





**Setting financial targets and managing cash flow is crucial to moving up the stages of the Million Dollar Plumber Model...**



**Budgeting and forecasting are vital for getting your Financials under control ...**



**What is your biggest money challenge right now? ...**



"I'm getting so frustrated...Working hard but not making the money I should be...What am I doing wrong...I need more cash..."



# The Problem



No money & poor cash flow?...



Suppliers demanding payment...?



On Stop Credit or Cash Only...?



Am I on track? ...Could I do better?...

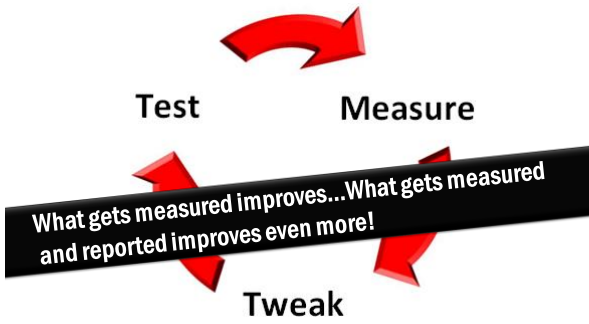




# The Opportunity



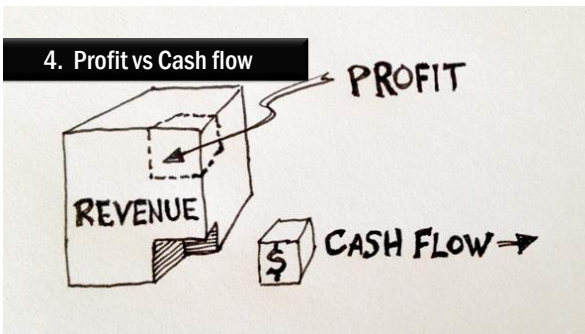




Most Plumbers judge performance based on  
**MONEY IN THE BANK...**







**Cash Basis**

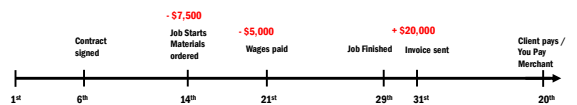
Income & Expenses are entered at the time when they are received or paid

**Accrual Basis**

Income & Expenses are entered at the time they are incurred (i.e. When invoices are generated)

**Profit**  
 For Month  
 \$20,000 - \$5,000 - \$7,500  
 = \$7,500

Sales	\$20,000
Wages	\$5,000
Materials	\$7,500
Gross Profit	\$7,500



**Cash**  
 For Month  
 \$ - 5,000

+ \$23,000  
 - \$8,625

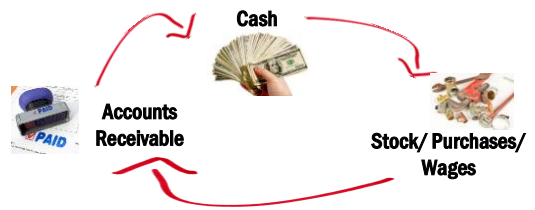


Inland Revenue  
Te Tari Taake

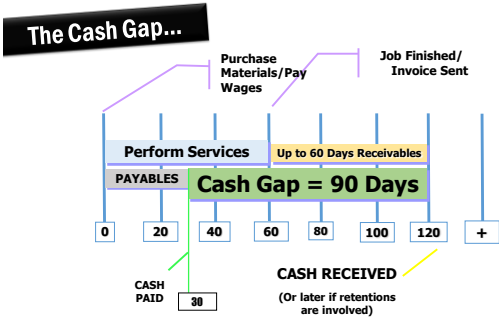
GST/ PAYE/ Provisional Tax...



Working Capital Cycle...







**Break Even =  $\frac{\text{Fixed Costs}}{\text{Gross Profit Margin}}$**

Eg.

=  $\frac{\$420,000}{40\%}$

40%

= \$1,050,000 per year

Break-Even Calculator		XYZ Plumbing and Gas				PLUMBERS COACH			
1st		2nd							
Calculate your gross margin: the percentage of each dollar you sell that stays with you to pay for overhead.		Calculate your break-even sales: the total sales you need to break-even on your fixed costs.		Yearly	Monthly	Weekly	Daily		
Time Period	2014								
Total Sales/Revenue	2,250,000	Fixed Costs	475,000	39,583	9,135	1,301			
Cost of Sales/Goods Sold/Variable Costs	1,350,000	Gross Margin	40%						
Gross Income	900,000	Break-Even Sales	1,187,500	\$8,358	22,837	3,253			
Gross Margin	40.0%	3rd	Calculate your break-even transactions: the total # transactions you need to reach break-even sales.						



XYZ Plumbing and Gas - Budget		2014												PLUMBERS COACH		
		Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Total		
Revenue	INCOME	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	960,000	120,000	120,000
Cost of Goods Sold		48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	576,000	72,000	72,000
Cost of Sales - Materials		4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	48,000	6,000	6,000
Cost of Sales - Labor		44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	528,000	66,000	66,000
Total Cost of Sales		52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	624,000	78,000	78,000
GROSS PROFIT		28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	336,000	42,000	42,000

Create a Sales Budget...





**Desired Profit + Fixed Costs**  
**Gross Profit Margin**

**Eg.     \$300,000+ \$420,000**  
**40%**  
**= \$1,800,000 per year**  
**= \$150,000 per month**

**Enter your budgeted sales...**

XYZ Plumbing and Gas - Budget												
2014												
Month	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	March
<b>Sales</b>	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
<b>Cost of Goods Sold</b>	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
<b>GROSS PROFIT</b>	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000

**Estimate your Cost of Goods Sold...**

XYZ Plumbing and Gas - Budget												
2014												
Month	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	March
<b>Sales</b>	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
<b>Cost of Goods Sold</b>	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
<b>Total Cost of Sales</b>	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000	320,000
<b>GROSS PROFIT</b>	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000





**XYZ Plum**

Weeks	2013												
	September				October				November				
	8/09/2013	12/09/2013	19/09/2013	26/09/2013	3/10/2013	10/10/2013	17/10/2013	24/10/2013	31/10/2013	7/11/2013	14/11/2013	21/11/2013	28/11/2013
<b>CASH POSITION</b>													
Beginning Cash Position	-16,810	25,420	7,800	-42,857	-22,716	8,120	8,282	18,706	-10,149	-18,152	44		
Other Cash in Out	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Cash Position	18,220	7,400	-42,857	-22,716	8,120	8,282	18,706	-10,149	-18,152	44			

Preview your predicted cash balance...



Adjust your forecast with actuals for greater accuracy...



How to improve your Cash Flow and Close the Cash Gap...



Strong Profit...High Margins...

**Strong Accounts Receivable Process...**

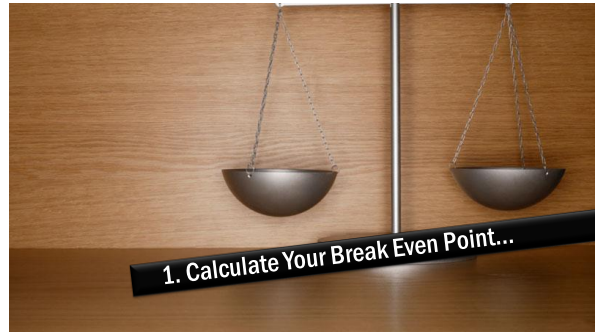
**"If an invoice is due in 30 days, we pay it in 60 days. If it's due in 60 days, we pay it in 90 days. If it's due in 90 days, then they probably don't need the money anyway."**



Terms of Trade...







### Downloads and Templates to Help...

- > 1.0 Sales Budget Template
- > 2.0 Break Even Calculator
- > 3.0 Weekly Cash Flow Template
- > 4.0 Terms of Trade
- > 5.0 22 Ways to Improve Your Cash Flow
- > 6.0 4 Ways to Boost Your Cash Flow
- > 7.0 Debt Collection Psychology
- > 8.0 Debtors System
- > 9.0 Phone Scripts for Debtors System
- > 10.0 Planning for Profit
- > 11.0 Cash Flow and AR Management

