Guide: Six Ways to 2x your Profits!

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POOR CASH FLOW MANAGEMENT

Poor Cash On Hand is a critical problem that can significantly impact the health and sustainability of a business. It involves the struggle to maintain a balance between the cash entering and leaving the business.

Prevention:

- Cash Flow Forecasting: Estimate the amount of cash that will flow in and out of the business in a future period and TRACK it!
- Build a Reserve: Have 60-90 days of monthly total expenses always available
- Review Recurring Expenses: Know what to expect Monthly

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Not having a budget is a common pitfall for business owners, often leading to financial difficulties through unplanned spending and poor financial oversight. A budget acts as a roadmap, guiding decisions and ensuring that resources are allocated efficiently.

As a business owner, it's essential to develop.

- Design based on REALISTIC projections
- Don’t forget to factor labor
- Review regularly
- Adhere to the budget
- Plan for at least the next 6 months
- Model based on (Products x Sales) needed

NOT MAINTAINING A BUDGET

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IGNORING FINANCIAL STATEMENTS

Ignoring financial statements is a risky oversight for business owners. Regular analysis of key financial documents is crucial:

- **Balance Sheet:** Shows your business's financial position at a specific point, including assets, liabilities, and equity.
- **Income Statement:** Details profitability over a period, tracking revenues and expenses.
- **Cash Flow Statement**: Monitors cash flow in and out, essential for managing operations and investments.

Regularly reviewing these statements helps in:

- Identifying trends and potential financial issues early.
- Making informed decisions for strategic planning.
- Ensuring business stability and guiding growth.

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Underpricing, the practice of setting prices too low, can significantly undermine a business's profitability and sustainability.

How it Harms:

- Reduced Profit Margins
- Unsustainable Business Model
- Perceived Lower Quality
- Difficulty in Raising Prices Later
- Competitive Disadvantage

How to Counter:

- Know the Cost to Deliver
- Factor Labor and Team Costs
- Train your Sales Team
- Understand Your Competition
- Balance your Expenses to meet the Needed Revenue

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UNDERPRICING

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SURROUNDING YOURSELF WITH GOOD PEOPLE

Having a team of top-notch employees or contractors in a business acts as a driving force for excellence, innovation, and growth.

A-Team style players are instrumental in not just sustaining the business but propelling it forward in a competitive market.

You can’t focus on leading a company if you constantly have to teach everyone how to do their job.

NOT SEEKING PROFESSIONAL ADVICE

CFOs like the ones at Green Light help with:

- Strategic Financial Oversight Monthly or Weekly
- Budget Creation and Revenue Forecasting
- Detailed Analysis & Reporting
- Translate Complex Financial Metrics and Jargon
- Utilize Easy-to-Read Dashboards