



BUILDING BUSINESS FINANCIAL RESILIENCE



**National Association of Minority Contractors (NAMC)
Business Financial Resilience, Financial Statements,
Budgets & Forecasting, Business strategy
MAY 13, 2020**

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Business Financial Resilience

1. Ability to maintain spending and living standards during an economic emergency.

2. Capacity to overcome economic crises, loss of money, shortage of resources & turn them into a powerful learning of wealth and progress.

3. To develop the ability to adapt positively to traumatic events and to overcome them, turning those situations into a path to wealth.

4. Financially stressful events, Covid-19, recessions, stock market downturns, weather, acts of terrorism.



Enhancing Financial Resilience



1. Positive: view challenges as opportunities.
2. Focused: determine where you are headed in the future and stick to your goals
3. Flexible: open to new and different options when faced with uncertainty.
4. Organized: Set priorities and develop structured approaches to manage change.
5. Proactive: work with change rather than defend against it.

What is a recession?

1. GDP: Gross Domestic Product: Summary of all goods and services produced in the nation
2. Two consecutive quarters of negative economic growth in the GDP are usually considered a recession.
3. US GDP 1st Q 2020 shrank 4.8% , 2nd Q will probably shrink by 30% (est.)
4. Most firms suffer during a recession, primarily because demand (and revenue) falls and uncertainty about the future increases.



How do we start recovering?



1. The first prerequisite for economic recovery will be a public health solution.
2. The coronavirus outbreak will need to be firmly under control before the economy can resume.
3. Consumers need **confidence**.

How do you recession-proof your business?

Effective Financial Management

- Discuss & analyze financial results, monthly.
 - Increase knowledge of Finance.
 - Hire professional experts.
- Protect your cash flow. Emergency fund. Working capital.
- Understand and analyze your financial statements: Profit & Loss, Balance Sheet & Cash flow reports.
 - Watch the bottom line.
 - Limit your un-budgeted expenses. Reduce unnecessary expenses
 - Understand the relationship between billing and collection
 - Understand the frequency of income



How do you recession-proof your business?

Effective Financial Management (cont.)

- High levels of debt make companies vulnerable during a recession. Contact your lenders.
- Develop multiple Revenue Streams. Profitable products or services.
- Update your Budget and forecast: Be realistic
- Review Management reports: Accounts Receivable, Accounts Payable, Sales by customer, Purchases by supplier
- Review your inventory management
- Review your marketing budget & strategy
- Review prices: update packages



How do you recession-proof your business?

- Deliver MORE value to your customers: Simplicity is key.
- Build Strong Customer Relationships
- Review Processes and Reduce unnecessary Costs
- Flexible Workforce: Scale up and down as needed
- Education or job training
- Be aware of financial scams
- Access community resources



Bookkeeping, CPA & taxes



Invest in the right people to look after your business's financial health and it will pay off in the long-term.

Create a Budget & Forecast



Revenue
(-) Direct Operating expense

(=) Gross Profit
(-) Indirect Expenses

(=) Net Income

What is a Financial Statement?

A financial statement shows you where a company's money came from, where it went and where it is now.¹



Balance Sheet



Income Statement



Cash Flow Statement

What is a Balance sheets (B/S)?



Balance Sheet



- Balance sheets helps to show if a company is financially healthy. $Assets = Liabilities + Equity$. You Business's net worth.
- It shows what your business owns (assets), what it owes (liabilities), and what money is left over for the owners (owner's equity).



Income Statement



- It measures profitability and not cash flow. $Income = Revenues - Expenses$
- Summary of a company's revenues and expenses during a month, quarter or year.

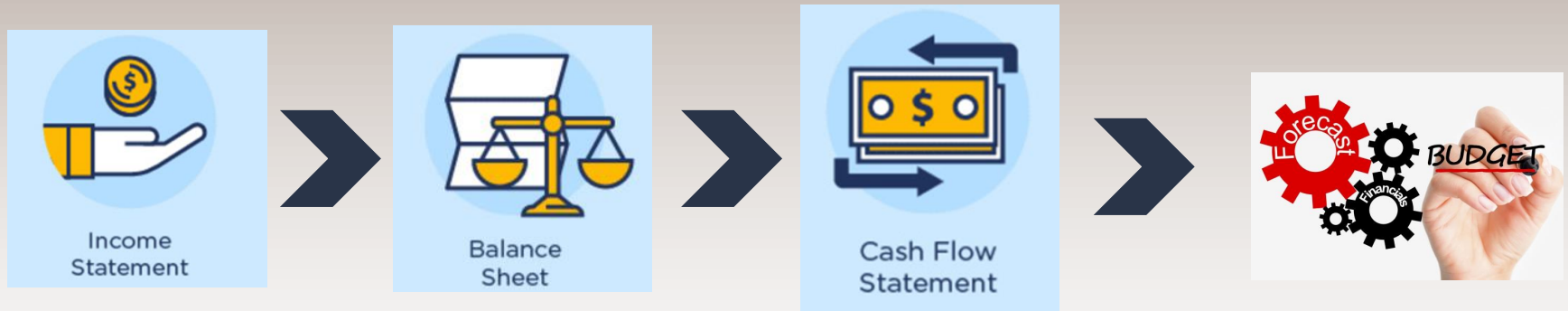


Cash Flow Statement



- It shows how changes in B/S accounts and P/L affect cash, and breaks the analysis down to operating, investing, and financing activities.
- A healthy operating cash flow means it can finance more of its growth internally, without borrowing.

Financial Management: Why?



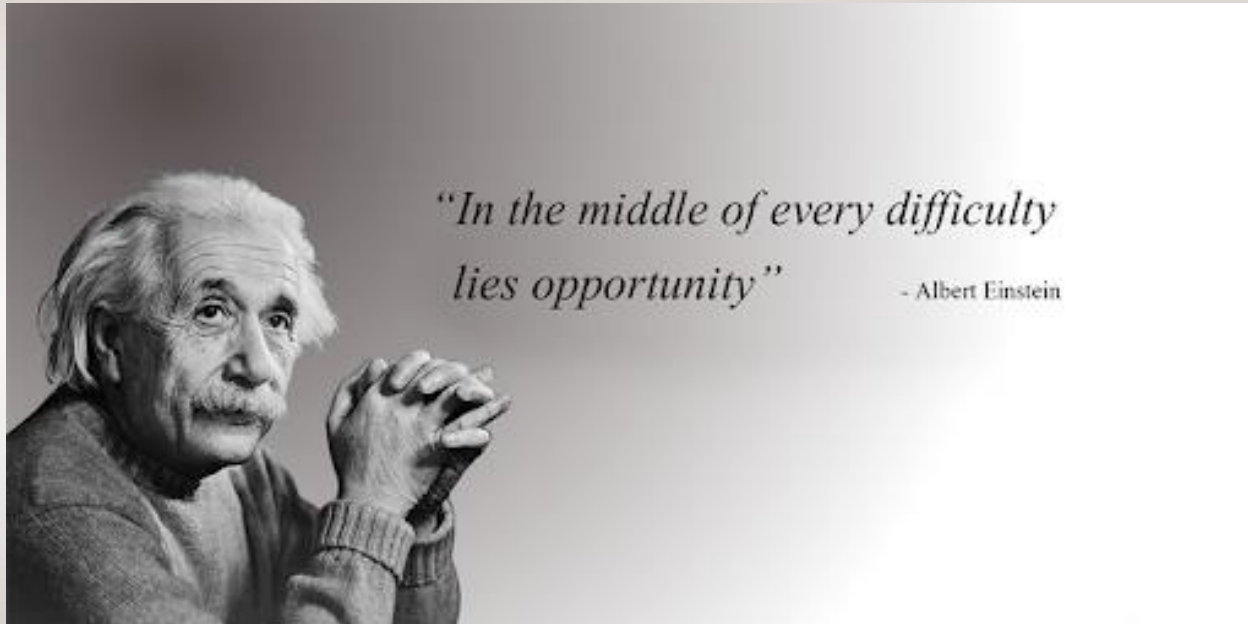
- Financial Management is an investment, not an expense.
- Helps to reach full financial potential for improved profit and productivity
- Evaluate your Financial Statements and Management Reports to know the performance of your company and take strategic decisions
- Develop Strategies, plans and Budgets, Forecasts with short & long-term financial goals.
- Decide Key Performance Indicators (KPI's) and Scorecards for proper analysis, increased performance and achieved goals.

Financial Management: Benefits



- Tools to chart your course of action into the future, adjust your direction when needed and help you find your way through challenging times.
- Is the foundation for reaching your goals, through sound business decisions.
- Helps you decide which products, services and markets are profitable.
- Supports your decisions on what you can afford
- Maximizes your working time, increments your profit and productivity, reduces your cost and improves your processes.
- Responsible to keep your financial records and documentation to support the filing of your tax return with the IRS and avoid potential fees and taxes.

Turn your challenges into opportunities!



Thank you! Q&A

Contact Me! 

Financial knowledge gives you freedom. Know your numbers!



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