

DISCOVER YOUR FINANCE ENGINE

Leveraging Cash, Profits and Wealth
to Secure Sustainable Financial Freedom

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This book is dedicated to all the courageous souls who have embarked on the small business journey with the desire and passion to make the world a better place.

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*Happiness is not in the mere possession of money;
it lies in the joy of achievement, in the thrill of creative effort.*

—Franklin D. Roosevelt

SME is a universal abbreviation used worldwide to describe the smaller and medium business entities.

Note to Reader

The entrepreneurial journey is not an easy one. It encompasses many learning curves and hills.

From fine tuning the unique solution you have created, understanding and implementing marketing strategies and tools, managing the convoluted issues surrounding staff, handling the production process, and designing efficient logistic and distribution strategies to understanding and managing your finances, it is easy to become overwhelmed and disheartened by the challenge.

However, of all the obstacles you face as an entrepreneur, the challenge crucial to your SME's success is financial management.

The aim of *Discover Your Finance Engine* is to provide a quick and easy guide for exploring the financial statements your SME's Finance Engine can produce and how they can add value to the management of your enterprise. Taking into account the characteristics and challenges that the smaller entity faces, I used concepts adopted by big business and modified them into a process the small business entrepreneur

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can utilize. My ultimate endeavour is to clarify the financial jargon thrown about when discussing finances with professionals and cut to the chase regarding how these financial statements fit within the scope of small business management.

Whether you are new to the entrepreneurial journey or have been managing an SME for some time, you are a traditional bricks and mortar entity or a new age online enterprise, it is always a good time to strengthen your grasp on your SME's Finance Engine. The first step in gaining financial control of your SME is understanding the financial statements your Finance Engine produces.

While all concepts and definitions are consistent with the accounting standards produced by relevant associations in your region and throughout the world, they have not been applied rigidly. Accounting standards ensure uniformity for investors and associations external to your SME. The objective of this book is to provide the SME owner, no matter which region they operate within, an understanding of their own financial statements so they can format them to support their internal decision making.

This self-help guide assumes the reader has limited to no knowledge of business finances. This has allowed me to start at the roots of business terms and concepts, so I can take you on the journey to *Discover Your Finance Engine*. Though anyone can benefit, this guide is for the beginner in SME financial management who wishes to better understand how money flows in and out of their SME, and to improve the management of their Finance Engine and capitalisation of the information it provides.

Be warned! You will not become a financial expert on your SME's financial statements by a simple skimming of this guide. You may need to read through it several times and occasionally refer back to previous sections as you review your own SME's financial statements from one month to the next.

Note to Reader

The objective is to help you understand how these statements should look and highlight any shortcomings. Over time, as each reporting period passes, you will be better able to absorb and implement changes to the statements to improve the management of your finances and your small business.

Thank you for investing in *Discover Your Finance Engine—Leveraging Cash, Profits and Wealth to Secure Sustainable Financial Freedom*. I hope you find value in the coming pages. If, by the final page, I have improved your mindset regarding the value of your entity's Finance Engine, then I have achieved my objective.

Wishing you prosperity in all your small business endeavours with kind regards,

Debra Cooper

Introduction

“So, you are an entrepreneur. Great! And you want to grow your business activity and create a sustainable business around your entrepreneurial concept? Terrific! So, what’s your current financial position?”

“I have no idea, not until I send my books to my tax accountant,”

Or,

“I’m behind with my bookkeeping, several months in fact. However, last time I checked everything was fine.”

Every time I hear a comment like these, I hear warning bells.

**To build a successful, sustainable and profitable business,
an entrepreneur must
UNDERSTAND, MANAGE and OWN
the Finance Engine of their SME.
If they do not, it is entrepreneurial SUICIDE.**

I frequently hear SME business owners complain about the burden of keeping their bookkeeping current. They do not

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view this function as a revenue producing activity, so give it low priority, and push it aside until the eve of financial or taxation deadlines when they demand attention. This behaviour is to the detriment of the entrepreneur and their business.

The SME's Finance Engine should be seen as a cash-producing asset, similar to an employee would be to a service-based business or a manufacturing machine that produces the products you sell. When the Finance Engine's mechanics are understood, managed and owned by the entrepreneur, this function becomes a reliable and intuitive asset the SME cannot survive without. Not only are you in a position to minimise your business costs and leverage off the small wins in revenue earnings generated from your marketing engine, you can manage your business to maximise profit levels, entrench your financial stability and accumulate cash reserves to survive that eventual rainy day.

This is a crucial step if you are serious about growing your business into an entity that is sustainable in the long term and will provide you with financial freedom. Taking these steps will not only add value to you and your staff, but to your customers, suppliers and business partners. You must take ownership of your SME's Finance Engine.

One way you can take control of your finances is by driving the process of completing and updating your accounting records, instead of waiting for external parties to push you into the task. When you manage your finances to self-imposed and concise deadlines, you keep your pulse on the results of your business activity. You will extract gems of information hidden in your Finance Engine that will improve your SME management and shore up the chances of success.

Sound promising?

If you are ready to convert your mindset about financial management from a weighted burden into an invaluable and informative asset, you have made a great start by investing in *Discover Your Finance Engine*. This is the first self-help

Introduction

guidebook in the 'Finance Engine' series that aims to clarify the three core financial statements, their purpose and what they say about your business.

We will outline a case study for Sam's Landscaping & Design. The case study is used throughout the guide to provide examples of common situations that the SME faces and to clarify concepts and elements that relate to the three core financial statements. When reviewing the case study examples, look at your own respective financial statements. As these statements encompass your entity's business activity, our discussion will further clarify the concepts and elements and how they apply directly to you.

In part one we look at the what, who, why, how and when of the three core financial statements and how they relate to your SME's Finance Engine. We will outline your role as the entrepreneur / business owner and what level of reporting your SME should prepare at a minimum.

In part two, we discuss each of the three core financial statements. We will outline the purpose and importance of each statement, the elements they report upon, and each element's relationship with others reported on the statement. This section will also cover the relationship of each statement with the other two core statements and how you can preserve their health and, subsequently, the health of your SME.

In part three, we outline the next steps in taking ownership of your SME's Finance Engine, and shoring up your business' chances of sustainability and longevity to achieve financial freedom.

By the end of this self-help guide you should be able to:

1. Identify the three core financial statements;
2. Identify, understand and interpret the elements reported on each financial statement;

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3. Understand and interpret the relationship of each element with others on the financial statement;
4. Understand the relationship between the three core financial statements;
5. Be able to identify discrepancies, losses and wins in the elements reported;
6. Be in an informed and empowered position to manage your SME's Finance Engine.

I aim to provide a self-help guide for the busy entrepreneur that is concise, factual and easy to read at the end of a long day, while inspiring you to take ownership of your SME's Finance Engine and your financial freedom.

Case Study Sam's Dilemma

The case study scenario is based on a fictional company and depicts a turning point for Sam's Landscaping & Design. The business owner is forced to face the truth about how he is managing his SME's Finance Engine and the impact this has on his business. The dilemma and repercussions Sam faces represent my experience working with small business and will provide realistic examples to clarify the elements and concepts discussed.

*Please note, Sam's Landscaping & Design is an entirely fictional business used for demonstrative purposes only. Any reference or resemblance to an existing business or businesses is purely accidental.

The case study begins when the business owner, Sam Buchan, receives news that has a detrimental financial impact on his business.



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Sam Buchan hurled his phone into the corner. It slammed into the filing cabinet with a deafening thud; the vibrations echoed throughout the room and into his heart.

Sam's breath caught in his throat, and pain ripped through his chest. He pressed his hand to his stomach as it cartwheeled, threatening to return his last meal. After a thirty second phone call, everything he had worked for during the past five years crumbled around him. He desperately tried sorting through the implications, but it was too much to absorb all at once. Jake's news kept replaying in his mind.

His wife, Beth, appeared just inside the doorway. She had been out to lunch with her girlfriends yet again, her cheeks still pink from the wine and ambient exuberance of the gathering. The couple had their weekly argument that morning as they tried to work out how they would finance the payroll. She initially glided into the office on a wave of euphoria, but the greyness of concern now shadowed her blue eyes. How was he going to tell her what Jake's news meant for them, for their business...for their way of life?

"What on Earth was that? You look like you're going to be sick," she said. She eyed the abandoned phone laying lifeless on the floor, separated from its case during the collision.

"Our business," Sam mumbled, unable to continue.

Beth sat down opposite him and ran her fingers through her long blonde hair, toying with the curls like she always did when she was worried or uneasy. "What do you mean, our business?"

"Jake." Sam croaked, his voice failing him. He needed to show confidence that everything would be ok. "Jake," he said again, his voice stronger. "He called in the loan."

Beth's gaze hardened. "The loan that we never ever had to pay back."

"He has to declare it. He'll need the money to settle the divorce."

"You mean, Suzie's making him cash it in." There was no love lost between her and her sister. "She never agreed with it." Beth picked up his mobile and the discarded case, placing them on his

Case Study: Sam's Dilemma

desk. She rested her hands on her hips, preparing to fight. "Well, we simply can't pay it. I've just had to beg Sally at Benefit Homes to pay some of their invoices early. \$200,000 is going to be a little harder to find."

"We have no choice. Suzie is hitting Jake up for seventy percent and his solicitor says that while they'll fight it, she's likely to win. Jake doesn't have the cash to cover it himself, and that money is legally his."

"So, we have to suffer because my sister wants out." Beth's voice rose with each word. "Maybe we can ask your dad?" she suggested, grasping the wings of desperation.

"Like hell I'm asking him. He just coughed up sixty grand for the land we bought in March for the second yard. This is our problem and we will fix it. Even if it means selling the house," he added with conviction, knowing this statement would ignite her fury.

Beth didn't disappoint. Her tirade started with the lack of reward for her years of support and ended with the pride and love she had for the dream home they had built two years ago that they just completed furnishing. As usual, she failed to see the contradiction in her argument.

Sam let her vent. There was no point fuelling the fire. As expected, the blaze finally burnt down to a blubber of tears, but he was no better dealing with her in this state.

"What are we going to do?" She hiccupped as she fell into the chair, defeated.

"I don't know."

"Maybe, you should call Frank."

"No. Every time I speak with him, I end up in a group call with five other accountants on his team, followed by a bill for a couple thousand dollars after they've only told me what do rather than give me the support I'm paying for. Besides, we still owe him that twenty grand, and he's unlikely to be forthcoming without payment and further cost."

"The bank? Pete McPherson might be able to help."

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"A bank loan? Beth, the repayments would kill us. The beauty about Jake's loan is that it's interest only and at a rate below the market rate in this economy."

"Sam, please. Can't you talk to the bank before you sell our house? I couldn't bear it."

He hated to admit it, but Beth was right. A bank loan was their only chance of dealing with this quickly. But it was only transferring the problem to a more demanding and rigid financier. Jake had always been accommodating when they couldn't meet his interest repayments. The bank wouldn't be.

"How long have you got?" Beth was already distancing herself from the problem.

"Until the 30th of June. Five—no, six—weeks away."

Beth stood and brushed down the front of her shirt like she was trying to remove the bad taste of this news as though they were wrinkles. She was leaving it to him to solve this dilemma, and the thought sent a tidal wave of anxiety through him.

"I'll make an appointment with the bank for you. Friday morning would be best since Tom can handle the Fraser job without you," she said before leaving.

He wondered if she truly realised the impact this was going to have. Despite managing the business' finances, she did not seem to grasp the severity of their situation. That, or she thought ignoring it would make it go away. Sam had trouble understanding it himself; on paper and according to their tax bill, it looked like they had a solid, viable business. Meanwhile, the lack of cash was crippling them. It just didn't make any sense.

Sam considered the option of selling the house. It would set them right again and they could go forward without having to finance a business loan. But they would then be without a home. He shook his head to rid himself of the next thought.

If he sold her house, he would be heading for divorce next.



Case Study: Sam's Dilemma

Sam woke in a pool of sweat. The bright glow of 2:44 am stared at him from the alarm clock. He listened to the rhythm of Beth breathing next to him. Slow. Deliberate. Excruciatingly at peace.

Unable to tolerate his wife's carefree sleep, he got out of bed, threw on his beloved tracksuit and went downstairs to the bar-room to pour himself a Jamieson whisky. It would be awhile before he'd be able to buy another so he'd have to make this bottle last. The thought made him slump to the floor, a glass in one hand and the bottle in the other, back propped up against the wall.

But how long would 'a while' be?

Sam wanted the world to cave in upon him and make everything go away. The past few days had been unbearable.

His eye caught the portrait of his wife and three kids, hanging on the wall opposite him. It was barely a year old and whilst he recognised the family as his own, they felt disconnected and foreign, existing outside of the bubble that enclosed him. His relationship had been strongest with his eldest, Max, aged eight, yet he could not remember the last time they'd spoken other than with an instruction or a 'not now' rebuttal. Six-year-old Tyler showed signs of being as flighty as his mother, a characteristic that grated Sam's nerves as he suffocated in his hour of need. His gaze drifted to Oakley, the youngest at four, and Sam realised he barely knew him, unable to recall his favourite toy or colour. He could very well be someone else's kid.

The image of Beth standing behind the kids towered over Sam as he slid further into the floor. He failed to make the appointment due to work commitments and was omitted from the family portrait entirely. Despite the smile on Beth's lips, there was a glint in her eye, forever disciplining him for his absence. No doubt that was the reason she insisted they hang the finished product in the room that was his. A constant reminder of his neglect.

It had been a long time since he'd done anything right in Beth's eyes, and for months, their frustrations ricocheted off of one another, feeding the demise descending upon them. They only spoke about the business these days and, more often than not, the conversations

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escalated into a scrabble of heated words and emotions. He couldn't remember when he last touched her or when she had reached for him. It was the beginning of the end, of that he was certain.

Sam had to find a solution, but he was at a loss for where to start. The burden in that moment was so heavy he couldn't even stand.

For the past week, every time he did or said anything, he did so with the black essence of doom wrapped around him. It was like being an imposter living in someone else's skin, unable to control the downward spiral. Each moment suffocated him so relentlessly that bringing himself to think of the next took unsurmountable energy and willpower. When the next moment inevitably arrived, he was hesitant to take a breath. But he had to—he had to keep on breathing and working. He must keep pushing forward, for there were so many people dependent upon him: his wife, kids, employees, customers, suppliers, Frank, the Bank, and Jake.

Three days after Jake's impenetrable phone call, he realised his situation went far deeper than he'd believed. The surrounding support was frivolous in his time of need. A phone call to Frank only confirmed his fears, as the accountant diplomatically requested payment before he addressed Sam's newest mess. The bank was equally unhelpful.

Sam's visit that Friday had not gone well. Pete McPherson was no longer with the bank, forcing Sam to meet with his incumbent, a twenty-year-old boy set on following the bank's procedures to the letter. They went through the initial steps of investigating Sam's ability to finance such a loan, discussed how long it would take and what he needed to provide to proceed with the application. For a moment he was at peace, with an end to the crippling effect of Jake's decision finally at hand. It didn't last.

"We will just need a full set of financials to proceed. If you can get them to us by next Friday, we will have no problem meeting your deadline," the boy said, his lack of sympathy apparent in every word.

Case Study: Sam's Dilemma

Sam left the bank and stood fastened to the nature strip as if his feet were set into the concrete. Not only would he have to jump a hundred hurdles to meet the bank's application requirement, the foreboding that accompanied the five years of repayments he would need to find the money for threatened to derail him.

The world was against him.

What on Earth had he done so wrong, to face losing everything, when everything had started off so well? How could this have happened?

Their small business journey started with a bang. Sam, after a couple years of deliberation, finally made the jump five years ago. It was Jake, his brother-in-law, who had provided the most encouragement. He not only provided a substantial loan to purchase the plant and equipment, but he also referred several large landscaping projects to the new company. It was a perfect start as the stars fell into alignment for every new project.

Those first jobs soon developed into a steady stream of residential landscaping jobs riding on the wave of referrals. Within six months, they settled into a steady schedule where he was consistently booked weeks in advance. He employed a fully trained landscaper and several apprentices at various levels of experience to establish his first team. Sam was on his way up and it had been so seamless that he often wondered why he'd procrastinated taking the leap.

The start-up years were ideal. He concentrated on providing both soft and hard landscaping to the residential market and got most of his future work through customer referrals and local radio advertising. Whilst he provided the professional designs and subsequent quotes for each customer himself, his head landscaper served as team leader onsite. This enabled Sam the freedom of visiting current sites to assess them for quality assurance, visit future sites to facilitate quoting and keeping the schedule full with a steady stream of projects. He organised materials and equipment each job required and ensured his team was on track to complete each project on time.

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Two years ago, he joined forces with a property developer who specialised in providing turnkey investment properties, Thrifty Investments. They needed a landscaper to design and construct the landscapes for their suite of house plans. Sam couldn't believe his luck as this was guaranteed recurring and structured work year-round. He set up two additional teams, dedicated to constructing these landscapes.

Overnight his business doubled in size, and the initial momentum was intoxicating. A barrage of issues developed daily, and they spent most of their time problem-solving the constant cycle of issues. It took twelve months to grow accustomed to this escalated momentum, and soon the frantic state was the norm.

If Sam was honest with himself, that was about the time the cash started drying up, though he didn't know why. Sam did all the quoting himself, always ensuring that at least a forty percent mark-up was applied and that the sales invoices were raised at the commencement of jobs to ensure they could capture all the payments they received. Beth dealt with everything else. She managed the payroll, paid the suppliers and the loan instalments, and processed all the associated transactions into an accounting database. She even set up bank feeds that saved her heaps of time and ensured all transactions were recorded.

Occasionally, Beth would provide Sam with a Profit & Loss Statement and it always reported a good profit. In fact, he couldn't remember seeing a loss at all in recent years, even during the low seasonal months. It didn't make any sense that they never had cash. Their profitability was consistently good, however the only consistency about their bank balance was that they almost never had one. Sam had to summon courage to check the balance, fearful it was never enough. More often than not, it wasn't.

Every week was a scramble to find enough cash to cover the team's wages; Sam doubted the boys stayed out of loyalty anymore. Dealing with the employees was a constant juggle, managing their complaints about the jobs they got stuck on and the hours they worked, and showing their disdain when Sam insisted upon

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rework to get a job up to scratch. It'd been months since they shared a beer at the pub or since Sam had made any effort to check on their personal wellbeing. No, they didn't stay out of loyalty anymore. If they didn't get paid, they wouldn't show.

Before the dream home, Beth would draw down on the excess funds in their mortgage when they needed to prop up the business' bank balance. However, this option was no longer available since they built their extravagant home. They met the minimum mortgage repayments by the skin of their teeth, and for most months they couldn't draw a wage from the business at all. To meet the payroll bill, they developed an unhealthy reliance on calling in invoices that were not yet due.

His only saving grace was Thrifty Investments. Not only the business they provided him, but their willingness to make payment ahead of the due date when requested. His relationship with Wayne was so solid that they were increasing the workload to include the western suburbs of Melbourne, which required two more teams, and were undertaking initial talks about expanding into the northern suburbs the following year. However, all of this expansion and growth needed cash—cash they didn't have.

Sam took another swig from the whisky bottle, the glass abandoned beside him. For days his mind had been cycling through the past five years until he had exhausted every detail he could remember, dissected every possibility he could utilise. Not only could Sam not see the answer, he just didn't have the energy to look for it anymore.

At eight am his wife found him behind the bar, curled into the foetal position, hugging the empty whisky bottle. If he hadn't passed out, he would have seen the look of disdain on her face.



In desperation, Sam visited his father. He wouldn't ask for another loan, but he needed a sounding board from someone who had been in the same game most of his life. Whilst even his dad couldn't

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hand him a solution on a silver platter, he suggested Sam talk to Jake to see if they could come up with another solution before committing himself to Frank and the Bank, or doing the unthinkable and selling his wife's dream home.

Unwilling to go home and face Beth and the kids, Sam and his dad went to the local pub and had a counter meal he couldn't afford. By the time his father left him, he had set up a meeting with Jake later that afternoon at the same establishment, and was feeling a little better about his self-worth, even if it was only a shadow. Whilst he waited for Jake, he headed to the bar and ordered an orange juice.

The publican was a fellow he'd gone to school with. They'd never been friends, but they always exchanged pleasantries when, in the distant past, Sam and the boys had dropped in after a hard day's work. The publican placed the drink on the bar while an amused smirk curled his lips.

"Been awhile. Looks like you've seen better days," Paul's voice boomed, cutting through the noise.

"Yeah, you could say that."

Paul busied himself with other patrons without another word. When they finished their beverages and moved to a table in the opposite direction, Paul returned to Sam. He crossed over his arms and rested them on the bar top at a respectable, but confiding distance.

"What's up?"

Sam wasn't usually one to speak about his finances, but he confided in Paul; that's what bartenders are for, right? It was mostly a way to get a handle on his anxiety before the meeting with Jake. He wasn't expecting a solution to present itself, so he wasn't in a receptive state of mind when Paul, wordlessly, handed over a business card.

"Give my bookkeeper a call. She'll sort you out."

"Bookkeeper? No thanks, I've heard of the problems they can cause. I'm in deep enough without handing over the books so she can make the mess bigger."

Case Study: Sam's Dilemma

"This one's different. Since I took her on, I've learned more about my business' finances than I ever knew existed. Debra not only showed me where the problems were, but she worked with me to get them fixed. Now my bank account is always flush and I know exactly where I am. Not to mention that my tax accountant's bill is a lot smaller than it once was.

"We're building a three-year plan on how to increase my seating capacity by renovating the adjoining yard into a beer garden, and I'm financing it all with internal funds."

"I don't need a three-year plan. I need a now plan," Sam said. Jealousy that Paul had it all together reared its ugly head.

"Contact her. You'd be a fool not to. She won't charge you for an initial consultation and she'll be up front if she can't help you. Sounds like you have nothing to lose."

"Only my entire business."

"Aren't you losing that anyway?"

Sam pinched his lips into a frown. Paul left to solve the problems of another patron while Sam put the business card in his top pocket and resumed wallowing in his orange juice. Paul's words joined his swirling thoughts until Jake arrived. Sam bought them each a beer and they moved to a quiet corner.

As they settled in, Sam assessed Jake's receptiveness. He was in bad shape. His shirt was half tucked into a pair of pants that looked recently unravelled from a tightly constrained ball. His skin was sallow, deep black indentations underlined each eye, and his usually manicured hair was unruly and in need of a good wash. Even though he forced a smile, it lacked his usual confidence.

It was like looking in a mirror.

Jake apologised for his appearance, and they sat in silence drinking their beers. Sam realised that no matter what crisis he was in, he still had his family. Jake had lost his and was on the brink of losing a whole lot more. Sam briefly touched the card in his top pocket.

"So, what did you want to discuss?" Jake asked.

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"I just wanted to see how you were doing?" Sam said, unable to place more burden on Jake's shoulders. He was family, the only family Jake had left, and surely that meant he had to be more supportive than Frank and the Bank had been to him.

"There's no problem with the loan?"

"Not yet. I'm still making inquiries," Sam said, finding some self-assurance and gratitude that he could help ease Jake's situation, at least for the time being. "More importantly, how are you doing?"

Relief relaxed Jake's features as his eyebrows unfurled and the tension in his shoulders relaxed. It was like an antidote to the hangover Sam carried over the insolvability of his problem. It shouted that there was hope.



Against Beth's wishes, Sam took Paul's suggestion and contacted the bookkeeper, Debra. The three of them discussed the extent of the situation encompassing the need to repay the interest-only loan, the timeframe and them not having enough capital to pay it outright without refinancing. Sam was too embarrassed to highlight the extent of his cash flow issues and Beth, in her unwillingness to embrace the bookkeeper's assistance, also made no mention of it.

The bookkeeper explained she could get the financial statements in a condition that should satisfy the bank. If the bank required Frank's endorsement, she assured them it would be only a formality because she would guarantee the books would be clean. With a quick glance at the bank statements, she offered them a flat price to get them into shape, which was much less than what Frank would have charged. Even though it was the bookkeeper's diplomacy managing his wife's derision that convinced Sam.

*Before Debra left, she handed over a book titled, *Discover Your Finance Engine*, asking Sam and his wife to read it.*

Case Study: Sam's Dilemma

"Once I have your books fully reconciled, we will sit down and review the financial statements in detail. This guide book will help us get the most out of our next meeting."

Like a gentle breeze, the bookkeeper was gone, and they settled into the day's frantic rhythm.

It couldn't be that easy, could it?

Part 1

The Heart of Your
SME

Elusive Road to Success

WHEN YOU EMBARK upon the small business journey, you focus on the gift you are contributing to the world.

This gift encompasses the unique solution you have created that solves a problem near and dear to your heart. You are driven by passion and are fulfilled when you help someone who is facing the very problem your gift solves. When fuelled by this passion and success during these initial weeks or months, there is often little mention of money.

Whilst there is usually a level of expectation that you can commercialise your gift, it is not the driving motivation for the most successful of businesses. Offering your gift to the world and making someone else's life easier is the primary objective. Unfortunately, this is where the quandary lies. For a business to reach the heights of success and be sustainable in the long term, prudent financial management is mandatory.

For the impassioned entrepreneur, managing their SME's finances is less critical than ensuring customer satisfaction, their staff are happy, and ancillary issues are resolved swiftly. Many new business owners don't manage their finances

Discover Your Finance Engine

beyond their SME's bank account, ensuring only that there is enough cash to pay the month's expenditures or even just the following week's commitments.

When starting out, the financial education of many SME entrepreneurs starts and ends with managing the household cheque book. They think this skill set transfers to the management of their SME's finances, not realizing the complexities involved. The business finances and intimate movements of money in and out of an SME are more far-reaching than household financial management and can quickly get out of hand.

The SME's Finance Engine is, more often than not, viewed as a burden—a time-consuming task that pulls their attention away from generating sales and servicing their customer base. Deadlines provided by third party stakeholders end up driving the entrepreneur to update their SME's Finance Engine at the last minute, causing them to miss out on vital financial information and opportunities.

More businesses fail from financial mismanagement than for any other reason. Not only do aspiring entrepreneurs start their small business journey with insufficient capital, but the management of the capital they generate is often managed poorly. Throughout my experiences working with and within the smaller entity, many viable businesses never get the chance to succeed because there is a lack of focus on the financial flows in and around their businesses. The Finance Engine and the benefits it provides are often undervalued and underutilised, making the road to success unnecessarily challenging, or even impassable.

The Finance Engine of your SME is as unique as your business model, the problem you are trying to solve, and the solution you're delivering to the market. Survival depends on the SME entrepreneur understanding the intimate mechanics of their Finance Engine and how this function, when