



Roadmap to Profit

When will your business make profit?

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SOLEDAD TANNER, MIB

Founder & CEO, STC Consulting

Senior Financial Executive and Speaker with +30 years of experience in Business & Financial Management in the global logistics and banking industry.

- Bachelor's in Business Administration with an emphasis in Management, *Universidad Catolica de Guayaquil - Ecuador (1995)*
- Master in International Business, *University of St. Thomas (2002)*
- Certificate of Organizational Leadership, *Rice University (2007)*
- Recipient of multiple recognitions:
 - “Trailblazer of the year award, 2020” at the “4th Women to watch International”
 - “Emergent Entrepreneur, 2020” by “Solo Mujeres Magazine”
 - “Women on the Move, 2019 class” by Texas Executive Women
 - “Outstanding International Consultant, 2019” by HIDTC
- **Board Member:** Director at Large for non-profit “Texas Executive Women”,
- **Board Treasurer** for “International Entertainment Partnership” (IEP).
Finance Committee Chair for “Houston Entertainment Industry Task Force” (HEITF)
- **CFO** for non-profit: “Beautiful Purpose”





Solutions for Corporations

- CFO On-Demand
- Controller On-Demand
- Financial Speaker

Solutions for Business Owners & Start-Ups

- Financial Management
- Financial Coaching & Training
- Business Consulting

PROFIT + PRODUCTIVITY

Recordkeeping or Bookkeeping

- ▶ Recordkeeping is the process of recording transactions and events in an accounting system.
- ▶ Keep business finances organized.
- ▶ Generate reports automatically and take strategic business decisions.
- ▶ See positive and negative trends on time.
- ▶ Get ready for tax time.



8 tips to Help with Recordkeeping

1. Establish Business Bank Accounts.
2. Avoid Using Cash.
3. Schedule a Specific Time to work each week.
4. Subscribe to Accounting Software.
5. Pay your Tax Obligations.
6. Keep a Complete Record of Accounting Documents.
7. Invest in an Experienced Bookkeeper.
8. Determine the reports you need to handle your business and the frequency.



Top Software for Small Business Recordkeeping

1. Intuit QuickBooks Online
2. FreshBooks
3. Pabbly
4. Wave
5. Sage 50cloud
6. Xero
7. Zoho Books
8. Kashoo
9. AccountEdge Pro
10. OneUp

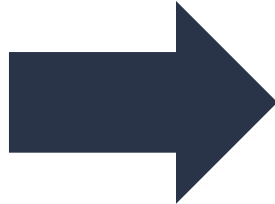




Don't run your business blindfolded!

Income Statements: Profit & Loss

- ❑ It measures profitability
- ❑ Profit = Revenues – Expenses
- ❑ Summary of a company’s revenues and expenses during a month, quarter or year.



KEY QUESTIONS

- ❑ How long will it take until you reach profit?
- ❑ When will you pay yourself a salary?

Profit and Loss Statement Template

[Company Name]
[Street Address], [City, ST ZIP Code]
 [Phone: 555-555-5555] [Fax: 123-123-123456]
 [abc@example.com]

Profit & Loss Statement
 For the Period Ended _____

Income	\$	\$
Sales	0000000	
Services	00000000	
Other Income	00000	
Total Income		0000000
Expenses		
Accounting	0000000	
Advertising	000000	
Assets Small	000000	
Bank Charges	000000	
Cost of Goods Sold	00000	
Total Expenses		00000000
Profit/Loss		00000000

What is Profitability?

- ▶ The primary goal of your business.
- ▶ A measurement of efficiency and your business success.
- ▶ Without profitability the business will not survive in the long run.
- ▶ Is measured with income and expenses.
- ▶ Income is money generated from the activities of the business
- ▶ Measuring current and past profitability and projecting future profitability is important.
- ▶ You will need to re-invest in your business



What is the difference between Pricing and Profitability?

- ▶ **Price** is the amount a customer is willing to pay for a product or service.
- ▶ **Profit** is the difference between price paid and all costs incurred



Profitability: Key Financial terms

- ▶ **Revenue:** Money generated by the sale of products or services
- ▶ **Expense:** Money spent on something necessary to run your business
- ▶ **Net Profit:** Money left over after all expenses are paid



Profitability: Example

	Coffee + Tea
Revenue	\$150
Cost	\$80
Profit	\$70
Margin	47%



	Coffee + Tea	Coffee	Tea
Revenue	\$150	\$100	\$50
Cost	\$80	\$25	\$55
Profit	\$70	\$75	(\$5)
Margin	47%	75%	-10%



Accelerate the Journey to Profit

- ▶ **Margin:** is a measure of profitability.
- ▶ **The profit margin** is a ratio of a company's profit
- ▶ **Formula:** (sales minus all expenses) divided by its revenue.
- ▶ **The profit margin** ratio compares profit to sales and tells you how well the company is handling its finances overall.
- ▶ Results are always expressed as a **percentage**.



How do you measure Profitability?

- ▶ 3 Ratios:
 - ▶ Gross Profit Margin Ratio.
 - ▶ Net Profit Margin Ratio
 - ▶ Operating Profit Margin Ratio.

Revenue	\$ 100	
Cost of goods sold	\$ 60	
Gross Profit	\$ 40	40%
Expenses	\$ 30	
Net profit	\$ 10	10%

Profit Margin for Small Businesses

As a rule of thumb:

- ▶ 5% is a low margin,
- ▶ 10% is a healthy margin, and
- ▶ 20% is a high margin.
- ▶ a one-size-fits-all approach isn't the best way to set goals for your business profitability.



Financial knowledge
Gives You Freedom;
Know your numbers!





Soledad Tanner, MIB
Founder & CEO

2503 Robinhood St # 150
Houston, TX 77005

soledad@soledadtanner.com

Office: (346) 227-2895
Cell: (832) 998-2136



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Thank you! Q&A & Prizes