

## *Financial training For non financial staff*



*The financial training specialists*

### **Finance in a nutshell! (strategy, profit and cashflow)**

I'm doing some financial coaching with the new Managing Director of a small business.

So what does a new MD need to be aware of financially?

Financial success means looking after profit and cashflow, in the long term. We'll cover each of these.

The long term means keeping the important business development issues in focus, as well as dealing with the urgent client issues. It's one of Stephen Covey's "7 habits of highly effective people".

Profitability means managing prices and costs.

The pricing strategy might be a premium price for a premium service, or it may be budget pricing. Both work, but clarity about the strategy is essential!

Cost management comes down to priorities, and assessing the cost/benefit of what we do. What are our priorities (the things we must do) within the context of our pricing strategy?

Providing a premium service for a budget price will probably lead to financial disaster...

Cost/benefit analysis involves looking at all the things we do, assessing their value to the business, and costing them. This can lead to some surprises: the things we've always done can sometimes be very expensive, and provide little benefit.

Cashflow is the least understood but most dangerous element of financial success.

Successful cashflow is about negotiating good payment terms with clients; invoicing promptly; and managing inventories. It's about chasing every invoice, even before it's due for payment.

So: financial success in a nutshell. Now you don't need my training! But you DO need to put this into practice!