



MONTHLY ONLINE EVENT WITH NETWORKING
OPPORTUNITIES

Profit Maximization Strategy Series

Running Your Business by the Numbers

Learning The Language of Business Finance and Profitability

(Session #2)

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Session #2

Learning The Language of Business



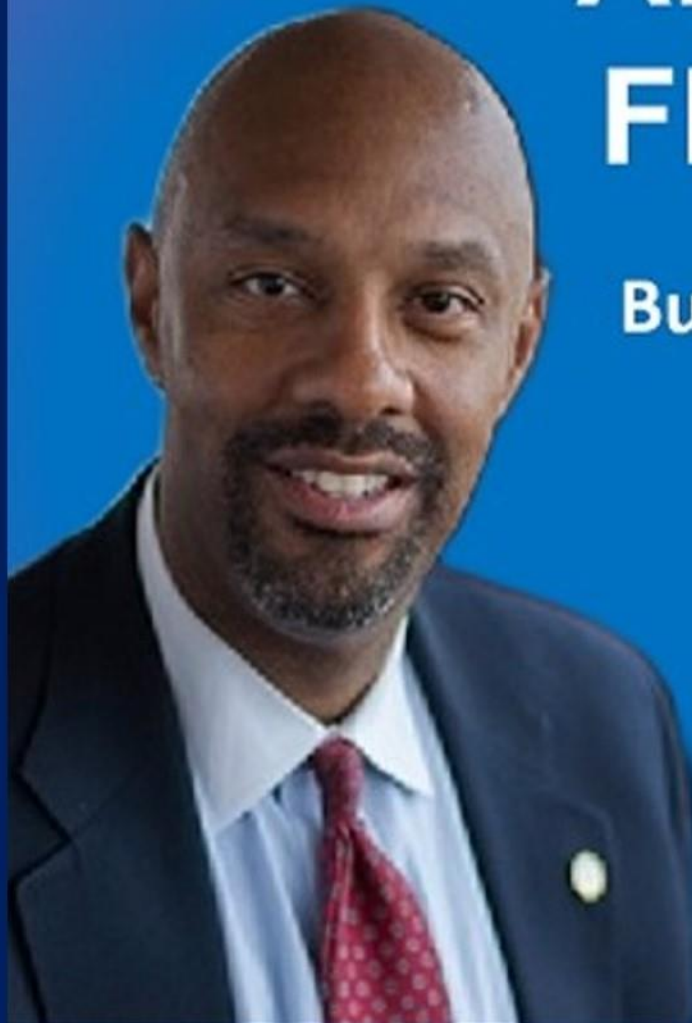
- If you're in France and don't know French, how well will you be able to communicate?
- **Are you fluent in the language of business?**
- Learn the key concepts, terms, and vocabulary to understand how your business really works.



ANDREW FRAZIER

MBA, CFA

**Business Growth
Pro and CFO**



- Paperboy
- Entrepreneur
- MIT Engineer
- Navy Supply Officer
- Business Manager
- NYU- Stern MBA
- CFA Designation
- Corporate Executive
- Real Estate Investor
- Non-Profit Leader
- Business Owner
- Coach & Consultant
- Teacher & Trainer
- Outsource CFO
- Author / Speaker

The Challenge



- Many business owners are not fluent in the language of business.
- It's difficult to communicate effectively and get where you want to be when you don't speak the right language.
- Knowing the key concepts, terms, and vocabulary helps you to understand how your business really works.



Is This For You?



- Business Owners who are:
 - Generating revenue
 - Looking to increase profitability
 - Wanting to create a sustainable business
 - Seeking to Work ON Their Business Not IN It
 - Looking to maximize value of their business





What You'll Learn Today

- What the Language of Business is.
- Understand the Key Concepts, Terms, and Vocabulary
- Communicate More Effectively With Stakeholders





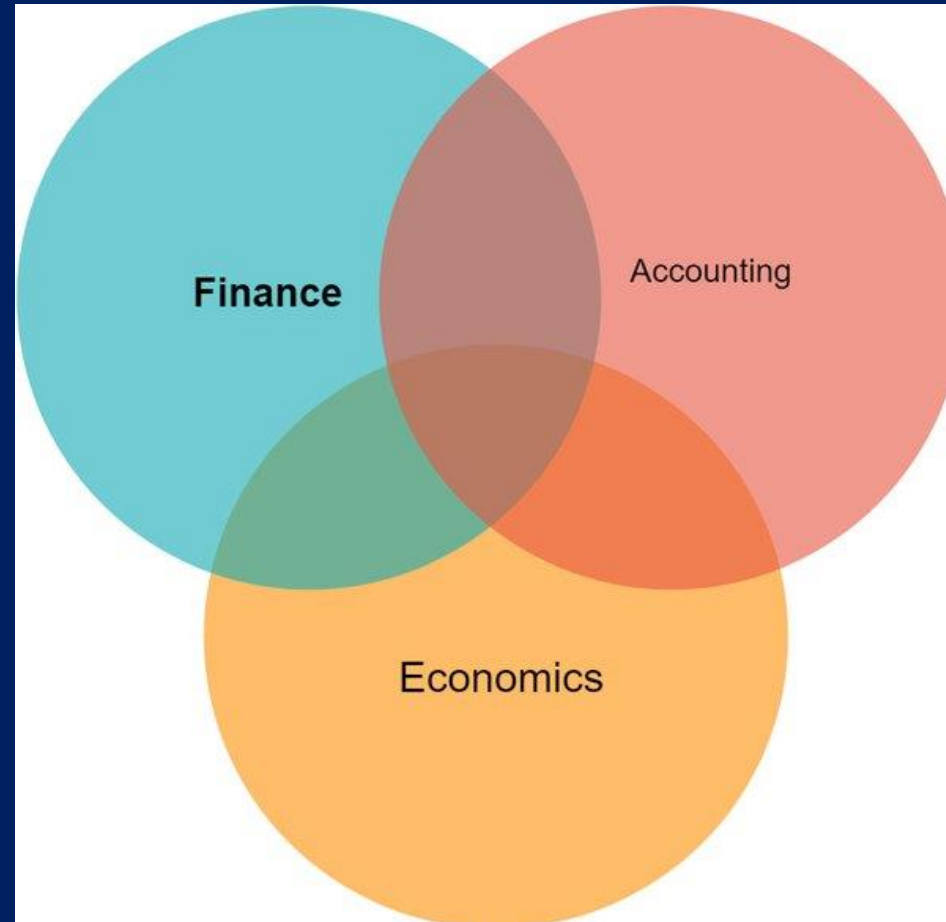
The Language of Business

- No matter the size or scope of the business or the industry in which it operates, **a company's objective is always to make a profit.**
- The language of business must be **quantitative in nature** to reflect an emphasis on profitability.
- Therefore, you must know **accounting and finance** to understand how to maximize profitability.



What is the Difference Between...

- Accounting
- Finance
- Economics



What is the Difference Between...

- Accounting
 - the system of recording and summarizing business and financial transactions and analyzing, verifying, and reporting the results
- Finance
 - Finance is defined as the management of money and includes activities such as investing, borrowing, lending, budgeting, saving, and forecasting.
- Economics
 - Economics is the study of scarcity and its implications for the use of resources, production of goods and services, growth of production and welfare over time, and a great variety of other complex issues of vital concern to society.



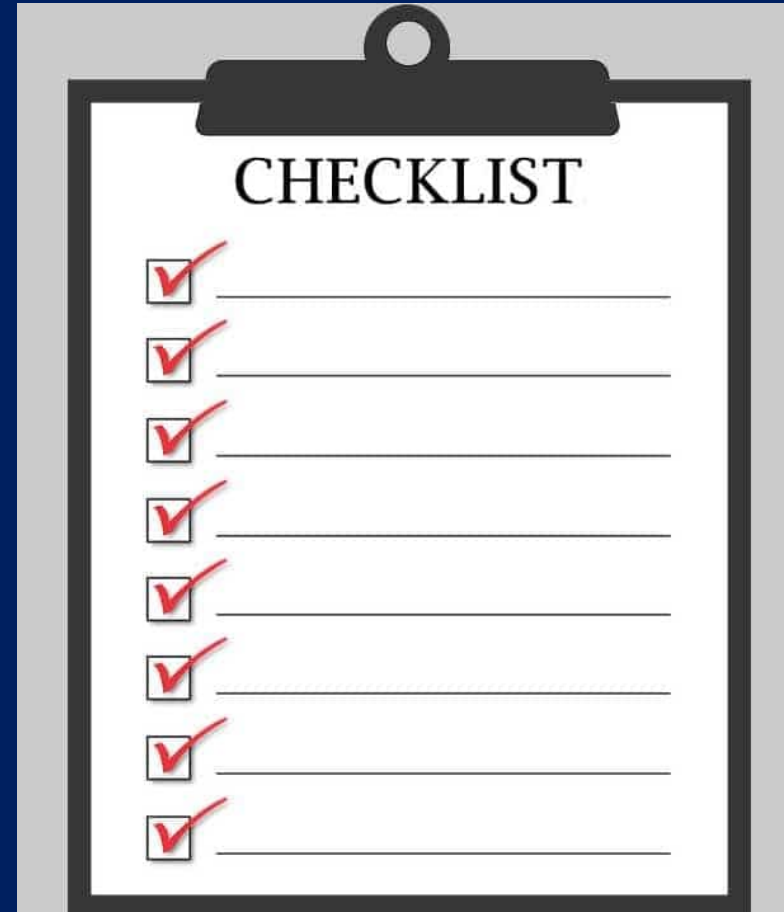
Accounting vs. Finance vs. Economics

	Accounting	Finance	Economics
Quantitative	X	X	X
Qualitative		X	X
Internal	X	X	X
External		X	X
Backward Looking	X		X
Forward Looking		X	X



Key Terms

- Asset
- Liability
- Equity
- Revenue
- Variable Expense
- Fixed Expense
- Profit & Loss
- Cash Flow



Asset

- Anything the business owns with a financial value (cost)



Liability

- Anything that the business owes to another party



Equity

- Book Value or Net Worth



Revenue

- Sales or Gross Income



Expense

- Operating costs for operation of the business
- Variable Expense
 - Expense with a direct relationship to sales
- Fixed Expense
 - Expenses incurred independent of sales
 - Fixed expenses can vary



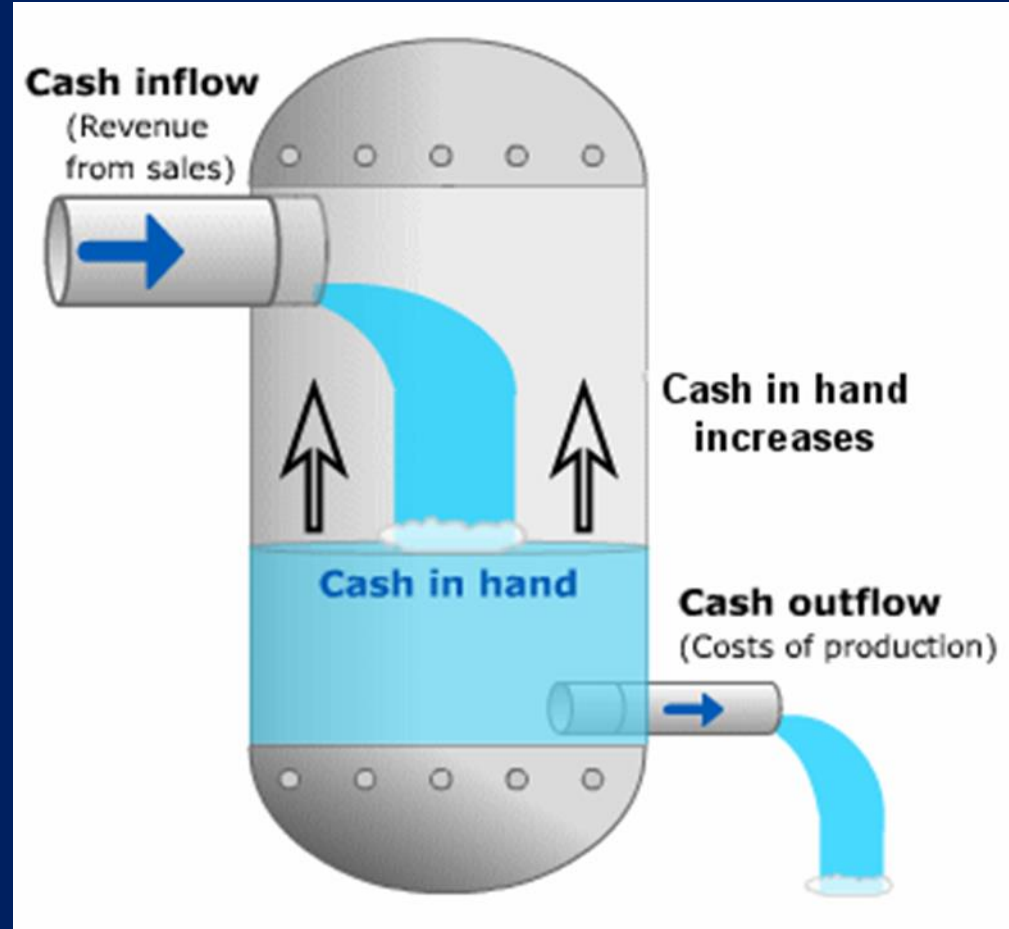
Profit & Loss

- Profit
 - Revenue > Expenses
- Loss
 - Expenses > Revenue



Cash Flow

- Cash Flow
 - Cash IN – Cash OUT



Financial Recordkeeping

- Source Documents
 - Bank statements, invoices, purchase orders, etc.
- Journaling Transactions
 - Entering information into the accounting system
- Posting To Account
 - Categorize transactions in the general ledger
- Trial Balance
 - Reconciling entries for accuracy
- Prepare Financial Statements



Session #3

Tools for Managing More Profitably



- Before you can maximize profitability, you'll need to...
 - Learn the building blocks required
- Develop tools to access...
 - Accurate, timely, internal business information





Small Business Pro University

Learn - Profit - Grow

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