

A PUBLICATION

OF

EmpowHer  
Profits

BATTLE-TESTED STRATEGIES

# BUSINESS

FINANCIAL  
SECRETS OF A  
FEARLESS CFO

## FINANCIAL INDEPENDENCE

comes with running your own business and ensuring its successful growth. Long hours and sleepless nights are stressful when challenges outside of your control risk it all. In these times of uncertainty, the steps you take now can help your business thrive no matter what lies ahead.



# UNDERSTANDING WHERE YOUR BUSINESS IS POSITIONED TODAY IS THE KEY TO THIS SUSTAINABLE GROWTH.

Consider these self-assessment questions:

- Do you know your profit number and has it grown from the prior year?
- When did you last take intentional actions to increase your profits?
- When did you last contribute to your retirement plan?
- Do you have a foolproof method of forecasting your performance 1, 2, or even 5 years from today?
- When last did you hire an experienced CFO to equip you with the skills to create a profitable business?

These basic questions help determine exactly where your weaknesses and opportunities are and the key to capturing a stronger future position.

## PROFIT VERSES REVENUE

According to the Small Business Administration's (SBA) statistics, almost 20 percent of small businesses fail within the first year. Another 50 percent fail within five years. A critical factor in business failure is that these business leaders did not have a system for intentional growth through profits, and instead focused primarily on growing their revenues. Change the way you think about measures of success and your business will change for the better.

Profit-driven strategies are essential for growth and the protection of all you've worked so hard to build. Here are a few proven solutions that work.

# #1 FORECAST YOUR FUTURE; CREATE A 1, 2, AND 5-YEAR PLAN.

A forecast is a critical aspect of any successful business where leadership has developed forward-thinking strategies to forecast for the future. This process considers challenges and opportunities in achieving goals by planning for several alternative scenarios. This plan should be flexible and dynamic and should include an intuitive methodology, such as trend data, return on investments (ROIs), required headcount, or investment needed to meet this revenue goal. These forecasting skills are taught by the experienced team at EmpowHer Profits and honed to counter any scenario your business meets in the future.

Revenue is vanity, profit is sanity  
and cash is king.  
~Alan Mitz

## #2. CASH FLOW PROJECTIONS

Almost 80 percent of small businesses fail due to cash flow issues. Without cash, most businesses are unable to survive. Financial decisions cannot be made solely on the balances in your bank account. Cash flow forecasting provides an important view of your cash and reflects the inflows and outflows of a business over a specific period of time. A cash flow projection helps to proactively identify cash balance exposure and ensure that businesses can take proactive steps to mitigate a potential cash shortage issue.

## #3 RECURRING SALES OR SUBSCRIPTION MODELS

As much as possible, create a model that allows your customers to purchase subsequent products or services from you on a monthly basis.



This strategy will guarantee a minimum revenue floor with very low customer acquisition expenses.

For example, if you have a coaching business that requires a large upfront investment; when the program is completed, do ensure that you provide a smaller long-term option for clients that allows you to maintain a consistent stream of revenue.

## #4 OPERATING EXPENSES

This category applies to expenses such as rent, insurance, travel, unnecessary equipment, and large administrative employee headcounts. Keep these expenses as low as possible. Operating expenses should not grow at the same rate as revenues. On an annual or biannual basis, evaluate your expenses to eliminate any costs that have not demonstrated an improvement to your bottom line or an increase in revenues.

Then evaluate the possibility of outsourcing tasks or eliminating recurring subscriptions that are not consistently used by your business. Work towards a minimum of a 5 percent reduction of your operational expenses even while your revenues are increasing. This strategy will ensure that your profit will consistently improve.

OUR PROVEN PROGRAM AT EMPOWHER PROFITS EVALUATES THE GROSS MARGINS OF YOUR PORTFOLIO AND IDENTIFIES KEY OPPORTUNITIES AND WEAKNESSES HINDERING YOUR PERFORMANCE.

## #5. BUSINESS BANK ACCOUNT

Do not combine your business expenses with your personal expenses. Gaining clarity on your profitability becomes difficult if your finances are unclear. This separation is also required to protect yourself from litigation and minimize any potential IRS scrutiny.

## #6 PRICING AND PROFIT MARGINS

Evaluate individual product pricing and gross margins periodically. Our proven program at EmpoweHer Profits evaluates the gross margins of your portfolio and identifies key opportunities and weaknesses hindering your performance.

We help evaluate market forecasts, rising cost of raw materials, and increasing cost of personnel, to glean an optimal time frame for price adjustments while guiding to ensure that your volume will not be substantially affected.



## #7 CREATING AND TRACKING METRICS TO ALERT FOR POTENTIAL ISSUES

Set criteria for the appropriate level of operating expenses relative to revenue. For example, ensure that your expenses are not growing as rapidly as your revenues. Do have a plan in place to monitor your outstanding accounts receivables at a glance and set metrics that will readily alert you if you are falling short relative to your goals. The bottom line, ensure that your metrics are easy to track, and tracked regularly and that you have a plan in place to correct performance indicators that are not aligned to expectations.

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– GLORIA DIOUM, PROFIT STRATEGIST

## #8 CREATE A RESERVE FUND AND HAVE AN APPROVED LINE OF CREDIT

Always apply for funding when it is not absolutely required. By doing this, you will have sufficient time to shop around for the cheapest form of funding. In addition, a portion of your monthly profit should be set aside for emergencies. This strategy also helps offset a potential need for emergency funding, which is always costly. Pay attention to how you manage your credit which is critical to having a sustainable business. Having a good credit profile ensures that you qualify for the best interest rates and improves your ability to secure your capital.

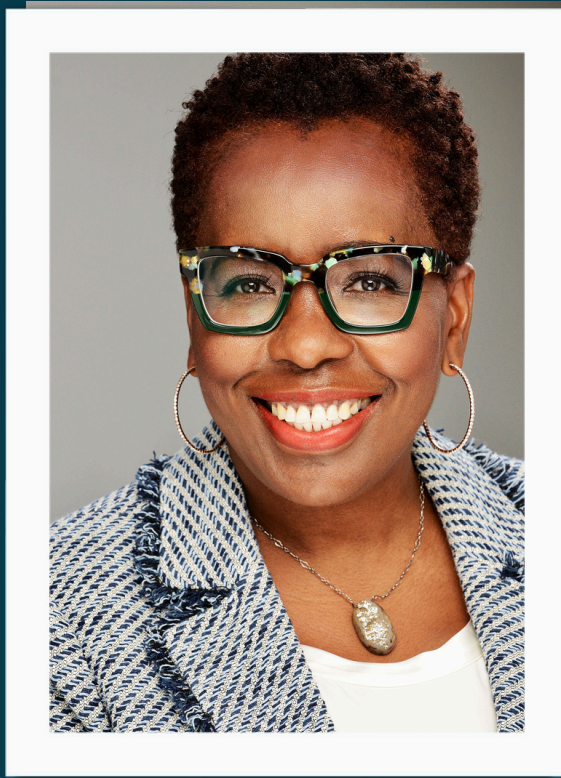
## #9 TRACK AND UNDERSTAND YOUR FINANCIALS

Select one day a week where you can focus on your financials by blocking off one hour on your calendar in advance. This process should include having a system to evaluate your progress against your plan. If your budget is limited, use excel or a free app (WAVE) to initially manage your financials. Later, you can transition to a paid plan such as Quick Books and Zero, etc.

## #10 HIRE THE RIGHT FINANCE RESOURCES

Hire a CFO to help you create a strategic plan for your future and improve your chances of profitability. If possible, pay a bookkeeper to help ensure that your numbers are accurately tracked. It is useless if the data is reflected incorrectly.

With 20 years of experience in the industry, we at EmpowHer Profits provide personalized education and CFO services to ensure that you meet your goals with confidence and provide flexible terms that fit your needs. Our experience includes managing global businesses with over \$10B in annual revenues, to small businesses like yours. Our mission is to help more small businesses stay in operation and thrive well into the future.



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