

NAMM[®] 
idea center

Poor Cash Flow Is NOT The Problem!



Daniel Jobe
Friedman, Kannenberg & Co., PC

presented by

Joel Menchey
Menchey Music Service



**Grow your
business like
you grow your
bank account...**



Objectives



- Discuss the difference between “good” and “bad” **cash flow**
- Determine when **debt** seem appropriate
- Offer **5** focused areas for **improvement**
- **Q&A** along the way

What is cash flow?



A revenue or expense stream that changes a cash account over a given period. Cash inflows usually arise from one of three activities - financing, operations or investing - although this also occurs as a result of donations or gifts in the case of personal finance. Cash outflows result from expenses or investments. This holds true for both business and personal finance.



What cash flow really is!

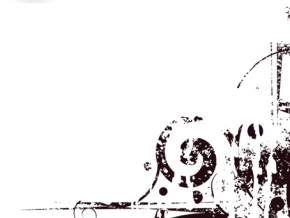
**“The movement
of money in
and out of a
business”**



How to create “good” cash flow



- Increase revenues
- Control expenses
- Sell-off aged inventory and old other assets



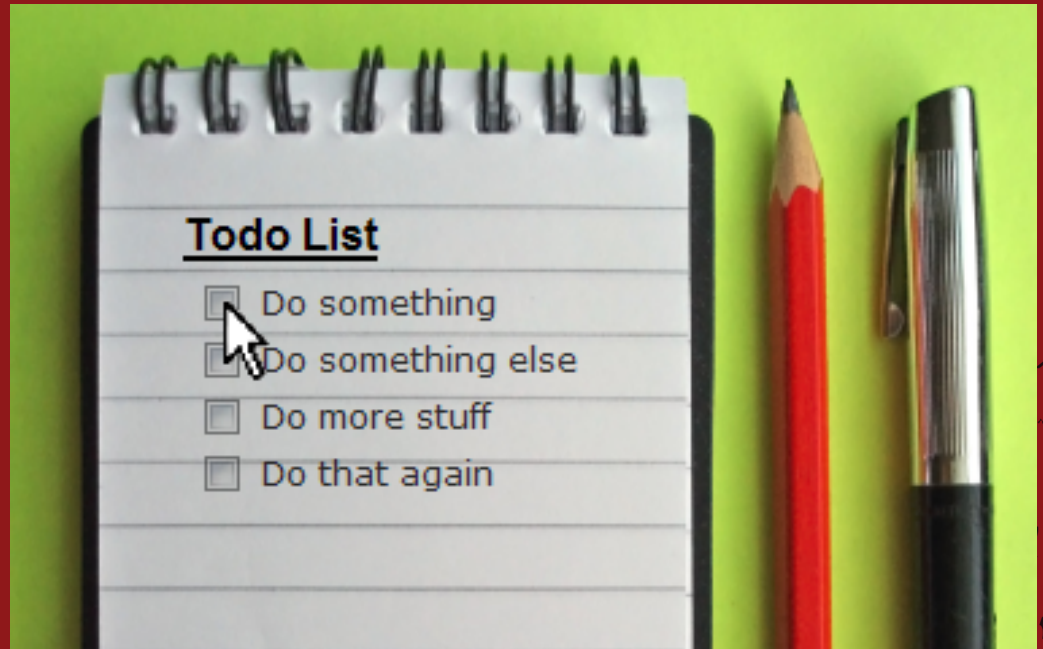
Why do I have “bad” cash flow?



- Discounting fast turning inventory
- Supporting a personal life style
- Other reasons?



Items for your “TO-DO” list...



Action Step 1

Develop internal financial controls and review your financials monthly;

If you're not profitable...
get profitable!!



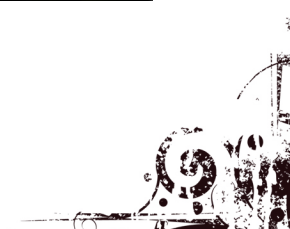
Action Step 2

Refine your inventory control and decrease your aging inventory.... you are **NOT** running a museum!



Action Step 3

Banking – Create a relationship with a bank...even when you do not need them.



Is borrowing right for me?



**“Let us not bankrupt our todays
by paying interest on the regrets
of yesterday and by borrowing
in advance the troubles of
tomorrow.”**

Ralph Sockman

Action Step 4

Obtain the
“type” of
financing based
on asset life.



Which financing is right for me?



- 1. Vendor Credit** – inventory purchases
- 2. Bank Line of Credit** – help with the slow times of year
- 3. Long Term Notes** – long term assets that return money over time (i.e. rental assets, vehicles, computers)

When should I not borrow?



- To extend the term of a note longer than the asset value, or return on the asset (i.e. vehicles, rental pools)
- To fund the losses of an unprofitable part of your business
- To support your personal lifestyle

Action Step 5

Before you try something new...

- Write a **plan**
- Figure out how to **track it**
- Know when to **push forward**
...or “get out”



Create a Plan...



PLANNING

Plan your writing ahead of time. Pencils Have Erasers for a reason.

**“It takes as much
energy to *wish* as it
does to *plan*.”**

Eleanor Roosevelt



Tracking...and pushing forward



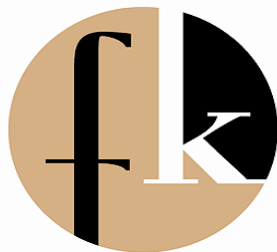
1. Monthly Profit & Loss Statement
2. Balance Sheet
3. Annual "P&L" Budget
4. Marketing Plan
5. Business Plan



A close-up photograph of a piece of white lined paper. The word "Questions?" is written in a large, black, cursive script. A black marker is visible in the bottom right corner, with a curved line drawn underneath the word. The paper has horizontal blue lines.

Questions?

Need more help?



friedman kannenberg
and company pc

**Contact [Jen Lowe](#) after this seminar
to set up a meeting time**