

*Paul Hoyt's "Office Hours" Series*



# THE **Awakened** CEO System

## Office Hours

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# Welcome to Office Hours

- A relaxed, informal mentoring program
- Held every Monday at Noon Pacific Time
- All recordings, slides, and exercises are archived in our member's area
- All recordings are available on my YouTube channel:

[www.YouTube.com/user/PaulHoyt](http://www.YouTube.com/user/PaulHoyt)

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# The Reasons

- Being a successful small business owner can be a great experience!
- It's tough - you need Education, Training, Tools, and Team to be successful
- We want you to get to know us

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# The Reasons

- First and most importantly, we want you to know that we care about you.
- We want you to succeed in every area of your life, whatever that means to you.
- We want you to find the **greatness**, the **happiness**, the **divinity** within yourself, and then remember it, embrace it, and live it every day.

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# Our Passion

To increase the survival rate...

Accelerate the growth rate...

And reduce the struggle rate  
of businesses in America

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# Our Vision...

To help millions of CEOs and  
Entrepreneurs accelerate their business  
growth and enjoy greater harmony and  
balance in their lives

*Please Pass the Word!*

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# Office Hours Agenda

- In depth discussion of a business success principle
- Closing remarks, special offers, and invitation for next weeks session
- Open Q&A and coaching
- Best question or comment wins!

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## Join Us!

- The Awakened CEO Communities on both LinkedIn and Facebook
- Business Success Principle of the Day postings on both Facebook and LinkedIn
- Energy of the Day posting on Facebook

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# Today's Topic:

## Cash Flow Secrets:

## How to Take More Money Home!

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# The Key Performance Areas



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# The Key Performance Areas



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# The Awakened CEO System

	Business Growth	Professional Growth	Personal Growth
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# The Awakened CEO System

	Business Growth	Professional Growth	Personal Growth
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# Agenda

- The Importance of Cash
- The Cash Flow Statement
- Sources of Cash
- Uses of Cash
- Forecasting Cash
- Tips to Increasing Cash
- The Bottom Line

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# The Importance of Cash

- The Life Blood of your company
- You die when you run out
- The Energy Flow of your company
- You can run out of cash while making a paper profit!

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# Financial Statements

- Profit & Loss (Income Statement)
- Balance Sheet
- Cash Flow Statement

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# Investor Grade Financials

- All three statements, Month by Month
- It's the only way to project the true cash requirements of the business
- Often results in changing the growth strategy and the funding strategy

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# Cash Flow Statement - 1

- Net Income
- Adjustments to Cash from Operations
- Cash Flows from Investing Activities
- Cash Flows from Financing Activities
- Net increase (decrease) in Cash

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# Cash Flow Statement - 2

- Beginning Balance
- Add: Sources of Funds
- Subtract: Uses of Funds
- Ending Balance

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## Cash Flow Statement - 2

	Month 1	Month 2	Month 3
Beginning Balance	5,000	5,000	5,000
Cash Sales			
Collections			
Loan Proceeds			
Investors			
<b>Total Sources</b>			
Direct Costs			
Office Expenses			
Product Development			
Debt Service			
<b>Total Uses</b>			
Cash at End of Month	5,000	5,000	5,000

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# Cash Flow Statement - 1

- Net Income
- Adjustments to Cash from Operations
- Cash Flows from Investing Activities
- Cash Flows from Financing Activities
- Net increase (decrease) in Cash

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# Net Income

- Contributes to cash with a profit
- Consumes cash with a loss
- ... usually!

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# Adjustments to Cash from Operations

- Increases in Accounts Receivable reduce cash, decreases in AR provide cash
- Depreciation, Amortization (if any) increase the cash available

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# Adjustments to Cash from Operations

- Increases in Inventory consume cash, decreases in Inventory provide cash
- Increases in Accounts Payable provide cash, decreases in AP consume cash

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# Investing Activities

- Increases in Fixed Assets and other assets consume cash,
  - Furniture and Fixtures
  - Trucks and Automobiles
  - Buildings and Land
- Likewise, selling Assets increase cash
- Increases in Capitalized Development expenses consume cash

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# Financing Activities

- Increases in Interest Payable provide cash, decreases consume cash
- Increases in Notes Payable provide cash, decreases consume cash
- Increases in investments into the company provide cash, decreases consume cash

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# Cash Flow Statement - 1

- Net Income
- Adjustments to Cash from Operations
- Cash Flows from Investing Activities
- Cash Flows from Financing Activities
- Net increase (decrease) in Cash

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## Cash Flow Statement - 2

	Month 1	Month 2	Month 3
Beginning Balance	5,000	5,000	5,000
Cash Sales			
Collections			
Loan Proceeds			
Investors			
<b>Total Sources</b>			
Direct Costs			
Office Expenses			
Product Development			
Debt Service			
<b>Total Uses</b>			
Cash at End of Month	5,000	5,000	5,000

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# Sources of Cash

- Selling your products and services for cash
- Decreasing accounts receivable
- Increasing accounts payable
- Selling assets, such as inventory, vehicles, receivables
- Receiving investments in the business
- Borrowing

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# Uses of Cash

- Direct Costs / Cost of Good Sold:
  - Paying for products and services you sell
  - Commissions, royalties, and merchant account fees
- Increases in accounts receivable: giving customers terms

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# Uses of Cash

- Current operating expenses
- Pre-paying expenses
- Down payments and deposits
- Decrease in accounts payable
- Purchasing assets
- Paying off long-term debt
- Buying back equity
- Distributing profits!

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# Forecasting Cash Sources

- Cash sales (by customer, territory, product line, etc.)
- Collections
- Extended payment terms from suppliers
- Selling assets
- Borrowing
- Investors

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# Forecasting Cash Usage

- Cost of goods sold / direct costs
- Operating expenses
  - Recurring
  - Periodic
  - Unplanned
- Product development
- Debt service (credit cards, AP, notes)



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## Cash Flow Statement - 2

	Month 1	Month 2	Month 3
Beginning Balance	5,000	5,000	5,000
Cash Sales			
Collections			
Loan Proceeds			
Investors			
<b>Total Sources</b>			
Direct Costs			
Office Expenses			
Product Development			
Debt Service			
<b>Total Uses</b>			
Cash at End of Month	5,000	5,000	5,000

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## Cash Flow Statement - 2

	Month 1	Month 2	Month 3
Beginning Balance	5,000	12,500	12,500
Cash Sales	5,000		
Collections	2,500		
Loan Proceeds			
Investors			
<b>Total Sources</b>	<b>7,500</b>		
Direct Costs			
Office Expenses			
Product Development			
Debt Service			
<b>Total Uses</b>			
Cash at End of Month	12,500	12,500	12,500

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## Cash Flow Statement - 2

	Month 1	Month 2	Month 3
Beginning Balance	5,000	2,000	2,000
Cash Sales	5,000		
Collections	2,500		
Loan Proceeds			
Investors			
<b>Total Sources</b>	<b>7,500</b>		
Direct Costs	4,000		
Office Expenses	2,000		
Product Development	4,000		
Debt Service	500		
<b>Total Uses</b>	<b>10,500</b>		
Cash at End of Month	2,000	2,000	2,000

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## Cash Flow Statement - 2

	Month 1	Month 2	Month 3
Beginning Balance	5,000	2,000	10,000
Cash Sales	5,000	6,000	
Collections	2,500	2,500	
Loan Proceeds		5,000	
Investors			
<b>Total Sources</b>	<b>7,500</b>	<b>13,500</b>	
Direct Costs	4,000	3,000	
Office Expenses	2,000	2,000	2,000
Product Development	4,000		3,000
Debt Service	500	500	1,000
<b>Total Uses</b>	<b>10,500</b>	<b>5,500</b>	<b>6,000</b>
Cash at End of Month	2,000	10,000	4,000

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## Cash Flow Statement - 2

	Month 1	Month 2	Month 3
Beginning Balance	5,000	2,000	10,000
Cash Sales	5,000	6,000	5,000
Collections	2,500	2,500	
Loan Proceeds		5,000	
Investors			
<b>Total Sources</b>	<b>7,500</b>	<b>13,500</b>	<b>5,000</b>
Direct Costs	4,000	3,000	2,500
Office Expenses	2,000	2,000	2,000
Product Development	4,000		3,000
Debt Service	500	500	1,000
<b>Total Uses</b>	<b>10,500</b>	<b>5,500</b>	<b>8,500</b>
Cash at End of Month	2,000	10,000	6,500

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# Nasty Surprises

- Deals that fall through
- Checks that bounce
- Customers that don't pay
- Employees leaving
- Supplier price increases
- Equipment needs repair or replacement
- Tax liabilities

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# Nasty Surprises

- Suppliers who don't deliver
- Unexpected travel
- Impulse purchases
- Marketing investments that don't work
- R & D setbacks
- Economic and competitive pressures
- Legislation

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# Tips

- Require down payments from customers
- Accept credit card payments
- Offer discounts for advanced purchases
- Make pre-collection calls
- Make collection calls
- Enter into leases instead of purchasing assets

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# The Bottom Line

- You have to be good at managing cash or you will be in big trouble
- You will have nasty surprises, and hopefully, an occasional windfall
- Make sure you have plenty and cash and credit available to weather the ups and downs of business

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# The Awakened CEO System

	Business Growth	Professional Growth	Personal Growth
Mindset			
Methods			
Momentum			

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# Mindset

- Understand the importance of managing cash
- Embrace the opportunity to better manage cash
- Believe that you can learn to manage cash flow better over time
- Get over any resistance you may have

	Business Growth	Professional Growth	Personal Growth
Mindset	★	★	★
Methods	★	★	
Momentum			

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# Methods

- Produce and study the cash flow statement every month
- Talk with your CFO or other financial advisors about how to do better
- Implement some of the tips we provided
- Build up a cash reserve

	Business Growth	Professional Growth	Personal Growth
Mindset	★	★	★
Methods	★	★	
Momentum			

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- The Importance of Cash
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# Homework / Exercise

- Download the Cash Forecast Template and the Sample Financial Projections
- Create your own cash forecast for the next 90 days
- Check your accuracy by seeing how much cash you actually have at the end of each month
  - plus or minus 20% is common

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## Related Office Hours

- 4 – What to Do When You Have No Money
- 19 – Credit Cards – Getting the Money
- 32 – Credit and Collections
- 74 – Pricing Strategies
- 107 – How to Be Great at Financial Management
- 114 – Growing with Limited Funds

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# Open Q & A and Coaching – in a minute

- Comments and questions on the topic of the day, then any other issues
- Tell me what your biggest “take-aways” are and what insights you gained from this presentation
- Tell me what you are going to focus on

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# Our Support Services

Service	Teach You	Do It With You	Do it For You
Education	X		
Training	X		
Coaching	X		
Advising / Mentoring	X	X	
Consulting		X	X
Growth Management		X	X

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# Our Support Systems

- Business Growth
- Personal Growth
- **The Awakened CEO System for Integrated Growth**

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# The Awakened CEO System

	Business Growth	Professional Growth	Personal Growth
Mindset			
Methods			
Momentum			

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# Join Me for An Awakened Conversation

- Starting monthly webinars / discussion sessions
- Group coaching and mastermind groups are coming too!
- Watch your emails for announcements!

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# Next Office Hours: Oct. 24<sup>th</sup>

- Topic is: TBD
- Let me know what topics you would like for me to address: [www.PaulsSurvey.com](http://www.PaulsSurvey.com)
- Do your homework!

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# Open Q & A and Coaching

- Comments & questions on the topic of the day, then any other issues
- **Best question or comment wins!**
- Contact Me at [paul@paulhoyt.com](mailto:paul@paulhoyt.com)  
call or text: 415.997.8001
- [www.SchedulePaul.com](http://www.SchedulePaul.com)

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