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Skills Your Business Must Have



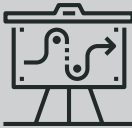
Good Monthly Accounting

- Some form of accrual financial processes – i.e. a 3rd payroll should not define a good/bad month
- Timely entry of revenues and expenses
- Monthly swings in numbers are due to business events, and not bad accounting
- Awareness of key reporting deadlines for banking, tax and other compliance items



Understanding of Cash Flow

- Where is the cash coming from and where is it going?
- Some forward-looking visibility
- Managing cash swings in collections and payments due to seasonality or other factors



Understanding of Key Business Drivers

- What is the true cost to deliver a product?
- Are margins understood and predictable?
- What drives revenue?
- What are the key components in the business that could swing profitability, cash flow, etc.?



Understanding the Different Parts of the Business

- Is there visibility into multiple product lines, types of operation?
- Ability to prevent consolidated numbers from masking key information underneath



Ability to Manage Risk

- Understanding of the company's ability to withstand stress
- Understanding the risks in long term customer and vendor contracts
- Understanding competitive, operational, regulatory risks and potential impact
- Understand insurance needs and have adequate coverage in place



Forward Visibility

- Annual, mostly accurate budgets in place, ideally quarterly rolling forecasts
- Ability to explore the what-if's – impact of expansion, price/cost changes, customer/vendor terms, etc.



"Right" Amount of Capital

- When and how to use Equity vs. Debt
- Not over/under levered based on the nature of the company's balance sheet
- Matching capital with use – Short term vs. Long Term
- Understanding the risks and rewards of current and prospective banks/lenders/investors