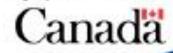
Financia Speaking

MY MAIN STREET MA RUE PRINCIPALE







Financial statements tell you how your business is doing.

They're a report card that measures what you are doing right and where you need some improvement.

Income statement

Balance sheet









Income Statement

01

It measures the performance of the business.

02

Your accounting system can produce a report for a month, quarter or year.

03

It's a record of all income and expenditure incurred.

04

It tells you how much of a profit or loss your business has made.











Sales is Vanity Profit is Sanity

Income Statement

Example

Link

Monitor



Know

Know your Gross Margin for your overall business and by department, check it monthly.

Monitor

Monitor your expense ratios = (Expense ÷ Sales)* 100

Set

Set a Net Profit % goal.

Compare

Compare your ratios with other businesses.

Compare

Compare your ratios with last month, last year







For Retailers Only

Monitor your

01

Sales by category.

03

Average sale per customer.

05

Train your employees to upsell more profitable products.

02

Sales and profit per square foot.

04

Use more prominent instore spaces for your more profitable products.









To increase your profit



- Charge more;
 - Focus on fast moving profitable items;
- ✓ Don't discount;
- ✓ Reduce waste and shrinkage;
- Train productive employees;
- Pay bonuses based on profit;
- Sell added value by bundling;
 - Focus your marketing on profitable customers.







To increase sales



01

Keep your bestsellers in stock.

02

Increase your average sale - upsell.

03

Increase the number of items people buy.

04

Increase the number of customers.







The Balance Sheet

- Assets and Liabilities of a business at a specific point of time.
- Everything the business owns and owes on a specific date.
- It shows the net worth of the business.

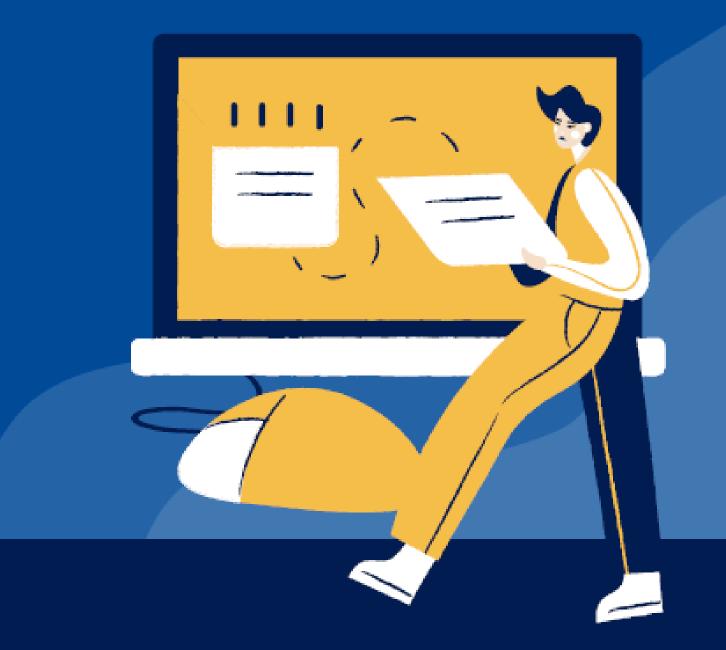
Accounting equation

Assets = Liabilities + Net Worth









Balance Sheet

Example

Link

Areas of Concern

01

Current ratio = Current Assets ÷ Current liabilities

02

Inventory turns = Sales ÷ Inventory

03

IDebt ratio = Total assets ÷ Total Liabilities



Cash flow forecast

Cash Flow is the life blood of your business

- Main cause of small business failure
- > It's your responsibility
- You can have aprofitable business witha cash flow problem

Template

Summary



- Understand the important financial statements.
- Analyze your income statement, get advice from your accountant.
- ✓ Understand and manage your balance sheet.
- ✓ Know your break-even sales.
- ✓ Keep learning.





