Tracking Your Numbers — Action Guide

The best way to know if you are on the right path is to be able to read the numbers of your business. And it's a whole lot easier to get that set up before you have multiple streams of revenue, lots of packages, programs and products to account for — so the sooner you get started with setting up your financial systems, the better.

I didn't get financial systems set up in my business for the first several years and it cost me thousands of dollars and a whole lot of heartache, time and pain. Setting it up right from the beginning (or close to the beginning) is relatively painless when you are working with someone who knows how to do it and you have a basic understanding.

What to Look for On a Weekly Basis

1. Cash flow — Ins and outs of money. Do you have enough in the bank (or in credit) to cover the bills, make payroll, and pay yourself for the week?
2. Weekly financial analysis — my business manager provides me with a weekly financial analysis that you can see a template of below. Your business manager can provide this or you can do it yourself.
3. Accounts receivable — who owes you how much and for how long.

What to Look for on a Monthly Basis

1. The Profit & Loss Statement (P&L) and your Balance Sheet (BS) should be reviewed every month. By reviewing the P&L, you can determine if you are hitting your numbers and evaluate what you would need to do in order to do so, if you are not.
2. Compare your P&L to your Money Map numbers.
3. Credit card statements should be reviewed every month.

What to Look at on a Quarterly or

Semi-Annual Basis

1. Tax strategy session to determine if investments/contributions to tax/401k accounts are necessary and to strategize tax deductions.
2. Credit score, available credit and amount owed on cards. Determine whether any debt can be re-allocated to lower interest sources.
3. YTD financials including the P&L and BS. The same process for monthly reviews should happen here too with the YTD documents.

What to Look at Annually

1. End of year P&L:
    a. Compare current year end with previous year end to show growth or reduction in profit.
    b. Determine which programs turned the most and least amount of profit.
    c. Determine expense cutbacks for the following year.
    d. By looking at the yearend numbers, you understand where to focus your energy.
2. End of year BS to ensure that:
    a. All accounts including credit cards, bank accounts, loans payable, etc. are current and reporting correctly on the BS.
    b. All liability accounts (such as loans from officers) have all accountable transactions. This involves going through the officer's credit cards and bank

accounts to ensure that all business expenses paid for by the officer have been accounted for on the books as a loan from the officer.

3. You will also need to prepare 1099's and W2's annually.

Template for Weekly Financial Analysis email

This is the type of email I receive from my Business Manager each week and what he explains to his clients with it.

EMAIL:

Dear Jon:

Here's the current financial situation for Jon, Inc.:

Synopsis

This is where he gives a brief overview of the financial status of the company, and answers any potential questions/concerns. In addition, he explains the cash-flow, if needed. For example, if Jon's cash-flow projection had potential issues, he would inform Jon that they're expecting a crunch and then he would give advice as to how they could avoid the problem.

Attached to this email is a cash-flow report for the next 10 days. He advises clients to take a look at the attachments in addition to reviewing this email.

In the Bank

- Wells Fargo Checking - $10,000
- Wells Fargo Savings - $5,000

Expected Receivables

- 2/8: $1000
- 2/10: $5000
- 2/12: $1000

Outstanding Current Liabilities

- Line Of Credit: $4500
- AMEX: $3000 (payment this week)

Expected Large Bills for the Week

- AMEX: $3000
- Payroll: $4500

Pending Large Checks

- John Doe: $1250
- Mary Jane: $1800