Simple Numbers, Straight Talk, Big Profits! 4 keys to Unlock Your Business Potential

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Author’s Bio: Greg Crabtree is a speaker, author, entrepreneur and financial expert. Crabtree has used his entrepreneurial skills to develop Crabtree, Rowe & Berger, PC, a CPA firm focused solely on the needs of entrepreneurs, helping them build the economic engine of their businesses. Working with entrepreneurs all over the country in a broad range of industries, Crabtree has simplified financial reporting and empowered all entrepreneurs to take ownership of their finances. He has pioneered a revolutionary metric for driving business profitability: measuring labor efficiency and developing simple benchmarks for company, team and individual performance.

Author’s big thought:
Simple Numbers takes the mystery out of small business finance with this no-frills guide to understanding the numbers that will guide your business out of any financial black hole. The author shows you how to use your firm's key financial indicators as a basis for smart business decisions as you grow your firm from startup to $5 million (and, more!) in annual revenue.

Section1: The Four Keys
The four chapters in this section outline the solutions to the main recurring problems seen in businesses that are between startup and $5 million in revenue.

Chapter 1: Owner’s salary: Why Your Salary and Distributions are Fogging Your View of Net Income
- The owner’s salary is a tremendously important concept, but entrepreneurs often misunderstand the relationship between their salary and the return on what they own. You get paid a salary for what you do, and you get a return on what you own.
- Know what your market-based wage is for your role. If the business cannot afford to pay you, keep track of the wages you are giving up.
- If you are profitable and you pay yourself wages that are too low, you run a high risk of an IRS audit. And no one wants an IRS audit.
- If your company is an S-corporation, this is a red flag because the IRS will say the distributions should be salary.
- If you’re not paying taxes, there are only two possibilities: You didn’t make any income or you’re cheating. The higher your tax bill, the better your business is doing. This is your number one key performance indicator.
- Value profitability over tax savings. Stop distorting your net income because of improper owner compensation. Don’t focus on not paying taxes. Focus instead on increasing your profits.
- Use market-based wages for everyone in the business, including shareholders. There are plenty of salary survey websites such as salary.com. It’s likely the numbers will be significantly higher than what you are paying yourself today.
- You shouldn’t pay yourself a market based salary when your business can’t afford it.
- If your business should be paying you $100,000 per year for the job you perform in your business and it takes you two years before you can draw your salary, you have just created $200,000 in capital through sweat equity.
- You can track your sweat equity and make an adjustment when it comes time to do your tax return so it doesn’t distort your numbers. Or you can calculate it separately in your financial performance metrics.
- If you’re a multi-shareholder company, market-based wages can become a real issue. Rarely are two people worth exactly the same amount of money. They need to have an honest and frank discussion. The CEO should usually be the highest paid salaried employee in the business.
- When you have just one technical person who is an expert (and not the CEO), the business is not vibrant enough to pay the CEO more than the expert. Once you have multiple experts on staff and support people, the CEO has a much larger enterprise and can justify the largest salary.
- There needs to be a clear leader even if stock ownership is equal.
- Sometimes multiple shareholders have different needs when it comes to salaries. There is a sweat equity solution. You can start out with a debt up to a predetermined point, and when the debt reaches that point, you make some equity changes.
- Sometimes having an outside investor makes owners think twice about paying themselves a market-based salary. Make sure you will be able to move your salary to a market-based wage at some point. You must discuss the wage issue with the money partner up front. Decide what the market-based wage is from the very start so you’re in agreement when the time comes to increase your salary.
- Pay back your investors before you take profits, and create reasonable financial expectations for your investors.
- You have to play out multiple scenarios – actually plan out those cash flows, and create reasonable expectations for the investor. Quantify everything and put it in writing.
• If you’re already paying yourself a market-based wage, it’s easier to step out of the role of being an active manager and into the role of being only a shareholder. You can hire your replacement with no negative impact to your net income.
• Consider working in a limited capacity at a lower wage as you transition out of active management.
• Keep your goal in mind. You don’t want your numbers to lie to you. Inaccurate numbers will distort your financial information and cause other problems as well.

Chapter 2: Why 10 Percent is the New Breakeven

• EBITDA is earnings before interest, taxes, depreciation, and amortization. However, as a small business owner, you should always include interest, depreciation, and amortization as part of your pretax costs because these are all real numbers to be accounted for.
• Focus on pretax profit instead of EBITDA. Pretax profit is the profit you make after you take all your sales minus your costs, before you pay taxes.
• Ignore revenue and focus on gross profit. Gross profit is revenue less cost of goods sold. By keeping labor out of the equation, this definition of gross profit gets you to the number that is the true economic engine of the business. By focusing on gross profit instead of revenue, most businesses from any industry can be compared side to side.
• Gross profit minus direct labor is your contribution margin before you pay for your general operating expenses.
• The standard definition of breakeven is when the business has income that equals its expenses. This is a flawed way of thinking because by the time you are at the breakeven point, your business is already dead.
• Your breakeven profit is 10 percent:
  o 5 percent or less pretax profit means your business is on life support.
  o 10 percent of pretax profit means you have a good business.
  o 15 percent or more of pretax profit means you have a great business.
• The best businesses tend to operate between 10 percent and 15 percent.
• As a business grows from $1 million to $5 million in revenue, it will pass through the black hole. To survive, the business owner must have adequate resources to hire additional staff to take responsibility for key functional areas. You’re forced to add staffing and infrastructure before you can really afford to.
• The most challenging level of profitability is between $2 million and $3.5 million. The need to add management infrastructure seems to naturally occur when you have about twenty employees, typically when you’ve reached this level of revenue.
• Learn how to hire the right people, and then take time to train them. One of the keys to success is continually upgrading your staff. It’s really expensive to hire the wrong people and then replace them.
• The cost for additional people causes an equal drop in net income. Your most capable employees sense this and leave for better opportunities leaving you with the least productive people.
• Hire slowly and fire quickly.
• Study the Topgrading methodology and use personality profiles as part of the screening process so you can understand what makes people tick.
• One strategy is to hire people first as consultants to get a chance to know their value.
• Another successful approach is hiring young talent and investing in their education.
• Although you don’t want to add the cost of new employees until you have to, you also have to take your time to find the right people and hire them before your business outgrows your ability to manage all the functional areas by yourself.
• To get through the black hole, you will need a capital safety net. Prepare a cash flow forecast by month for the time period of the expansion to determine your capital needs.
• Another important resource you’ll need is capital resources. Calculate how much cash you’ll need to hire the people you need, then estimate how long it will be before your business can pay the new hires and still remain profitable.
• Raise your capital safety net either by reserving profits or by working funds from investors.
• You may not have to tap into the funds you raise but they will be in reserve in case there are unexpected obstacles.
• Make a plan to live off your market-based wage and leave every dime of profit in your business as you grow from $1 million to $5 million in revenue.
• You need to reinvest in your business during this phase, but that doesn’t mean you shouldn’t make a profit during this time. It simply means you leave the profits in your business to fund the growth rather than relying on debt or investors.
• Once you get past $5 million in revenue, these same principles apply, just with larger numbers. Hopefully you have developed a team of people to support you in the process.

Chapter 3: Labor Productivity: Your Key to Surviving the Black Hole
• When you are below $1 million in revenue, you are a lot closer to what is happening, so you can monitor labor productivity more closely. Once you go past $1 million. Your biggest challenge is getting the required productivity for every dollar you spend on labor.
• Focus on your gross profit per labor dollar as your key indicator for labor productivity.
• As your business grows, it is important that you hire enough people to take responsibility for functional areas that you can no longer manage. A key talent is to know what tasks to reassign to new hires and what tasks to assign to current employees.
• You need to maximize your labor productivity to increase your gross profit.
• Maintain a minimum pretax profit of 10 percent or greater as you grow to the $5 million revenue level, and leave any profits after taxes in the business to fund the growth instead of relying on debt or outside capital.
• To maximize your productivity of labor, avoid labor creep, and don’t hire an employee for a function you can do. Consider what functions you can outsource, and refine your management team.
• It’s really hard to outsource the sales function because you are stuck relying on an outsider for a very critical component of your business.
• Calculate and maintain your salary cap (include your own market-based wage). Determining your salary cap is the best way to achieve your required labor productivity.
• Costs that stay the same regardless of sales volume are referred to as fixed costs. Costs of goods sold will vary with sales volume and these are variable costs.
• It doesn’t matter if your employees are part-time, full-time, or if you’ve hired your spouse. If you have a $500,000 salary cap the some of all W-2s at the end of the year cannot exceed $500,000. It’s no more complex than that.
• If you are exceeding your salary cap, decide what to do about it. Are you going to hold wages constant until you hit your profit target, are you going to cut staff, or are you going to do some of both?
• Get to 15% pretax profit before you raise your salary cap and add more employees and drive your profit back down to 10 percent.
• If you try to raise your salary cap when you have only 10 percent pretax profit, you’ll drive your profit down toward 5 percent, which is the danger area.
• The higher your pretax profit, the quicker you reach a cash positive state. Control your profit by getting the most productivity out of every labor dollar you spend.
• In a company with revenue of $1 million you need to hit at least 10 percent pretax, so $100,000 pretax profit is definitely the minimum target. Profit matters because when you start a company everybody is going to dig a cash deficit hole in the beginning. It’s just a question of how fast you can get out of it.
• There are only three ways to get out of a cash deficit hole:
  1. You can cover it with debt, but you’d have to use after tax profits to pay it back.
  2. You can cover it with sweat equity instead of getting your market-based wage. But how long can you live with this option?
  3. You can get an outside investor, but you have to either repay the investor with after- tax profits or have a good story to persuade the investor that your zero-profit business is worth a lot of money.

Chapter 4: Business Physics: the Four Forces of Cash Flow
• Discover where your cash goes or ask your accountant to help you. Understanding these forces is a major step in preventing cash cow disease – your goal is to keep your cow healthy so you regularly get milk (profits) from it.
• The four forces of cash flow are as follows in this order:
  1. Paying your taxes.
    o The key with paying taxes is timing.
    o Don’t pay taxes until you absolutely have to without incurring a penalty. Set side your taxes in a separate account on a quarterly basis regardless of when it has to be paid to tax agencies. Get it out of your financial calculations so you know it isn’t yours to spend.
  2. Repaying debt: Calculate how much cash you need to get your line of credit to zero.
    o There are two types of debt: lines of credit and term debt. For entrepreneurs credit lines are the equivalent of crack cocaine – it’s that addictive.
    o A true line of credit is one that goes to zero for at least thirty consecutive days in a twelve month period. If you’re not doing this, you have what’s referred to as an evergreen loan. Bank officers look at this and know you’re just one business cycle away from needing to make an arrangement to pay off your debt.
If you need to buy a piece of production equipment and you know how much productivity and sales you’ll get from it, go ahead and finance the equipment with term debt.

Borrow term debt only when you have a clear strategy about how you are going to generate the profit to repay the debt. Understand that you probably won’t be able to take distributions while you are repaying the debt.

Once you get your business out of debt, do the same for yourself. Yes, that means paying off the house!

People who take a low-to-no debt approach can handle bad economic news, because they live more stable and productive lives.

When your debt is either paid off or at least under control, you can think about how to use debt effectively.

You need to have access to a line of credit for those times when things are outside of your control and you know the situation is temporary. You’re not using a line of credit to fund a losing business. That’s what your capital reserves are for should you choose to use them. This is a significant distinction. You should rely on debt only in extraordinary circumstances.

3. Reaching your core-capital target (building working capital). Your core capital target is two months of operating expenses in cash and nothing drawn on a line of credit. Pick the number you are comfortable with.

Build cash by retaining profit until you hit your core capital target. Remember, you can retain only about 60% of the profits because you have to pay taxes.

By default, your core capital target force you to pay for accounts payable, inventory, and equipment with capital or term debt. You need to be current with paying all your vendors, and reasonably current collecting from all your customers.

There is usually nothing you can do to prevent a downstroke but what you can do differently next time is have cash available to cover the down stroke.

Businesses that have cash and no debt attract magical opportunities that they can take advantage of.

4. Take distributions on a formal basis each quarter only after you have covered your taxes and hit your core capital target.

Capital formation is the sum of sweat equity, money you invest, and after-tax profits that you keep in the business. When you want to take money out, there’s not a specific number because you don’t have an exact amount attached to sweat equity.

Consistent profits over time allow you to build equity by keeping those profits in the business, which then allows you to hit your core capital target, which then allows you to have excess cash that you can take out without damaging your business’s ability to grow or deal with struggles.

Distributions are a draw against the equity of the business. The best methodology is to manage your personal expenses so you can take care of your business and not live off of distributions.

Don’t compromise your ability to sell your business by making questionable distributions or paying personal bills with company funds.

- Build a solid foundation first and then you can take risks like buying a competitor.
Section 2: Building on the Foundation
In this section you will:

- Find the “how to” when it comes to tax management and labor productivity.
- Learn what type of capital you need for your business and the pros and cons of each source of capital.
- Discover the reporting rhythms that make sense for you.
- Learn how to determine what your business is worth from an economic value approach.
- Learn simplified forecasting to guide your business.

Chapter 5: Taming the Tax Monster Under Your Bed: Tax Management that Works

- In order to pay the amount of taxes you owe for the IRS, you have to have a tax management strategy that works. There are many tax issues to understand so you don’t get blindsided.
- Don’t justify cheating with cocktail party advice, and watch out for areas of tax fraud. Lots of people try to justify the dubious decisions they make.
- Common areas of tax fraud include:
  - Paying yourself below-market wage.
  - Using an S corporation to avoid payroll taxes is on the IRS’s Dirty Dozen tax scams list, and it’s an audit flag. The IRS considers distributions to be the equivalent of salaries, especially when you take them in a frequency similar to a paycheck.
  - Getting involved in offshore activities. Don’t do so unless it is essential to the operation of your business. This issue reaches the top levels of the IRS, so it just isn’t worth it.
  - Running personal expenses through your business.
  - Working off the books. This also includes bartering. It’s illegal to trade a legitimate business expense for something that is for your personal benefit. Avoid bartering and stick to cash payments.
  - Not filing tax forms for subcontractors – if you have a subcontractor, you must give that person a 1099.
- Understand if you should use a cash basis system or an accrual –basis system for your business. The cash-basis method is a very valuable approach. It’s the best methodology to reflect when the cash shows up as well as when it doesn’t. The only time you wouldn’t want to use a cash basis is when you consistently get paid before you have to pay your vendors, which is rare.
- Spending a dollar to save 40 cents in taxes is not a wise choice!
- Calculate your tax liability each quarter whether you are required to pay it or not.
- You should be paying last year’s taxes with the tax funds you set aside last year. Even if that year is a bad year, those payments are being made with cash that has already set aside for the purpose.
- Have your tax advisor create a simple tax calculation template that you can review each quarter, or you can download a tax spreadsheet for an LLC or S corporation from the author’s website www.seeingbeyondnumbers.com.
• The IRS put the underpayment penalty in place to make you pay your taxes evenly throughout the year and not wait until the end of the year.
• The first approach to timing tax payments is called **safe harbor**. This year you pay either what you paid in taxes last year, or, if your taxable income (gross income from all sources less deductions and personal exemptions) is above a certain threshold, you pay 110 percent of what you paid last year.
• The second approach is to **pay-as-you-go** and make estimated payments on your taxes throughout the year. To use this method, ask yourself what you made in the first quarter, and calculate the tax on that (40 percent). If you pay that amount you don’t incur an underpayment penalty. For the second quarter, take your profit to date times the tax rate minus what you aid in the first quarter. That’s what you owe for the second quarter. Repeat for the third and fourth quarters.
• Know whether you should use the safe harbor or pay-as-you-go approach to making tax payments. Be aware that the right approach for you could change each year.
• In a perfect scenario set your market-based wage, have your taxes taken out of that wage, and take care of your lifestyle using your net pay. Leave your distributions in the business to first cover business taxes and then build wealth.

Chapter 6: How to Maximize Your Labor Productivity

• Your gross profit per labor dollar is the second most important key performance indicator for your business. All labor must be productive, and you must establish your **labor efficiency ratio** so you can hit your profit target.
• Every business has a culture. Your challenge is to find a way that culture, productivity and profitability all live in harmony. Culture becomes extinct without profitability. Profitability becomes extinct without productivity.
• You have to make sure your culture doesn’t excuse people from getting their jobs done. There’s an economic relationship between productivity and the amount you’re paying people to get things done. If this relationship isn’t balanced, you have a flawed business model.
• Your goal is to avoid overpaying or underpaying your employees. Both situations are bad, but the entrepreneurs who underpay employees tend to have companies that struggle in the long run due to high employee turnover.
• Set wages based on market, not on cost of living. Wages should change only on the basis of market forces or on performance, such as moving to a new level.
• Evaluate talent based on productivity, not on years of experience. The important thing is what people know and if they have the capacity to produce.
• Despite their shortcomings, salary surveys can help you define salary ranges.
• Your employees need to understand what is expected of them in terms of productivity. The more closely you define and help develop an individual’s career, the more likely you are going to have a long-term employee.
• Use performance appraisals to set honest expectations of your employees and give them real feedback. Identify the top three to five competencies you need for each role in your business.
• Five critical areas used to evaluate each employee:
  1. How good a teammate is the employee?
2. How well does the employee connect with external customers?
3. How productive is the employee?
4. Does the employee contribute at your targeted profitability levels?
5. Core competencies: Have the employee’s responsibilities and skills increased?

- Know what numbers you can share and defend, or just keep your books closed.
- Design incentive plans that guarantee net profit increases. Forecast the financial impact of incentive plan payments, and have a fall back plan in case of market changes.

Chapter 7: The Three Sources of Capital: How to Get Money and Effort to Play Nicely

- There’s tremendous confusion about the word capital. Simply stated, it’s the difference between what you own (your assets) and what you owe (your liabilities). Another term for capital is equity.
- The capital in your business is used to purchase assets, such as inventory and equipment, and allows you to have the proper amount of cash on hand to meet your core capital target.
- Debt is not capital. When you have debt, the lenders love their money more than your business. They’re in it for the return on their money.
- There are times when you can use term debt (a fixed payment note that is repaid over an agreed period of time) as a bridge to give you time to build capital through retaining profits in the business. You have to make sure you make enough profit to get you over that bridge.
- You have three choices in obtaining money: your own money, other people’s money, and sweat equity. Each one has a price. Choose wisely and know the reasons for your choice.
- Save your own money whenever possible and use it to start your business. If you start a business with your own money, you’re going to defend it to the greatest degree. You want a good return on your investment.
- If you accept investment money, you must meet the expectations of the investors and let them know you’re not going to give them a salary unless they do a particular job. If you are unwilling to do that, don’t take their money.
- The more sophisticated the investor, the more reasonable the expectations and the tougher the terms of the deal.
- You can get OPM from three sources: friends, family, and fools; angel investors; or venture capitalists.
- Document your investors’ expectations and hire a professional lawyer to draft your shareholder agreement.
- Put sweat equity into your business whenever possible. It will always give you the best possible return on investment.
- Make fair sweat equity arrangements when multiple shareholders are involved.
- Whenever employees want to earn their way into the business, make sure they are motivated by returns on their investments.

Chapter 8: Reporting Rhythms: The Right Data at the Right Time

- Getting into a reporting rhythm is often a challenge for entrepreneurs. They struggle to know what reports they’re supposed to look at, when they’re supposed to look at them, and why they are supposed to look at them.
• You have to push critical data into a report and read it. Find your reporting rhythm and hold your team accountable for report production.

• It is not the quantity of data, but the right data at the right time that matters.

• These are the reports you need in your reporting rhythm:

  **Daily report:** Cash balance - never take your eye off your cash balance.
  - Include which customers paid and what the cash balance is after today’s deposit.
  - This report needs to be simple and easy to email and read on a smart phone without opening an attachment.
  - The cash balance is the bank balance in your accounting system, assuming all outstanding checks have cleared.
  - If the cash balance is low, you need to have a great sense of urgency to solve the problem. If it is high, all is good – unless you have a large payroll next week.

  **Weekly reports:** Create a rhythm by sticking to whatever day of the week works for you to review your weekly reports.
  - You should look at these two reports every week: cash flow forecast; sales and productivity.
  - Project your cash flow over a two-week period so you can plan for shortfalls. The cash flow report spurs you into action.
  - Break your payables up into these five categories:
    1. General bills
    2. Payroll
    3. Payroll taxes and benefits
    4. Rent
    5. Payments for debt (lines of credit and fixed-term costs)
  - Monitor your labor productivity by watching your gross profit and your cost of labor. The best practice seems to be watching this on a weekly basis and then looking at a month-to-date and year-to-date to see if the trends move in the right direction. After the labor efficiency ratio is identified (gross profit per labor dollar) that number won’t change dramatically once your business model is set.
  - You need to understand the pulse of your business. If you don’t have a natural gut feeling, you can develop it by watching the two numbers that matter most: gross profit and cost of labor. If you don’t understand that part, your business model is never going to work.

  **Monthly reports:** Pick a day of the month to review your monthly reports. Spend time looking at the numbers and determine if your money is being well spent or if you need to make changes. If you are not getting these key reports by the fifth of the month, you need to find the bottleneck and eliminate it.
  - The reports you need to review are the profit and loss; balance sheet and where the cash goes.
  - A profit and loss (P & L) shows you if your business made or lost money during the reporting period. It shows your revenue, costs, and expenses, and it concludes with your net income. Look at a minimum of six months of monthly data to see where the ups and downs were.
The most useful presentation is rolling-twelve data to see the macro trends of your business. Rolling-twelve filters out all the excuses because the data has been through four seasons and includes every holiday.

Keep your P & L thin; look at seven or eight key lines of data. Continuously refine the report to make sure you are looking at data that’s valuable for you.

There is no standard way of showing the P & L presentation. The key is to be consistent and make it meaningful to you.

In general, the operating expenses settle into the following five categories:

1. Labor - with your labor expense number you can see what your salary cap is and how it relates to labor. If you see a rolling twelve-month decline in labor productivity and the salary cap is not being met, you’ll start questioning things a lot sooner.
2. Marketing – budget between 2 and 5 percent for marketing, but continually monitor if it’s working and if you’re getting value from the marketing. Get a better grasp on how to strategically spend the dollars.
3. Facilities – Include rent, repairs and maintenance, IT costs, and communications costs.
4. Payroll taxes and benefits – this is the one cost that moves in direct proportion to your labor cost.
5. Other operating expenses – these are all the other costs that do not fit in the above 4 categories.

Knowing where your cash is on a monthly basis allows you to know whether you had profitability or lack of it.

If you don’t convert your profitability to the where-did-your-cash-go equation, you set yourself up for something that happens to entrepreneurs every day. You can have a profitable business and run out of cash.

Never print a P & L without looking at your balance sheet to make sure there are no glaring errors.

Chapter 9: Economic Value: How to know What Your Business is Worth to You

- You need to know the economic value of your business to know when the business is underperforming and to have a price if you’re thinking about selling.
- Knowing the economic value of your business gives you a baseline to make decisions about either selling or keeping your business.
- The fair market value of your business sets the baseline for decisions in 50/50 shareholder deals. Generally, if you can buy out your partner for less than the economic value, you should take the deal. If your partner is offering more than the economic value, consider selling.
- Beware of agreeing to a deal that does not have a chance of succeeding. Even if you have already been paid, the buyer can come back and seek damages from any possible overstatements.
- There are five basic elements that combine to drive the profits that are used to establish the value of your business: customers, employees, processes and know-how, core capital and intellectual property.
• You’ll hear about using rule of thumb methods to calculate the value of your business such as five times EBITDA, one times revenue, two times revenue, and so on. Essentially every rule-of-thumb calculation has potential problems. They can introduce both positive and negative distortions.

• At the end of the day, no matter what rule-of-thumb you use, the value of a business is based on a willing (or desperate) buyer and a willing (or desperate) seller coming to an agreement.

• Profit really matters in the value of a business and in profit distributions. Position your business so you can be patient, and keep profits in the business until you are debt free.

• Set realistic expectations whenever you offer work to key employees. Do the math on what your stock is really worth today and what you expect it to be worth if the employees leave before the company is sold.

• Do not give away your stock! Your cash is cheap, your stock is expensive.

Chapter 10: Skip the Budget, Learn to Forecast

• Use regularly updated forecasts instead of budgets. Budgets are a license to spend; forecasts are a license to make profit. Budgets are not flexible when it comes to changing business conditions.

• To make forecasts work, they have to go hand in hand with execution. You need a business model and a forecast you are willing to act on.

• Spend 25 percent of your time looking at what has happened and 75 percent of your effort looking at numbers and thinking about what you want to make happen.

• Keep your forecast at high level. Detailed forecast do not encourage regular updating, and they’ll take so much time to maintain that you won’t have time to evaluate them.

• Evaluate your key metrics to understand the movement of your data.

• Your forecast must connect your P & L to your balance sheet. Keep your eye on how your cash lags your profitability.

• Rolling-twelve data gives you the best sense of mega trends to the business. The sooner you detect a change, the sooner you can fix it.

Recommendation: Jargon free, and presented in an easy-to-follow, step-by-step format, with plenty of real-world examples, Crabtree's down-to-earth discussion highlights the most common financial errors committed by small businesses, and how to avoid them. I wish I would have had this book when I forst started out!

Get 100 business book summaries just like this one at 100mustreads.com
About the reviewer: Frumi Rachel Barr, MBA, PhD

Dr. Frumi Rachel Barr is truly an entrepreneur having started and run 5 entrepreneurial adventures prior to following her passion for guiding the success of CEOs and their teams to Scale Up.

Money and a plan don’t guarantee execution

Execution depends on communication, cascading priorities throughout the organization and an external guide that holds the team accountable and keeps the momentum going. Lots of companies know what to do – it’s the doing that needs an external guide. That’s what we provide. We use the best systems on the planet, Gazelles and the Rockefeller Habits, as well as software to track team initiatives and progress.

Dr. Frumi’s "Why" is to create a safe place for leaders and teams to discuss what matters most. She is known as The CEO’s Secret Weapon. Her Who: Dr. Frumi guides creative, ambitious CEOs who want to grow their businesses so they have more freedom and a fabulous culture. The Gazelles system focuses on People, Strategy, Execution and Cash, using practical tools to create greater revenue and profitability, with greater collaboration and accountability.

Dr. Frumi is the author of a CEO’s Secret Weapon: How to Accelerate Success. The book was ranked top business book of 2012 by ExecRank and has a forward by her colleague Simon Sinek, international author of best-selling Start with Why.