



# THE ENTREPRENEUR'S BANKER

## Financial Flexibility Master Class

Financial Flexibility (FF) is maximizing every aspect of your company's finances to support your ability to grow, shift, pivot, and react. It is offer a balance between cost and reactiveness.

### Lesson 2: Sources of FF - Cash & Line of Credit

FF Exercise 1: Calculate Days of Cash on Hand

	Last Years TR	YTD Information
Total Expenses (COGS + Operational)		
(-) Depreciation / Amortization		
(-) Interest Expense		
(+) Loan Payments (P&I)		
<b>TOTAL REAL EXPENSES (TRE)</b>		
Divide TRE by 365 = Daily Expense Cost		
Cash on Hand		
<b>Cash on Hand / Daily Expense Cost = DAYS OF CASH ON HAND</b>		

FF Exercise 2: If you have more than 90 days, please let me know ([gpmartin@bbandt.com](mailto:gpmartin@bbandt.com)) - I want to celebrate you! If you have less than 90 days, call your banker today and have them open up a Vault account. Then start putting 1% of every deposit you make into the VAULT account.

FF Bonus Exercise: Look at your LOC and find the lowest balance that it has been in the last 12 months.

### Lesson 3: Maximizing FF in your loan

FF Exercise: Ask your banker for the list of the original amortizations on your loan. If your original amortization is less than the max, ask about the ability to, cost and impact on effective interest rate to increase to the maximum amortizations.

	Loan Type Real Estate/ Equipment/ Vehicle/ Working Cap.	Original Amortization	Typical Maximum Amortization
Loan 1			RE - 25 Yrs
Loan 2			Equip - 7 Yrs
Loan 3			Vehicles - 5 Yrs
Loan 4			Working Cap - 4 Yrs

## Lesson 4: Maximizing FF in Supplier Relationships

*FF Exercise 1:* Make a list of all your suppliers and rank them from the most to least flexible

	Terms	What Do They Supply	Last Year Spend	Discount Offered?	Love Campaign in Effect?
Vendor 1					
Vendor 2					
Vendor 3					
Vendor 4					
Vendor 5					

*FF Exercise 2:* Call each one of them and ask for 5 more days in the payables.

*FF Exercise 3:* Determine how much you spent with each supplier last year. Is there a single supplier with more than 20% of your total supply spend? If so, develop a strategy to reduce your reliance on this supplier.

*FF Exercise 4:* Make a list of all your buyers and find out their birthday, anniversary (home and work), and kid's b-day. Go buy a bunch of I love you cards and start your love campaign.

## Lesson 5: Maximizing FF in Customer Relationships

*FF Exercise 1:* Make a list of all your customers and rank them from the most flexible to least flexible.

	Terms	Do They Pay on Time?	Last Year Sales	Discount Offered?	Love Campaign in Effect?	Are They Jerks?
Vendor 1						
Vendor 2						
Vendor 3						
Vendor 4						
Vendor 5						

*FF Exercise 2:* Use this list to see if there are any jerk clients you should fire.

*FF Exercise 3:* If you don't offer them, start to explore giving discounts for early payment (make sure you adjust your pricing accordingly)

*FF Exercise 4:* Make a list of all your buyers and find out their birthday, anniversary (home and work), and kid's b-day. Go buy a bunch of I love you cards and start your love campaign.

## Lesson 6: FF Metrics

FF Exercise 1: Calculate your cash DOH - See Lesson 2

FF Exercise 2: Calculate your leverage

	Last Years TR	YTD Information
Total Liabilities (TL)		
Owner's Equity (OE)		
<b>TL / OE = LEVERAGE</b>		

FF Exercise 3: Contact me ([gpmartin@bbandt.com](mailto:gpmartin@bbandt.com)) to learn how to calculate and improve your working capital cycle

FF Exercise 4: Calculate your variable to fixed cost ratio

	Last Years TR	YTD Information
Total Variable Costs (VC)		
Total Fixed Costs (FC)		
<b>VC / FC = VARIABLE TO FIXED COST RATIO</b>		

## Lesson 7: Using FF in your Growth and Strategic Plans

FF Exercise 1: As you are setting your plans and goals for 2021, develop a quarterly goal for FF.

	Financial Flexibility GOAL
Q1 (Jan - Mar 2021)	
Q2 (Apr - Jun 2021)	
Q3 (Jul - Sep 2021)	
Q4 (Oct - Dec 2021)	
2021 FF GOAL	

FF Exercise 2: Email me ([gpmartin@bbandt.com](mailto:gpmartin@bbandt.com)) what the goals are so that I can encourage and celebrate with you!

## Lesson 8: FF for every stage of business and every exit plan

FF Exercise 1: Assess how you want to exit and identify 3 ways that FF will help you achieve that objective.

Desired Exit Type / Timeline	
Impact 1 of FF on Exit Plan	
Impact 2 of FF on Exit Plan	
Impact 3 of FF on Exit Plan	

FF Exercise 2: Email me your thoughts on this Mastermind Class. I would love to hear any gems that you took away from it, as well as some thoughts on how I can improve it for next time.