Seeing the Big Picture

Cash

Cash Flows Statement

Growth

People

Profit

Profit & Loss

Assets

Balance Sheet
**Definition:** Cash is the bills and coins in the register, and cash in the bank. It also includes cash equivalents, like Certificates of Deposits (CDs) and other highly liquid investments (i.e. easily converted into cash within 90 days).

Cash generation or cash flow is the difference between the cash that flows into the business and the cash that flows out of the business in a given time period, such as a quarter or a year. Remember that making a sale does not automatically generate cash – you have to collect it.

**my notes:**

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

How do you impact cash or cash flow?
**Definition:** Profit is synonymous with earnings and income and is the money made after all expenses are subtracted from your sales.

When measuring how profitable a company is, it can be expressed in dollars or as a percentage of sales. For example, a company that does $100 in sales and has $90 in expenses has a “profit” of $10 and a “profit margin” of 10%.

Profit is one of a company’s most important measures. You can improve profit in two fundamental ways:

1. Increase and/or decrease the price of a single product or service
2. Increase sales and/or decrease expenses

**my notes:**

_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________

How do you impact profits?
**Definition:** An Asset is anything you own or control which has value.

When evaluating a company’s assets, both **strength** and **utilization** should be considered:

1. **Asset Strength** – A company with a strong asset base may be said to have financial strength which refers to its ability to stay viable during ups and downs in the market place.
2. **Asset Utilization** – Refers to a company’s ability to efficiently and effectively use its assets to generate profits.

Firms must balance these two aspects of assets. For example, a company may be highly leveraged (borrows heavily against its assets) and if they get a good return on this borrowed money – their asset utilization is high. However, this comes at the expense of financial strength. Conversely, a company may hold on to cash assets which improves financial strength, but reduces asset utilization.

**my notes:**

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

How do you impact assets?
**Definition:** Business Growth can be measured in many ways, but the two most common measures are sales and profits.

Sales and profit growth can also be referred to as top-line and bottom-line growth because sales is the top-line item and profit is the bottom-line item on an Income Statement (P&L). Organizations could also measure their growth based on assets, equity, customers, new contracts, employees, share price, etc.

While growth is critical to business, it must be balanced with profitability, cash, and the ability to serve customers well.

---

**my notes:**

---

How do you impact growth?
**Definition:** The end users of your products and services. The ultimate end user is an external customer, but internal colleagues that you serve are also important end users.

Many great organizations have stumbled because they failed to anticipate their customers changing needs. Further, in a competitive global marketplace, a company’s ability to innovate around customer’s needs or to improve the efficiency of core processes depends on having the right employees.

Employees and customers ultimately have the most impact on the financial viability of a company. Attracting, developing, and retaining good employees and good customers is the ultimate competitive advantage.

**How can you better anticipate people’s needs?**
Real World Examples

Growth

People

Profit

Assets

Cash

Profit

Assets

Growth

People
“To know and not to do... is not to know.”
Chinese Proverb

<table>
<thead>
<tr>
<th>INSIGHTS</th>
<th>ACTION ITEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>