it is easier to print the report in case you would like to read it in hard copy format. I almost always print documents that I plan to read and put serious thought into. But I have to admit that it hurts my brain to print information that is heavy with graphics and colors because the accountant in me thinks about the waste of printing a color intensive document. I get over it pretty quick but it’s funny how it still hurts my brain. So I made this report easy to read on your device of choice or to print it.

- Third, I took my CPA hat off when writing this report. I’ve written this in the language every business owner can relate to. No jargon. No stuffy financial rambling or CPA-speak. Here is how one business owner described my approach to writing and teaching after buying one of my online courses: “Your course appealed to me mainly due to the fact that you speak in laymen’s terms in a way that a non-financially trained person can understand.”

Let’s Get Going

I encourage you to use the tips and strategies in this Free Report to put your business back on the path to financial success. Take advantage of the lessons so many other business owners have learned the hard way.

OK, are you ready to create financial health, wealth and freedom in your business? Perfect. Let’s get started.

You will be so glad you put a system in place to help you achieve those goals.

To your success,

Philip

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Meet the Author

Philip Campbell is a CPA, financial consultant, and author of the book *Never Run Out of Cash: The 10 Cash Flow Rules You Can't Afford to Ignore*. He is also the author of a number of online courses including *Understanding Your Cash Flow – In Less Than 10 Minutes*. His books, articles, blog and online courses provide an easy-to-understand, step-by-step guide for entrepreneurs and business owners who want to win financially in business.

Philip's focus is on putting the structure and tools in place so the financial side of your business is strong and provides the insights you need to make money, improve cash flow, and grow your business successfully.

His career began in public accounting where worked first in a small CPA firm then in an international accounting firm in Houston, TX. Since 1990, he has served as a financial officer in a number of growing companies with revenues ranging from $5 million to over $1 billion.

Philip has been involved in the acquisition or sale of 33 companies (and counting) and an IPO on the New York Stock Exchange.

What really sets Philip apart from the average financial person you meet is his passion and excitement about helping entrepreneurs and CEOs create financial health, wealth, and freedom. Philip believes strongly that growing a successful business makes it critical that management has an achievable plan for always improving profitability and cash flow.

In fact, early on in his career, he focused and "preached" so much about the importance of cash flow that people now call him CASH.

Now Philip Gets to Talk

Here is my version of who I am.

I love everything about business. I love the whole concept of providing a valuable product and service and making good money in return. That's the essence of business. A true win-win.

And most of all, I love helping entrepreneurs and business owners make sense of the financial side of their business. I believe that making money is not only good. It's smart. And it is the only path to creating a company that takes care of its owners as well as its employees and customers.

It was when I made the transition from working as a CPA in two public accounting firms to working as a Chief Financial Officer (CFO) in the retail industry that I created the financial principles I use every day now. Once I solved the problem of having the right tools for the job, I realized how easy it is to take control of your profitability and cash flow.

I was amazed at how much easier it was to run the business. I would say to myself "Surely, I need to be worrying about the cash. I always did before." That was a big turning point for me in my business career.

My Personal Commitment to You

I have been sharing these strategies and principles with hundreds of business owners for years. I'm extremely excited now to have put this information together for you in a step-by-step process. I passionately believe these principles will make a huge difference in your life and in your business. In fact, I guarantee it.

At Financial Rhythm, I provide you advice and strategies that are:

- Presented in a language every business owner can understand and relate to. No CPA jargon here.
- Focused on helping you take control of the financial side of your business.

- Intended to help you focus on what you do best - grow your business and make more money.
- Based on the proven rules and principles I use every day with business owners small and large.
- Direct and to the point (no fluff).

The goals that are front and center for me at Financial Rhythm are to:

- Help you eliminate financial struggle.
- Provide a process you can follow that methodically makes your business stronger financially.
- Reinforce your commitment to winning financially in business.
- Improve your profitability, cash flow and your net worth.
- Help you learn, grow and succeed in business.

Remember, creating a company that is strong financially is smart. I am here to help you make that happen. Please email me if you have any questions at all. I would love to help you in any way I can.

Philip Campbell

Introduction

Every business is going to struggle financially at some point in its life. In fact, you will likely experience it a number of times on your journey to building a successful company.

But there is a difference between financial struggle and feeling stuck. There is a difference between having a simple plan you are following to improve your profitability and cash flow… and feeling overwhelmed and without a strategy.

This report is about helping you get unstuck.

In this report, I'll share with you a 3-Part Plan for breathing life back into the financial side of your business.

You'll learn a simple system you can implement in baby steps. A system that will help you move faster toward financial health, wealth and freedom. (Yes, freedom. I am definitely a money is good kind of guy. But I also feel strongly that one of the reasons to become more profitable and increase your cash flow is to give you the freedom to run your business in a way that fits with your lifestyle and your goals in life.)

The problem today is too many entrepreneurs and business owners are feeling more like passengers than drivers in their business.

Their company is careening along on the highway of business as they wonder and worry about where their business might end up financially. But that's not wise… and it's certainly not fun.

What if you had a sensible plan, a roadmap, you could follow that would guide you on your path to building a strong, wealth generating business?

You would have the clarity of knowing what your next steps are. You would have the confidence that comes from having a simple system to follow. Your focus would shift to specifics and away from the fuzziness that creates struggle and confusion.

Making Money is Good

Financial success in business can transform your life and the life of everyone who is counting on you financially. Winning financially is an important prize in business.

But there's no magic wand you can wave that will instantly create financial success. Winning financially in business is a journey. It's about deciding what you are trying to create financially. Then creating a plan to get you there safely and on time.

What you need is a system to follow.

Let's look now at an achievable, 3-Part Plan you can begin implementing today. You will be surprised and delighted at the speed with which you see results and feel the benefits.

Part 1: Confront Your Financial Reality

This part of the 3-Part Plan is about assessing, then improving, the financial health of your business. Confronting the reality of your financial situation is a vital first step.

It's similar to the approach you would take if you were not feeling well physically. If you didn't feel well for an extended period of time, you would eventually decide to go see the doctor. You would want to find out what's wrong and find out what you need to do to start feeling better.

The doctor would ask a number of questions about your symptoms.

He or she would take your blood pressure and possibly take blood (ouch).

The doctor is making an assessment of what kind of problem you have and how serious it might be. They cannot create a treatment plan until they have properly diagnosed the problem.

The process is similar when it comes to improving the financial health of your business. We first look at the symptoms. Then we work on the treatment plan.

I break the process down into four steps. These four steps are a unique combination of small steps (baby steps) that will help you quickly assess your financial health. You will be surprised how fast you begin to hone in on the solution once you clear away the fog that is clouding your vision.

Here are the four steps.

Step 1: Build your cash balance to 1 month of expenses.

If you have less than one month of operating expenses in the bank, you are probably experiencing unnecessary stress, angering your vendors, irritating your employees, ignoring the financial reality of your business, and generally making your life harder than it needs to be. Maintaining a very small bank balance in business turns otherwise simple decisions and processes into complicated and time consuming hassles.

To implement step 1, you first need to determine the number that approximates one month of operating expenses. I exclude cost of goods sold (unless you have employee expenses or other operating type expenses in cost of goods sold). With that number defined, you can determine whether you already have one month of operating expenses in the bank. If you do, then check step 1 as complete. On to step 2.

If you are short of the one-month target, then put a dollar amount on how much cash you need to "find". Let's say your monthly operating expenses are in the $250,000 range and your bank balance has been hovering around $150,000. (That means you probably only have a couple weeks of payroll and recurring expenses in the bank. That's way too close for comfort.) So your goal in this example is to add $100,000 to your cash balance.

Now you have to ask yourself two thought-provoking questions (in this order):

1. How *fast* can I come up with an extra $100,000?
2. *Where* is the $100,000 going to come from?

I love these two questions because they generate fascinating reactions and thoughts in your mind. The first question forces you to consider just how long it might take you to achieve your goal. One month? Two months? Twelve months? The second question puts your focus on where you're going to generate the cash from. Sometimes the goal looks easy and the answer is obvious. Other times it creates dread and fear.

Either way, there's no need to solve the problem just yet. Just spend a little time thinking about how you are going to build your cash balance. Then on to step 2.

(NOTE: If you have a bank line of credit (LOC), and use your cash to pay down the LOC daily, it's OK to move directly to step 2. You will dig deeper into how you are using the LOC (and your availability under the LOC) in steps 3, 4 and 5.)

Step 2: Put aside enough cash to pay your income taxes.

Taxes should be set aside during the year, not at the end of the year. The government yields way too big a stick to make a mistake when it comes to paying your income taxes. This is one of those "unforced errors" that plagues small businesses more so than larger ones. Income tax payments should never be a surprise.

To implement step 2, you need to:

- Estimate your income tax expense for the year
- Look at how much cash you have already put aside for income taxes
- Determine the amount of cash, if any, that still needs to be put aside

Let's say it's November and your tax year ends in December. You estimate that your taxable income for the year will be $1,000,000.

Using 40% as an estimate of the tax rate, that means your tax expense is estimated at $400,000. What you have put aside already (in this case through estimated tax payments) is $325,000.

That means you have $75,000 of cash that needs to be set aside so you have a total of $400,000 put away for income taxes.

Step 3: Diagnose your profitability and cash flow weaknesses (then fix them).

Financial struggle in business has its roots in profitability challenges and/or the way in which you monitor and manage your cash flow. The secret to keeping this step simple is to think strategically and high level about your financial performance before you begin diving into the details. Why? Because there is probably more work involved in this step than any other step in the process.

It is very easy to get lost in the weeds as you work to diagnose (then fix) your profitability and cash weaknesses. For example, when you begin assessing your profitability, you will have lots of questions run through your head. Questions like:

- Could I be more profitable?
- By how much?
- Says who?

- Based on what?
- Do I have a revenue problem?
- Do I have an expense problem?
- Should I raise my prices?

The way you combat the problem of getting lost in the weeds is to begin by looking at the big picture first. Let’s go up and get the 30,000 foot view of how your business is performing financially. That approach will help you create some interesting insights that will guide you on the path to a clearer view of your current financial reality.

The work in this step is broken up into three components.

Understand and articulate the three largest drivers of cash for the last six months (in a 2-minute conversation). The first thing you do is “follow the money”. You do that by answering one question: “What happened to the cash?” Specifically, you want to answer that question for the last 6-month period.

And you should be able to articulate the answer to that question in a 2-minute conversation. You want to provide a simple answer to that question without getting into the nitty-gritty-details of your cash flow.

The ultimate tool for this process is the Cash Flow Focus Report.

What happened to the cash last month?

(In Thousands)

		One line explanation of the change	Is the change Good or Bad?
Beginning cash balance	$ -		
	$ -		
	$ -		
	$ -		
All other changes, net	$ -		
Net cash flow	$ -		
Ending cash balance	$ -		

The focus report is a super-fast way to highlight the three to five largest drivers of cash, provide a one-line description for each driver (for each of the large changes in cash), and decide whether each change is good or bad.

Here’s how you do it:

- **Print the Statement of Cash Flows report.** In your accounting system, print the Statement of Cash Flows report for the last six-month period. No need to fully understand what's in the report just yet.
- **Identify the three largest drivers (changes) on the report.** Put a circle around the three largest changes in cash. The change could be a positive number or a negative number. Regardless of which way the change is going, you want to identify the three biggest numbers.
- **Write a one-line explanation of the change.** Write down what caused the change. You will do that for each of the three largest changes. Keeping the explanation to one-line is important because it forces you to simplify your explanation. For example, let's say that one of the changes is a $75,000 reduction in cash attributed to accounts receivable. You brought on a new customer and granted them 60 day terms. (Not because you were excited about those terms. You did it because they are a huge company and they pretty much demanded it.) So you write down the explanation for that change as "Accounts receivable went up based on sales to ABC Co".
- **Determine whether each change in cash is good or bad.** In our accounts receivable example, the change would be labeled as good because it isn't a surprise that accounts receivable went up. You made a specific decision to extend terms for the new customer. Generally speaking, a change that catches you by surprise or might spell trouble financially, would be labeled as bad. Most changes will be labeled as good because most of the changes should not be big surprises.

For the business owner in the example above, their 2-minute explanation (after completing the Cash Flow Focus Report) looked like this:

"We made $350,000 over the last six months but cash was down by $50,000. The reason for the reduction in cash (despite strong profits) was the new facility we purchased for the Texas expansion and an increase in accounts receivable based on landing ABC Co. as a new customer."

Using the Cash Flow Focus Report is the fastest way to zero in on what's really going on with your cash flow. You will be surprised how quickly it points you to problem areas (and therefore to opportunities).

(NOTE: You can download the Free Rapid Learning Guide, Cash Flow Made Simple, in the free member area. The guide teaches you how to use the Cash Flow Focus Report.

The online course titled Understanding Your Cash Flow – In Less Than 10 Minutes goes deeper into the Cash Flow Focus Report and provides examples and lessons on how to get it up and running in your business. The course includes video lessons where I teach the full process. The course also includes a workbook, examples, various file formats for the Cash Flow Focus Report, and related material to help you better understand and manage your cash flow. Click here to learn more.)

Create the 5-Minute Profitability Assessment (to determine what your profitability should be). The purpose of this analysis is to quickly determine if your business is as profitable as it should be.

For example, in one company the owner was frustrated because cash was always tight despite the fact that they had made big strides in becoming profitable over the last two years. After completing the analysis, it turns out that profits were only 4% of sales in a business where the norm is closer to 10%. At $4,000,000 in revenues, that meant their Profitability Gap was $240,000 (10% - 4% x $4,000,000). Now that they had put a number on the profit improvement target (the opportunity), the mission became "closing the profitability gap".

The goal of this 5-minute process is to come up with an estimate of what your annual profit should be (or could be). Your estimate doesn't have to be *right*. It just needs to be a number you can write down. You will have plenty of time later to explore your estimate in more detail to determine if it should become your new profitability target.

Here's the exercise. Take 5 minutes to come up with an estimate of how much money you should make each year in your business. Here are the steps:

- Look at your pre-tax income (your profit before income taxes) for the last twelve months. Divide that number by your revenues (total sales). Jot that percentage down. Let's say that revenues are $10,000,000 and pre-tax profit is $500,000. So the percentage is 5%.

- Look at your gross margin (gross profit dollars divided by revenues). Use that percentage to lookup your pre-tax profit target range in the chart below. Let's say gross profit is $4,200,000. So the gross margin is 42%. The pre-tax profit range in the table is 15% to 20% of revenues.

Gross Margin	Pre-Tax Profit Target Range
5% to 25%	1 to 10% of revenues
25% to 40%	10 to 15% of revenues
40% and above	15 to 20% of revenues

- Pick a pre-tax profit percentage in the range and multiply that times revenues. Write that number down. In my example, I'll choose 15% (to be conservative). That number times $10,000,000 in revenues is a pre-tax profit target of $1,500,000.

In that exercise, based on my example, the profit target is $1,500,000 and the actual profit is $500,000. The Profitability Gap is the difference, or $1,000,000.

Remember, it's just an estimate… for now. You will have time to more fully analyze that number later.

Discover where cash is being "trapped" in the business. The primary focus here is on inventory, accounts receivable, and accounts payable. These "working capital" related accounts oftentimes hide opportunities and problems (and cash) because most entrepreneurs pay little attention to them month-to-month.

I like to measure the days of inventory outstanding (DIO) when evaluating inventory levels, days of sales outstanding (DSO) when evaluating accounts receivable balances, and days of payables (DPO) when evaluating accounts payable. I evaluate the trend to see if it looks like there might be some cash hiding in there.

You would be surprised how paying closer attention to these accounts, and the metrics that drive the balances, can highlight sloppiness that can be fixed quickly. And "fixing" the problem produces instant cash!

Step 4: Create a reliable financial forecast for the next 6 to 18 months.

One of the most powerful tools in business is a reliable financial forecast. It provides the view through the financial windshield of your business. It helps you define where your business is going financially. And it shines a light on the dangers and opportunities that lie ahead of you on your journey to creating a bigger and brighter financial future.

By "financial forecast," I'm referring to a fully modeled set of monthly financial statements for at least the next six to eighteen months: an income statement, balance sheet, and statement of cash flows in the same format you use for monthly financial reporting. The forecast is a living, breathing tool that is updated monthly.

It will include data not in your historical financial statements such as certain non-financial data and other drivers and metrics. But the basic format should track with your existing financial statements so you can see monthly forecast results side-by-side with actual results.

By "reliable," I'm referring to the goal of providing a tool, a process, for strategic decision-making. Reliability trumps precision in forecasting. Rule No. 1 in forecasting is to: "Think decision-making, not precision." Chasing precision when creating a forecast will only cloud the process and distract you from the goal—helping you make wise strategic decisions that will guide the company on its path to a bigger and brighter financial future.

Creating a financial forecast helps you think more deeply about what drives financial performance in your company. You begin to think about the impact each of the key drivers in your business has on revenues, expenses, and ultimately on the cash you have access to. You begin to better understand what causes your financial statements to change from month to month.

Once the actual financial statements come out each month, you look to see if the financial results are in line with what you forecast them to be. When there are differences between actual and forecast results, you "peel the onion" to find out why.

Your financial statements begin to make better sense. Your management team better understands how their actions and initiatives impact the financial statements. Now everyone can begin using the financial statements to make better decisions throughout the business. And everyone has a clear view through the financial windshield of the business.

Part 2: Create a Financial Safety Net

Wikipedia says a safety net is “a net to protect people from injury after falling from heights by limiting the distance they fall, and deflecting to dissipate the impact energy.”

A safety net helps the circus performer on the high wire avoid death (and protects the audience from watching them splat on the ground) if they make a mistake during a performance.

The safety net also frees the performer up to take more chances. They can learn more difficult and advanced “moves” knowing they are protected from the inevitable falls that come with learning and experimenting. That way they can put on an amazing performance for their audience.

In business, a financial safety net is created by having some money (cash in the bank) and less debt.

And it provides you the same two benefits: it protects you when financial surprises hit (avoiding the splat on the ground) and it allows you to take measured risks (learning and experimenting) to grow your company.

A financial surprise could be a sudden reduction in sales, a large customer that pays their invoice late, or an unexpected expense that blows a hole in your budget. Without a safety net, you have to scramble to avoid disaster or embarrassment with vendors or employees. With a safety net, you simply deal with the surprise and move on. No drama. No losing sleep.

Taking a measured risk could be hiring that new sales manager you think can double sales. The risk is the new sales manager might not land any new sales. You might lose money because you are paying them a base salary to get started. It could be a total flop.

Without a safety net, you might have to reduce other expenses to make up for the shortfall. Or you might have to borrow money just to get by. With a safety net, you know in advance that if the worst case happens you can live with it. You can write the check and move on. No drama. No losing sleep.

These three steps in the process will help you build a financial safety net in your business.

Step 5: Pay your bank line down to zero (even if temporary).

A revolving line of credit is meant to, well, *revolve*. You borrow on the line in order to meet seasonal demands or address other short-term cash needs. Then the bank line should be paid back down to zero.

A good example of a revolving line of credit would be a company that carries inventory and whose sales are highly seasonal. Ahead of the busy selling season they have to increase inventory levels. The bank line can be drawn on to fund the inventory purchases. As the seasonal selling comes to a close, and the increase in inventory has been sold and converted to cash, the company can pay down the line. They had a temporary need to borrow money and the bank line gave the company the flexibility to meet its cash needs.

The problem is that many businesses borrow on their bank line for other than temporary cash needs. Sometimes it's used for capital expenditures. Sometimes to fund losses. Sometimes to fund owner distributions. The availability of cash from the line can easily lead to decisions that have serious consequences later on.

The discipline of forcing yourself to pay off your bank line at least once a year (or more) will help ensure you are using the bank line the way it was intended.

Step 6: Reduce your personal guarantees (begin the process).

In the early days of building a business it can be difficult to avoid personal guarantees. But as you grow and become more successful, you have more leverage, and more reason, to purposefully begin reducing your personal guarantees.

Most businesses are run inside a legal entity like a corporation or Limited Liability Company (LLC) in order to provide some liability protection for its owners. Legal entities have assets and liabilities separate and apart from those who own the entities.

A personal guarantee is you agreeing to take personal responsibility as an owner for a specific debt or obligation of the business. So if the company files bankruptcy, or fails to pay the obligation, you are personally responsible to make the payment.

Most entrepreneurs and business owners rarely consider how much they have personally guaranteed. And they are shocked at the total dollar amount they are personally responsible for. One reason the number is so surprising, and so big, is because the guarantees have occurred over a number of years as the business has grown.

You finance some new equipment and the loan requires you to sign a personal guarantee. You sign a new lease or renew an agreement with an important supplier and a personal guarantee is part of the deal. Over time, as your business grows, the amount of obligations you've guaranteed goes up.

But as you grow your business and become more successful, it's wise to think more strategically and thoughtfully about how you handle personal guarantees. You do that in two ways. First, quantify the amount of your existing guarantees.

Here is a format to help you list and quantify your existing personal guarantees.

Obligations I Have Personally Guaranteed		
Bank or lender debt I have guaranteed	$	________
Lease or related obligations I have guaranteed	$	________
Vendor or supply agreements/obligations I have guaranteed	$	________
Franchise or dealer agreements/obligations I have guaranteed	$	________
Other commitments/obligations I have guaranteed	$	________
Total amount I have personally guaranteed	$	________

Second, slowly begin reducing the number of guarantees. One of the best places to start is to refuse to sign any new vendor or supplier guarantees. Most vendors put the guarantee on their credit form but that doesn't mean you have to sign it. They will almost always set up credit with the business as the only responsible party.

Step 7: Build your cash balance to 3 months of operating expenses.

Building your bank balance to 3 months of operating expenses creates a cash cushion against surprises. And it provides “dry powder” so you can quickly jump on unique business opportunities that might come your way.

Not to mention the fact that there’s nothing like a healthy cash balance to help you sleep well at night.

Part 3: Grow and Enjoy Financial Success

Growing a successful business is much harder than most people realize.

Only a small number of people have the unique talents and drive to build and manage a company through the many ups and downs inherent in business. Even fewer people can grow while at the same time make the company worth more and more money along the way.

Ultimately, your financial goal in business is to create wealth and freedom.

I like to define wealth as having a strong net worth (assets greater than your liabilities - both in the business and personally). For one person, that might be a $1,000,000 net worth. To another person that might be a $25,000,000 net worth.

Or put another way, wealth is "having money". Money helps make a lot of things in life just a little bit easier. It gives you options. It makes it easier to help other people by sharing a portion of the financial resources you have accumulated.

Of course, money isn't necessarily the only prize in growing a successful business. There is the pride of accomplishing something very challenging. There is the knowledge that you helped your customers and team members along the way. There is the freedom and peace of mind that comes from taking a risk and winning.

These last three steps in the process help you set the stage for a future that is even bigger and brighter than your past.

Step 8: Use existing cash flow for capital expenditures and growth capital.

Capital expenditures generally take two forms. The first I refer to as “maintenance capital expenditures”. These are expenditures, or investments, that maintain your existing fixed asset base. Generally speaking, they help prevent decline. The second is growth related capital expenditures. These are meant to add new income producing assets. They are designed to add to your ability to serve more customers, drive revenues higher, and increase profitability and cash flow. You are wise to fund both with internally generated cash as you grow and become stronger financially.

Step 9: Pay down your remaining debt on an accelerated schedule.

Debt can be an important tool in helping you build your business. But with financial success comes the ability to pay your debt down on an accelerated schedule. Use a portion of your existing cash flow and allocate it to a more aggressive payment plan. It will feel weird at first. But you will come to love the feeling of strength and accomplishment watching your debt shrink.

Step 10: Reward the owners of the business with cash.

The ultimate financial reward for a business owner is receiving healthy distributions of the company's excess cash. It's your reward as an investor. It's your reward for building a successful company. It's cash you can invest in other assets or ventures as part of building a sizeable net worth for you and your family.

It's a fantastic way to enjoy the fruits of financial success.

Your Next Step

Struggling financially in your business is a sign that something has gone awry. It's your business sending a flare into the air to get your attention.

You can ignore the signals and keep on trucking. Maybe it will fix itself. Maybe your profits will improve soon. Maybe an increase in your cash flow is just around the corner. Admittedly, that is a plan... but not one that is likely to play out well.

When you have a step-by-step plan to follow you'll find that identifying the problem and fixing it becomes so much easier. No more worrying and wondering what's causing the problem. No more sleepless nights wondering whether the problem is about to get even worse.

Start slow. No need to speed through the 3-Part Plan. I designed it so you can implement it in small steps. One foot in front of the other.

Start by implementing step 1. You will begin to see progress much faster than you might imagine. Then you can begin thinking through each of the other steps in the process.

Click here to sign up to my Webinar Announcement List. I do webinars frequently to help bring the principles in this report to life in your business. Being on the list will ensure you are notified for the next webinar date.

If you have questions getting started, please feel free to email me. I answer all my email personally and promptly.

I'd love to help you in any way I can.

Need Help Getting Started?

I'd be happy to help you get started. Just email me and I will be glad to learn more about what you are trying to accomplish.

Every business is in a little different phase of its financial life. And every business owner has very pressing problems they want to solve.

But one thing is certain, every business must succeed financially. There really is no other option.

As I say in my book *Never Run Out of Cash*, "Either you do the work or have someone else do it". That is the formula for getting things done. In this case, it's the formula for making your company strong financially.

Let me know if I can help you in any way.

To your success,

Philip

Philip Campbell, CPA

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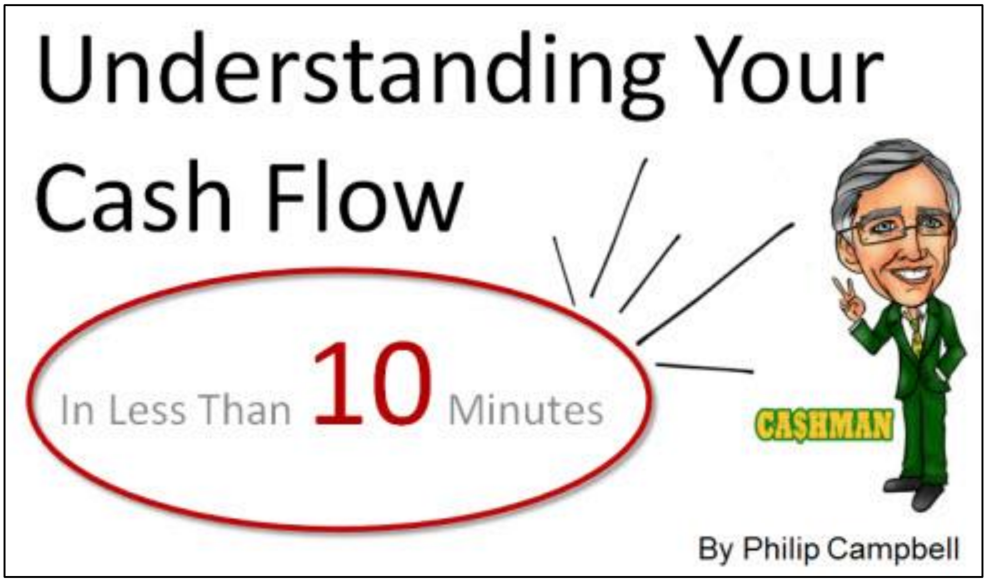
Web: www.NeverRunOutOfCash.com

PS – I'd love to hear from you if you find any misspellings, errors, or anything that you feel needs to be fixed. If you find it… I'll fix it. ☺

Understanding Your Cash Flow – In Less Than 10 Minutes



I have an online course if you would like to explore a surprisingly simple approach to understanding and managing your cash flow. It sells for less than $100.00.

This course teaches you how to use the Cash Flow Focus Report. This is the tool I referred to in step 3.

I take all the risk out of your purchase because I include a 100%, no questions asked, guarantee. You love it or you get your money back in full. Period.

There are two things that are unique about this online course.

1. I'll show you how to understand your cash flow **in less than 10 minutes**
2. I'll show you how to explain what happened to your cash last month to your business partner or banker (or maybe even your spouse) **in a 2-minute conversatio**n.

I take off my CPA hat and I speak in the language every business owner can relate to. No jargon. No stuffy financial rambling. Just a simple, common sense approach that only takes 10 minutes a month.

Here is how one business owner describes the benefits of the course.

> *"*I googled cash flow projections and found your website online and it appealed to me mainly due to the fact that you speak in laymen's terms in a way that a non-financially trained person can understand.
>
> The fact that you said you can understand your cash flow in less than 10 minutes a month was also a big reason I bought it. And the fact that you acknowledge that most accountants and CPA's speak in terms that the normal owner cannot understand and that you would be able to put things in understandable terms really got me.
>
> The monthly cash flow focus report was the best feature for me because learning to do it helped me understand my cash flow statements and the biggest drivers of cash flow.
>
> Another significant benefit is the definitions of cash flow drivers and descriptions of how a negative or positive sway in cash within those drivers affects cash flow. Being able to see at a quick glance monthly what happened to your cash using the focus report is a huge benefit.*"*

Click here to learn more about the course.