

SMALL BUSINESS FINANCIALS

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WHAT WE WILL COVER

- IMPORTANCE OF FINANCIAL MANAGEMENT
- FINANCIAL STAGES OF YOUR BUSINESS
- SECURING CAPITAL
- FINANCIAL REPORTING
- FINANCIAL ANALYSIS



IMPORTANCE OF FINANCIALS

- PRIMARY INDICATOR OF BUSINESS PERFORMANCE
- ALLOWS FOR HISTORICAL AND INDUSTRY COMPARISONS
- REQUIRED BY FUNDERS/LENDERS
- ADVISES MANAGEMENT ON RESOURCE ALLOCATION AND OTHER KEY DECISIONS
- AN ALERT TO PROBLEMS AND OPPORTUNITIES



SMALL BUSINESS FINANCIALS

GET HELP!!!!!!!!!!

➤ POOR FINANCIAL RECORDS = PROBLEMS

TAX PROBLEMS

PROFITABILITY ISSUES

MANAGEMENT PROBLEMS

VENDOR PROBLEMS

CASH FLOW PROBLEMS.....

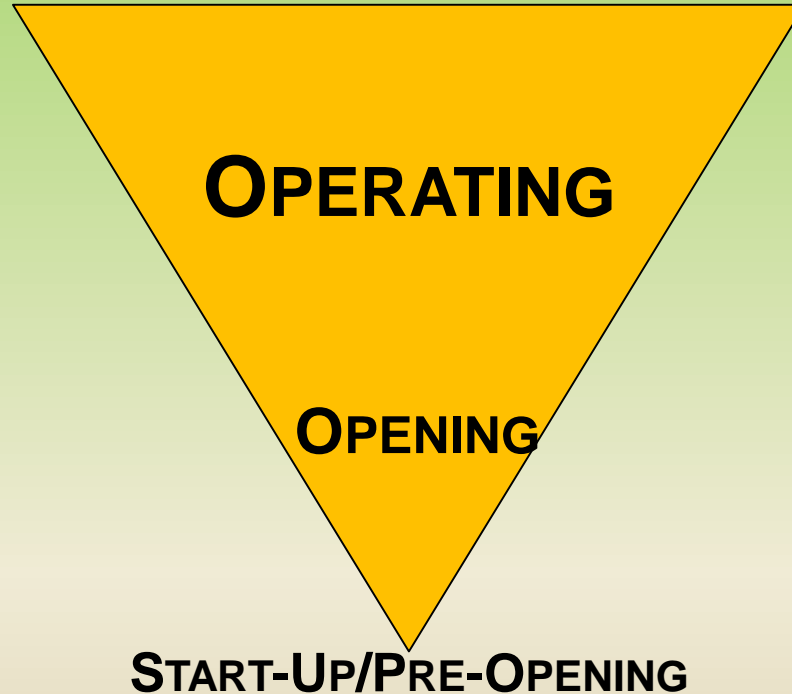
➤ HAVING A GOOD FINANCIAL SYSTEM IS PARAMOUNT

➤ FOR MOST – NOT SOMETHING THEY DO EVERY DAY

➤ GET HELP!!!!!!!!!!!!!!!!!!!!!!!!!!!!!!



BUSINESS FINANCIAL STAGES



START-UP/PRE-OPENING

- PLANNING (HISTORICAL, PROJECTED OR PRO-FORMA FINANCIALS)
- NO INCOME FROM THE BUSINESS
- DETERMINE RESOURCES NEEDED (FACILITY, INVENTORY, EQUIPMENT, LABOR, ADVERTISING, ETC.)
- DETERMINE THE COST OF RESOURCES NEEDED
- DETERMINE/SECURE THE CAPITAL NEEDED
- SECURE RESOURCES
- SETUP/TEST FINANCIAL SYSTEM



SECURING CAPITAL

➤ SOURCES OF CAPITAL

EQUITY

GRANTS
BOOTSTRAPPING
PERSONAL SAVINGS
FAMILY & FRIENDS
CROWD FUNDING
INVESTORS

DEBT

PERSONAL LOANS
MICRO LOANS
VENDOR CREDIT
LEASING
CREDIT CARDS
BANK LOANS
SBA LOANS
FACTORING



LOAN CONDITIONS

➤ LENDERS WANT TO SEE

- SOLID BUSINESS PLAN
- ADEQUATE CASH FLOW
- PERSONAL GUARANTY(S)
- GOOD CREDIT HISTORY/SCORE
- COLLATERAL
- EXPERIENCE
- EXISTING BUSINESS – HISTORICAL FINANCIALS



LENDER RELATIONSHIPS

- RELATIONSHIP BEFORE REQUEST
- INTRODUCE YOURSELF AND YOUR BUSINESS
- DO YOUR HOMEWORK ON THE LENDER
- DETERMINE WHAT YOUR LENDER WANTS
- UNDERSTAND THE UNDERWRITING PROCESS
- LEVERAGE YOUR BUSINESS OPERATING AND OTHER PERSONAL BUSINESS



OPENING

- SECURE CUSTOMERS/REVENUE
- TEST FINANCIAL SYSTEM
- USE FINANCIAL SYSTEM
- MAINTAIN FINANCIAL SYSTEM



OPERATING

- UPDATE FINANCIAL SYSTEM
- SECURE REPORTS FROM YOUR FINANCIAL SYSTEM -REGULARLY
- ANALYZE YOUR REPORTS



REPORTING/ANALYSIS

- RECONCILE BANK STATEMENT
- INCOME STATEMENT – (REVENUES – EXPENSES = NET PROFIT)
- BALANCE SHEET – (ASSETS - LIABILITIES = NET WORTH)
- CASH FLOW – (INFLOWS – OUTFLOWS = NET CASH)



ANALYSIS (GET HELP)

- TRENDS

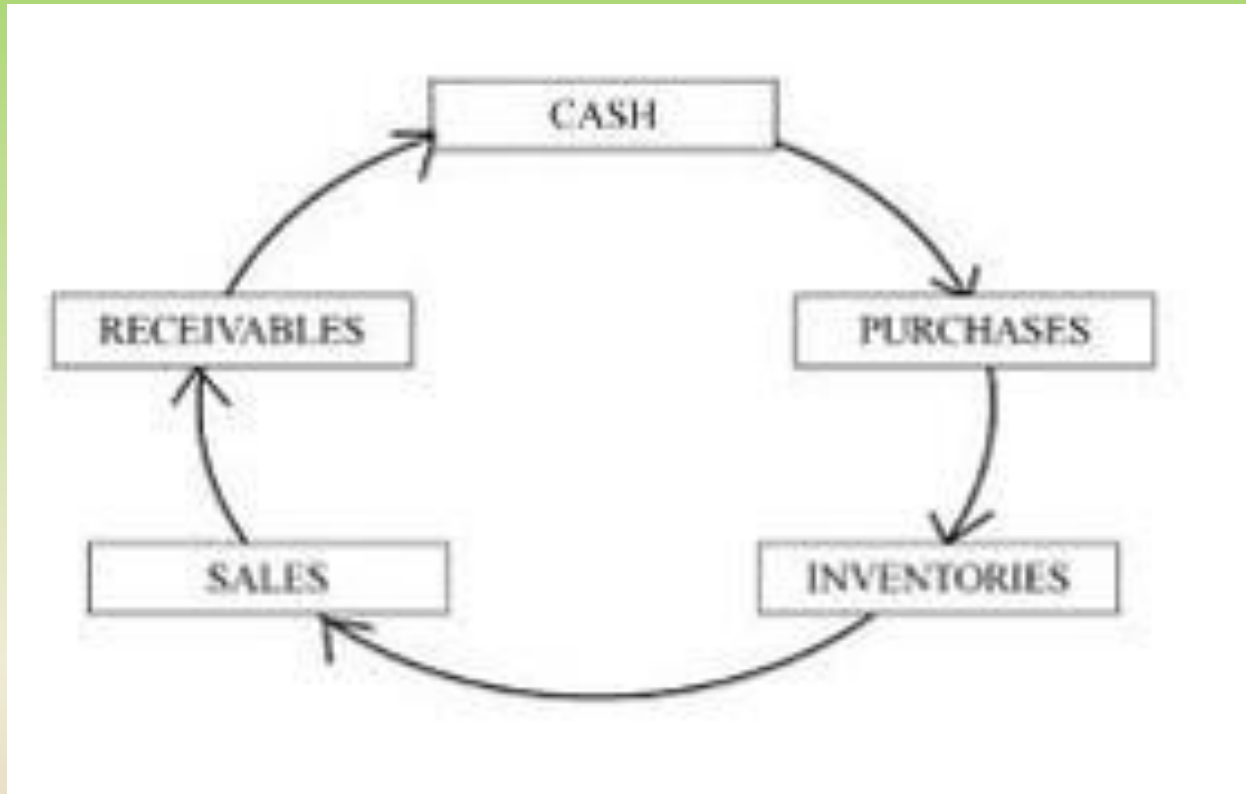
- COMPARISONS
 - PRIOR PERIODS
 - INDUSTRY

- RATIOS (GROWTH, EXPENSE CONTROL, PROFITABILITY, LIQUIDITY, DEBT)

- CASH FLOW (BALANCES, SHORTFALLS, SURPLUSES)



CASH CYCLE



SUMMARY

- UNDERSTAND THE IMPORTANCE OF A GOOD FINANCIAL SYSTEM
- UNDERSTAND THE FINANCIAL REQUIREMENTS OF YOUR BUSINESS BASED ON ITS STAGE
- ENSURE THE YOU HAVE AN ADEQUATE REPORTING SYSTEM
- REVIEW YOUR COMPANY'S FINANCIAL PERFORMANCE REGULARLY
- ANALYZE YOUR BUSINESS'S PERFORMANCE
- GET HELP!!!!!!!!!!!!!!!!!!!!



QUESTIONS

