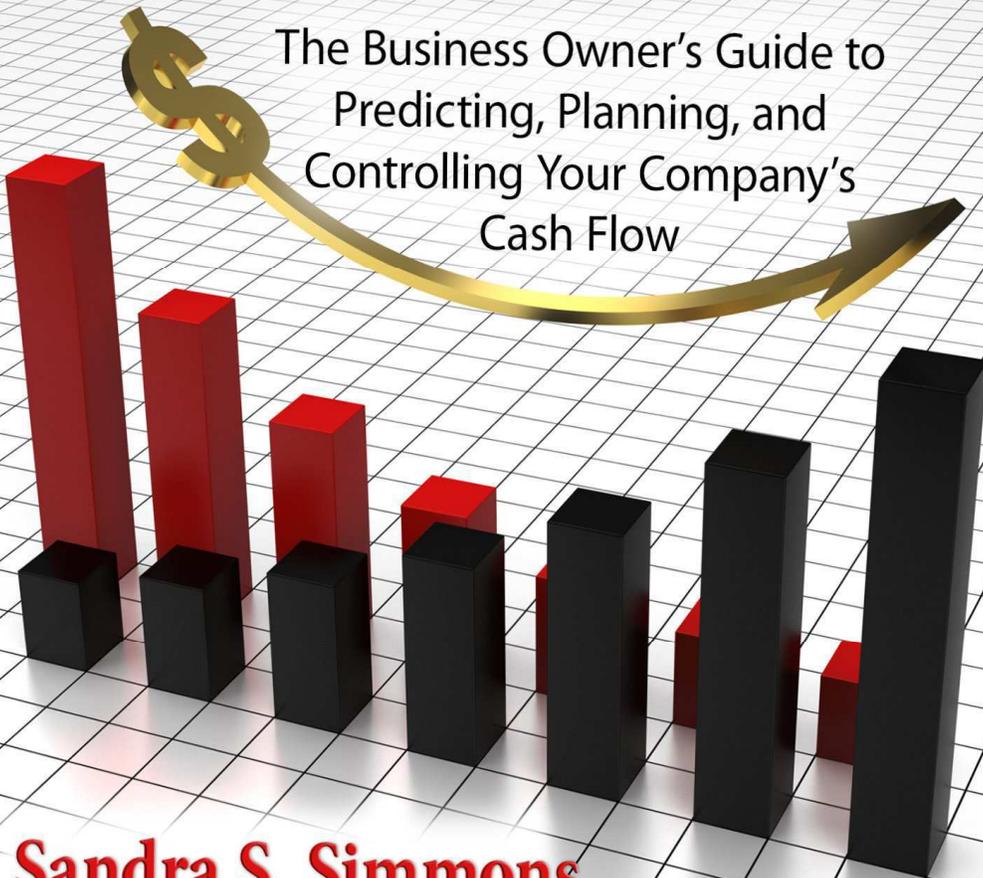


Unleash Your

CASH FLOW MOJO

The Business Owner's Guide to
Predicting, Planning, and
Controlling Your Company's
Cash Flow



Sandra S. Simmons

Published in the USA by
Money Management Solutions, Inc.
4001 Santa Barbara Blvd., #358
Naples, FL 34104

© 2012 Sandra S. Simmons. All Rights Reserved.

ISBN 978-0-9770771-9-9

CASH FLOW MOJO is a trademark
owned by Sandra S. Simmons
and is used with her permission.

All other trademarks and service marks are the property of their
respective owners.

*No part of this book, program or document may be reproduced or
transmitted in any form or by any means, electronic or mechanical,
including photocopying, recording or by any information storage or
retrieval system without written permission from the copyright owner.*

Praise For *UnleashYour Cash Flow Mojo*

I've been a CPA since 1984 and have always used "old school" methods to analyze cash flow. By that, I mean managing cash and other assets based upon historical accounting statements. I've been a colleague of Sandra's for four years and she really opened my eyes as to how to best manage a firm's cash resources in an optimal manner. Sandra is a true pioneer in the field of cash flow and wealth management.

Kent Harlan, CPA – Ozarks Capital Funding, Inc., Springfield, MO

This method works. It worked for my company several years ago, I personally know the owners of other companies Sandra has turned around with it, and it will work for any company, or personal budget, for that matter.

The key is the sub-title: The Business Owner's Guide to Predicting, Planning and Controlling Your Company's Cash Flow. Most business owners work in reverse – using accounting to look at where the money went (often, more than what came in...), rather than PLANNING and CONTROLLING.

Sandra knows her stuff. If you want to be wealthy, you need to implement the process of Cash Flow Mojo.

Rosalie Hamilton, Founder & President of Expert Communications, Inc.
and author of *The Expert Witness Marketing Book*.

I have used this software program “Cash Flow Mojo” for a Fortune 100 company that does a gross of 2.5M a year. It enabled me to turn the company around and move it from red to black within one year. I was also able to establish a reserve account of over \$75,000.

If you follow the Cash Flow Mojo program, you will definitely be able to work yourself out of debt, set-up various reserve and savings accounts and increase your profitability.

The program itself is very user friendly and easy to use.

I personally have known Sandra Simmons for several years and she knows what she is talking about. Her expertise in this area is beyond compare and I have personally witnessed what she has been able to do for various companies.

Kathleen Lettau, President, Perfect Accounting Service, Inc. Naples, FL

Dedication

This book is dedicated to
my family, my friends, and
my husband, Brian Dawson
who understands my passion
for this subject and encouraged me.

Introduction

Welcome to the age of business cash flow management in the new economy. For decades, business owners have been using century-old accounting and forecasting tools to try to manage their financial affairs. Yet these old tools have done little to help them peer into the future and have offered few guideposts with which to predict which way the winds of finance would blow for their companies.

Some time ago I realized that, without guideposts and tools to predict, plan and control the financial future of their companies, businesses owners were very likely to get into trouble, or fail financially, despite how well their business was doing at any given time

How is it that some businesses manage to flourish and become financially successful, and yet many do not? How do they accomplish what seems to be magical success?

It is a matter of viewing cash flow management with a bit of a different viewpoint, learning that the old tools, while useful for certain things, are not adequate by themselves, and not making the fatal mistakes that many

business owners make in managing their company's money.

What are the qualities that empower a business owner to manage cash flow so that they flourish financially? They are simple yet powerful actions that unleash the mojo (magical powers) of substantial, sustainable cash flow.

In this book you will discover that unleashing the cash flow mojo is within the grasp of every business owner who cares to make use of it. Because you are reading this book, you have a better chance than others of unleashing the mojo and using it to good effect.

Why I wrote this book:

1. You need to know this stuff to survive and flourish financially in your business.

2. Business, especially small business, is the backbone of any economy. If small business fails, we all fail. I don't want you to fail. The country needs you solvent and viable.

This book is not a motivational tool. It is a guide to a new way of thinking about and handling money. It contains the steps of a system and explains how to avoid

the fatal mistakes inherent in managing the cash flow in a business. It even goes so far as to guide you through reversing mistakes you have made with money in the past.

There are tools introduced in this book to help you apply the system, unleash your mojo, and accomplish the steps outlined in this guide in a minimal amount of time. Some are free and some carry a price. It is up to you to decide whether or not you will use the tools.

Just a note here: I sometimes interchange the phrase “cash flow management” with “money management.” In this system they mean exactly the same thing.

Of all the questions business owners ask me, the most common question I get is “How can I make more money AND increase my profits?”

Most business owners think that increasing sales is the answer, and while that certainly is part of the equation, it’s not the **WHOLE** answer. A business can bring in lots of income and still be struggling to survive.

On the other hand, some businesses bring in a comparatively modest amount of income and are in *great* financial shape.

Why is this?

It's simple. It has everything to do with how the business USES the income that determines its financial condition.

If you're like most business owners, you are super busy running your company.

So let me ask you a question. How much time do you spend planning how to utilize the most important resource your business has — its cash flow — to guarantee you achieve your financial goals?

Cash flow management *planning is the missing step.* It's the step that business owners were never trained to do. That's why I wrote this book.

My intention is very simple. After reading this book, I expect you to implement the behavioral and procedural changes it covers so that you gain complete control of your company's financial future. When you do that you can make your business resistant to any negative economic situations that rage around it now or in the future

We dare not allow economic conditions to break the back of small business. While you cannot control the economy in general, you CAN control the economy of your business by understanding and practicing correct cash flow management. Harnessing and using what you learn from this book will give you **Cash Flow Mojo**.

Contents

What is Cash Flow Mojo?.....	1
Adopting a Different Operating Basis.....	4
The Most Important Question You Need to Answer.....	8
When You Are Freaked Out By Your Income Target.....	14
Sales and Income Planning.....	17
Sales and Delivery.....	22
How to Use Your Cash Flow to Achieve YOUR Financial Goals.....	24
How to Think and Plan in Futures	35
The One Word That Can Make You Wealthy	39
Raise My Prices? (Gasp!) In THIS ECONOMY?	41
What Money Is	44
The Deadly Trio	46

Promote It Right and They WILL Come	49
My Story	57
Further Education	63
Glossary	66

What is Cash Flow Mojo?

The definition of the word mojo is **magical powers**.

When you have cash flow mojo you have an understanding of, and are applying, all of the concepts and procedures of correct cash flow management to your company's best financial advantage. The areas of application include:

- Budgeting.
This is not the type of budgeting that only means belt tightening or denying yourself anything fun.
- Setting the correct income planning target *to do better than break-even*.
The majority of business owners get this one wrong from the start.
- Doing sales planning and promotional planning to drive sales upward.
There is a science to this that is simple yet often neglected
- Cutting discretionary expenses to free up cash flow.
Hint: promotion and marketing are NOT discretionary. They are mandatory.
- Getting out of debt or avoiding getting into debt.
This one is a piece of cake when you have the cash flow mojo juiced up on the finance line.

- Avoiding common mistakes that can be financially fatal and reversing those types of mistakes you made in the past.
Every business owner has made a few mistakes. But what you learn from making the mistakes and what you do in the future will determine your company's ability to not only survive, but thrive.
- Saving money in what my clients and I fondly call "buckets of cash" designated for specific things.
This is the fun part where you can actually start sleeping better at night just knowing that you have the cash flow mojo going on and that you are going to be better than just "okay."
- Thinking and planning in the present and in futures.
This directly relates to those buckets of cash you are going to start filling up in your company.
- Not wasting a dime or spending money needlessly.
This one is a biggie for those of you who make enough money that you think you can afford to waste some, or even give it away before you have met your personal goals.
- Setting financial goals for the future, and keeping the discipline in week after week so you can and do reach those goals, and then setting new ones.

This one is totally under your control from the get-go, but may be the hardest one to put in and keep in.

When you have all that in place, and are thinking with, and operating with, the correct management of cash flow, then you *will* have cash flow mojo going on. Doing all of these things correctly is simpler than you can possibly imagine and more powerful than you can believe...until you've done it. Applying what you learn from this book will help you do it.

Adopting a Different Operating Basis

Your most basic viewpoint shift requires your knowing and understanding the difference between **Accounting Versus Cash Flow Management Planning**

For many, the subject of accounting seems complicated and mysterious. In fact, accounting is simply recording what occurred with the money in a company or a household. It answers the questions of how much money came in and where that money was spent.

Any standard accounting system and the reports it generates is actually a look back in the past. The money came in, went out and is recorded after the fact. It tells you how much was made or lost, and how much is currently owed.

While this is important to know; and, because you have to report it to the taxing authorities, it can put the company or individual in a position of being controlled by the money, always making financial decisions based only on how much money is left in the bank and how much tax is going to be levied on the profit.

Being held hostage by your bank account balance is just not fun. Having to ask yourself, or your bookkeeper, “How much money do I have in the bank? Can I pay this

bill?” is you being controlled by the money your accounting system says is available right now.

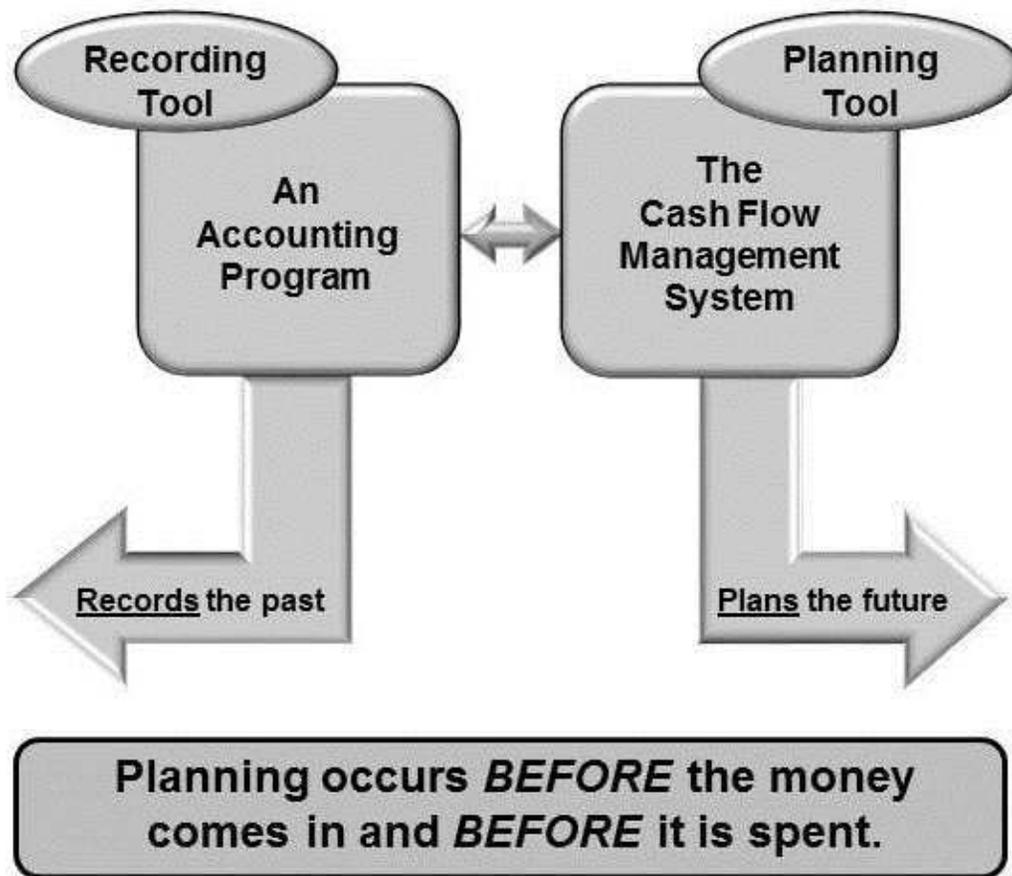
Cash flow management planning, on the other hand, is done by looking at today and toward the future. Planning occurs BEFORE the money comes in and BEFORE it is spent. This puts the company or individual in control of the money. And that is how it should be.

For any company, planning and implementing actions to make more income are essential.

Cost of living increases, rising prices and taxes eat away at modest income growth. Reducing expenses without reducing the ability to produce income is necessary to have a profitable company today. Using existing cash and resources in a way that prevents waste and generates more income is vital.

All of these actions require planning BEFORE doing. This is operating in the future.

Where did all the money go? Your accounting system tells you that.



Cash Flow Mojo[®] Tip #1

Stop making financial decisions based only on how much money you have in your bank account.

How much money will be coming in? How can it best be used to increase the long term survival potential of a company and its individual employees?

The answers to these questions require frequent, consistent, and careful cash flow planning and management. By consistently applying the principles in

this book, you can quickly develop the skills to do the correct cash flow management actions for your company.

Testimonial

"Less than 3 months ago the likelihood of paying off a huge debt without borrowing money seemed impossible, much less figuring out how to continue running our business without any money. Our production statistics were down, the quality of our work was poor, jobs were not profitable, acquiring new jobs was at a stand-still and we were **BLOCKED**.

Using this Cash Flow Management Software, we did our weekly planning faithfully. It brought us understanding of what caused our financial difficulties in the first place, peace of mind through a very stressful period, and the ability to get through each week with a plan of action that allowed us to systematically work ourselves into a better condition in just 3 short months. Now the contracts are flowing in, we have qualified personnel, great profitable work, haven't had to borrow a penny to pay off debts and now have a very simple and workable software system to flourish and prosper." - P. A.

Flourish (verb intransitive) to do well and be prosperous; to be in a state of activity and production; to reach a height of development or influence; to increase in health, wealth, happiness, honor, comfort or whatever is desirable - Webster Third International Dictionary © 1909

The Most Important Question You Need to Answer

Typically a business owner will reconcile the bank account in their accounting system in order to find out how much money is in the bank account, and then pay the bills based on pressures being put on the business. In any given week the pressure can be extreme to cover payroll, the rent or mortgage, a credit card payment that's due, and a vendor who is screaming for money and threatening to cut off deliveries of supplies you need to produce more income.

Little thought is given to what next week's needs are going to be in the face of current extreme financial pressures.

So how should you be managing your cash flow to not only pay this week's demands, but to also plan for next week's and next month's demands *and* start filling up those buckets of cash I mentioned earlier?

The correct cash flow management cycle begins with knowing your real income planning target. This is discovered by building a budget, and making sure that the budget includes everything needed for the company to operate and to become financially secure.

When a new client hires me to do one-on-one cash flow management coaching, one of the first questions I typically ask is, **“How much cash do you need to bring in to run your operation each week?”** I usually get a period of silence, and then they get a pad and pencil and noodle around some figures. Finally they will spit out a number and I write that down. Then we do the drill to find out what their cash flow actually needs to be for their business to do better than break even.

When we compare the two numbers they are often radically different. I have found over the past 20+ years that the business owner typically UNDER estimates what they need to bring in by 13 to 25% depending on the type of business they are in.

If they are operating on a target that is too low, then they are **PLANNING TO GO BROKE.**

The income planning target needs to be a weekly target. This not only helps you run much tighter control on the money; it also gives you a smaller number, where a larger number may tend to make you freeze up and decide something deadly like, “I can never make that target.”