

## *Financial training For non financial staff*



*The financial training specialists*

### **Personality profiling (Cashflow, Profit)**

I met with a group of self-employed trainers this week: the others were talking about personality profiling. You know the thing: "I'm a blue"; "I'm ENFJ".

These tools are very useful in helping us be more self-aware, and aware of how others operate. But what would a financial business profile look like?

I think the profiling model would have five axes. Three would be about profit (long-term viability), and two about cashflow (short-term viability).

The first profit axis would be "How good are we at winning sales?" A business that fails to secure orders and make sales will fail.

The next axis will be about pricing. Any fool can sell (almost) anything, simply by dropping the price low enough. Selling things at a good price is harder! I often say "We don't want to make sales, we want to make profitable sales."

The final profit axis would be about cost management, which comes down to effective budgeting. But many businesses give their managers budget responsibility with little preparation or support.

That leaves two cashflow axes. The most important one is getting paid promptly: that's about agreeing good payment terms, and enforcing them. On average all my invoices are paid within the agreed terms!

The other cashflow axis is about stock and WIP management. This is vastly more important for some businesses than for others.

So, three profit axes and two cashflow axes, describing long-term and short-term viability.

How well does your business perform against this profile?