

# The Owner's Scorecard

FROM RISK TO REWARD | CHAPTERS 7 AND 8

DR. GENE A CONSTANT

*Five numbers, once a month. Profit tells you if you can win. Cash tells you if you can stay alive.*

## NEW TO THIS? START HERE

A business can make a profit on paper and still run out of money, because bills come before payments. This card keeps five numbers in front of you. You need a calculator, your bank balance and last month's bills. Fill in one column on the same day each month. When a number moves the wrong way two months in a row, that is your signal to act.

## HOW TO WORK EACH NUMBER

### 1 Cash in the bank

What you could spend today.

### 2 Monthly burn

Money out minus money in, last month. If more came in than went out, write 0.

### 3 Runway

Cash divided by burn = months you can keep going. If burn is 0, write "no limit." Many owners act when it falls below 3.

### 4 Days to get paid

Average days from finishing work to money in the bank.

### 5 Gross margin

(Price minus cost) divided by price. Not the same as markup.

## BONUS: YOUR BREAK-EVEN

Fixed costs per month divided by (price minus cost) = sales you need each month just to stay even.

*Example: \$2,200 fixed, \$25 price, \$10 cost.  $2,200 / 15 =$  about 147 sales a month, roughly 34 a week. Margin:  $15 / 25 = 60\%$ .*

| MONTH                     |  |  |  |  |  |  |
|---------------------------|--|--|--|--|--|--|
| 1 Cash in the bank (\$)   |  |  |  |  |  |  |
| 2 Monthly burn (\$)       |  |  |  |  |  |  |
| 3 Runway (months)         |  |  |  |  |  |  |
| 4 Days to get paid        |  |  |  |  |  |  |
| 5 Gross margin (%)        |  |  |  |  |  |  |
| Break-even sales / month  |  |  |  |  |  |  |
| Actual sales this month   |  |  |  |  |  |  |
| Lowest cash ahead (when?) |  |  |  |  |  |  |
| One thing I will do       |  |  |  |  |  |  |

*Practice with your own numbers first: the free Owner's Forecast runs your plan through a thousand possible futures.*

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