



# Tame the CASH-FLOW Beast

## GET OUT OF your fear of DEBT

It's a known fact that company owners need to use a tool called "debt" in order to grow their businesses. It's also a known fact that the weight of debt causes hardship in businesses and in families. It's extremely important, therefore, to be sure that we use this tool to our advantage.

Research still shows that after 3-4 years 90 out of 100 new businesses have failed. Bank Managers will tell you the reason is due to finances not being managed properly. After 10 years, only one out of 100 new businesses remain. Why?

1. Lack of financial control.
2. Working yourself to death ... figuratively or literally ... in the quest for financial control.

In **Strategy #4** of my [7 Simple Strategies 4 Success](#) I don't teach you how to read your monthly bookkeeping reports (see Strategy #2) nor your profit and loss statements, though I do stress the importance of your doing so regularly.

We focus on numerous topics, all relating to **your financial success**, such as:

**Pricing** and how you can be sure you're receiving top \$\$ for the work you do. (As you read this statement, are you one of those people who wants to tell me that jobs are only awarded to the lowest bidder? Please do so, then. I look forward to your call.)

If you'd rather be one of the business owners, however, who gets contractors where **you set the pricing**, knowing you're being well compensated for the quality of your team's work and the confident & competent way in which you lead your business, when you call me I'll ask you to do some research.

Call 10 of your fellow association members and ask them if they have ever bid high on a project and been awarded the contract. Then ask those who have "*How did that happen?*" I'm sure you'll learn that it's thanks to the relationship they've built with the customer, the quality of service they provide, the quality of work their teams do and the quality of their teams. It has more to do, though, with their level of **self-confidence**. Now, if you still believe that there's nothing that can be done for you to ensure you're ending up with the top dollar for your products & services, you have options.

**Debts** – good debts vs stupid debts. Clients in the **7SS4S** identify their own good debts and their stupid debts ... and focus on eliminating the stupid debts.

What's the difference? Debt is a tool. Used properly you receive an ROI on your debt. Simple as that. If your debt is not giving you an ROI it's a stupid debt, so eliminate it as quickly as you can. Simply increase the monthly payments to accelerate its repayment. Start with 5 or 10% if necessary. Increase that 5 or 10% (ie. \$1,000/mo becomes \$1,100/month – and we can ALL reduce frivolous expenses to find an extra \$100/month) by another 5 or 10 after 3 to 6 months. And continue likewise until the non-ROI-creating debt is gone. From today onward, commit to only entering into debt that will give an ROI, even a meagre one.

*What we **FOCUS** on **GROWS**.*

We also focus on **Budgets & Reserves**, without which neither you nor your business will thrive. Have you ever heard to having a financial reserve to cover 3 months' of your operating costs? It's so much easier to accomplish than you can imagine, if you don't currently have a 3-month reserve.

Why is this infamous 3-month reserve (of which even your accountant and your bank speak) so important? Because should you ever run into such a dire situation as some of my clients over the past 15 years have, we'll work very closely together for you to implement numerous changes, applying all 7 of these [7 Simple Strategies 4 Success](#), and get your business rolling again ... yet even **stronger & better** than (likely) ever before. (Mike was one such client. On the verge of bankruptcy he got one of those pre-approved credit cards in the mail and decided to use it to work with me and, if necessary, roll it, too, into his bankruptcy. Within 7 weeks he was now paying every single bill every month. Within 11 weeks he had accepted 2 job-placement students, as they were affordable help at that time – and they both stayed on with good salaries. Within 6 months Mike was giddy with excitement and the thrill of having repaid all of his small debts and was still showing a profit. And profitable businesses simply don't go bankrupt, do they?)

When was the last time you reviewed your **family budget** ... and your business budget? Working with one contractor and his wife they told me they didn't know what their family spending was because, quite frankly, they were afraid to know. Another contractor and his wife invested the time to keep every single receipt for 1 month, and then, with knowledge, made an appointment with the financial planner (whose calls they hadn't returned in years). They were excited after their second appointment with their financial planner because they saw *when* they'd be rid of their stupid debts and they started planning their vacations.

I recently asked a roomful of small business owners for a show of hands of those who had a family budget. Not a hand was seen and everyone looked around the room, in silence. One woman dared to speak up and said: *"We don't like to be limited in what we can spend."*

The funny thing about a **budget**, I explained to her and everyone else, is that it seems like a bad word to many; a **limitation**. I, on the other hand, (like many, if not all, of my clients, now) have a family budget so we can see how much we need to earn during the year to have sufficient funds to set aside for projects, FUN toys, spur-of-the-moment get-aways, whatever you may be longing for ... and much more FUN vacations.

Yes, that's right. **Vacations**: in the plural form; and much **MORE FUN** than you may have ever taken before. Most of my clients hadn't taken many vacations (many had taken none in the previous 3-6 years and some ... none!) because they're too busy ... or worse yet, I've heard *"because we can't afford a vacation."* ☹️ When we get right down to it, though, they see it as frivolous spending because they don't have a "budget" for vacations.

Why would one even WANT to take a vacation? Many don't see the ROI (Return on Investment) in a vacation. Well, there must be *something* valuable in vacations if our forefathers fought to have laws created for employees to earn them. Right?

Vacations not only give you an opportunity to rest ... and unplug from your business – *I know. I know! Most entrepreneurs don't yet know **how to unplug** from their businesses when they go away.* The *right* vacations also provide you with **FUN** experiences; hands-on education; thrill; excitement. And now you take all that joy back to your business at the end of each of your numerous vacations ... to share it with your **All-Star Team**.

That's just one reason why we want to develop the habit of creating a **family budget**. The other is so, as I mentioned, we know how much money we need to earn so we can adjust our business budget accordingly ... and then you **pay yourself first**, not from what's left over or what's not yet maxed on your Lines of Credit.

With a **business budget** – projections for the year ahead – it's easy to see where you're at in relation to meeting your targets for sales and for investments (a.k.a. expenses). Course corrections are easy to make along the way to ensure you can **pay yourself** at the **first** of every month in accordance with the family budget.

As mentioned earlier it's essential to eliminate stupid debts; and while doing so I encourage you to increase your savings, as well. To start with, this is an ideal time to start accumulating the 3-months' reserve. After

that, saving for retirement is a good investment, whether it be through financial investments or real estate. Speaking with an expert in this field would be a very worthwhile investment of your time.

The most important reason for controlling your finances, however, is because it gives you the power, the confidence, the courage, to say **“NO”** to jobs that you just don’t want to do. Ask yourself: *“Have I ever taken on a job I just knew I didn’t want to do?”* Being in control of your finances will give you the power (confidence) to turn those jobs down with no fear about from where the next job is coming.

Another powerful reason for being in control of your finances is that it makes it much easier to make decisions. Let’s say you have acquiring another vehicle in this year’s projected figures and now you learn you need to replace one, as well. Reviewing your figures you make adjustments by putting some other sizeable investment off for a bit, or a few smaller ones, or you **increase sales** ... by offering a new product or service, or simply focusing more on helping your customers make better investment decisions in your company (you may be surprised how easy this is to do. Ed did this for the very first time and within 8 days of the commencement of our coaching partnership he secured a \$200,000 job ... from out of the blue! Talk about **recuperating his investment in working with me!** on which I help every client stay focused during our coaching partnerships. Ed did it inside of 8 days ... and he’s not the 1<sup>st</sup> client to do it that quickly!!).

Whatever the “course correction,” it’s so much easier to make decisions when you have your course mapped out in front of you, when you’re not feeling heaviness from “debt” knowing that your debt is merely a tool you’re using in your business, and you possess personal “power”, thanks to being in control of your finances.

Another of the numerous topics on which we focus in **Strategy #4** comes from **Strategy #2 ...**

**Getting back to the plan** ... by communicating with your financial support teams:

- you and your family (to review your budget and explain the “why”)
- your hired support (to help your employees help you reach your goals, and to **help them** gain personal power by controlling their own finances, as well as to help your accountant, your banker, your financial planner help **you get better results**), and
- your customers (to get your pricing right, help them become A or B quality customers – **more in Strategy #6** – and introduce your new products and services to them. After all, it’s **your customers** who **pay for everything**, right?).

Stay tuned for ...

**Strategy #5 : Find, Hire, Train & Retain Them  
Lead an ALL-STAR Team**



## Fun Has Never Been So Profitable



As general contractor for her home, Lynne identified that while contractors are great on the tools, they struggle to balance money & time ... especially time in which to have **FUN**. As a solution Lynne created **The Trade-Contractors’ Business College**, a year-long coaching & training program for business owners in the construction industry, covering **7 Simple Strategies for Success** which are key to every successful business.

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