00:00:05 Hi, and welcome back in this lesson. You are going to learn how to look at your financials on a weekly basis, so you can manage your daily cash flow, especially when money is tight. Your weekly financial analysis is ideally something that your bookkeeper would update and send to you on a weekly basis. I like to have a weekly financial analysis for both my personal accounts and my business accounts for each one of my businesses.

00:00:32 All of that separately, you can train your bookkeeper to review your books and prepare your weekly financial analysis each Friday, and have it delivered to you on Mondays. So you can use your prescheduled weekly financial analysis time to review the weekly financial analysis, identify any issues that need to be solved strategically, and then do so. The weekly financial analysis includes an email report that would tell me exactly how much I have in my business account,

00:01:00 what I expect to have coming in that week. What I expect to go out that week, what my credit card accounts had available on them to use and what I owed on each credit card, the weekly financial analysis also included an update of my daily cashflow forecast. So I can see if I'm going to run out of money anytime with the next 60 days and need to make sales or bring in additional funding from credit or other investment resources before that happened.

00:01:29 So I'm going to share with you what my WFA, my weekly financial analysis looks like. Take a look today. I am going to take you through what I call my weekly financial analysis. And these are the reports that I get from my bookkeeping team every week that allow me to have a weekly financial meeting with myself, where I'm looking at each of my business entities and my personal financials,

00:01:56 so that I'm able to make great decisions, just looking at my money when it's time to look at my money and not stressing out about money the rest of the week, month, and then the night or at any times that I don't need to be. Now, here's one thing that I really want you to note if you've been doing checkbook accounting up until now,

00:02:19 and checkbook accounting is where you look in your bank account to see how much money you have and decide whether to make investments or whether to freak out and try and make sales. Based on that, you are going to shift from checkbook accounting to getting really proactive with your finances and a weekly financial analysis reports helped me to do that considerably because I created this when I was at a time in my businesses where I really did have to keep an eye on cashflow.

00:02:48 I didn't have any backup resources. This was post-bankruptcy. So I didn't have a lot of credit available to me. And I needed to be able to know a day-to-day basis. Exactly how much money was in the bank. Exactly what I was expecting to come in exactly what was going out when it was going out and sorry, I just needed to check and make sure I was recording exactly what was going out.

00:03:14 And if I was going to run out of money, when that was going to happen, and when we're in the startup phase of our business, this is often the case. You don't have a lot of financial resources. You need to be managing your cashflow and you need to be managing your cashflow, not just by pulling up your bank account, looking to see how much is in there,

00:03:31 and then deciding whether to spend, invest or freak out and make some money. So the weekly financial analysis is something that I created to support me in this stage where you might be right now. So I want to take you into my email and show you what I receive from my team on a weekly basis. And this is the exact thing that you're going to want to ask somebody on your team to provide to you.

00:04:01 This could be your bookkeeper, ideally would be your bookkeeper who updates this for you and sends this to you on a weekly basis. So, first of all, let me share my screen so I can show you and go right into my email. So you're behind the scenes here in my email, and I have searched for WFA. WFA stands for weekly financial analysis.

00:04:23 And what you'll see here is that I've got a WFA every week for each of my companies and myself personally. So there's my personal weekly financial analysis. There is Family Wealth Planning Wealth Planning Wealth Planning wealth planning Institute, weekly financial analysis. There is the eyes wide open, weekly financial analysis. And then there's one for new law business model. And you'll see that the new law business model weekly financial analysis is actually dated the 20th.

00:04:54 Whereas these three are the 23rd that's because for this company for new law business model, we switched to a Friday reporting instead of a Monday reporting. Now, the truth is, is that new law business model is at the place where we don't really need to be doing a weekly financial analysis anymore because there's no threat of us running out of money. We manage our financials now on a monthly and quarterly basis in a way that would,

00:05:21 there's plenty of money and we've got back up and we've got money in reserves. But I still ask for this every week, because I have gotten so used to using this, to see exactly where we are financially, that I system now requires it. And my financial team is happy to put it together. So I'll show you that one last, because it is really the least important,

00:05:45 whereas four eyes wide open, which is still in startup phase, where some of you might be, or still in that phase where we don't have reserves, you know, significant reserves in the bank. We really need to be monitoring cashflow. That's the one that's most important. And then I'll show you how I use it for my personal business entity as well as for my personal life as well.

00:06:08 So let's go ahead and start with eyes wide open. And what you'll see here is a link to our cashflow document, our cashflow spreadsheet, which is our daily cashflow forecasting. And I'll show you that. So the, the WFA goes to me and our personal CFO or our fractional CFO, Rob our Lyft business advisor. And it starts by saying exactly how much is in the bank.

00:06:38 And so we've got our checking account with 28,000. We've got our savings account with 51,000 and we have this other account called the whole truth show, which is a complication I don't need to share with you. We thought we were going to be using another entity alongside this business, but we decided it was too complicated. So they're just showing me, there's a little bit of money in there.

00:07:01 And we're selling the expected receivables to come in for strategic coaching, for financial coaching, for eyes wide open membership and the licensing fee that comes in every month. And then we're showing the larger spills going out for the week. So we've got 19,000 pulling out 3000 for rent. We've got our consultant for our funnel and we've got a payment to our line of credit and to one of our credit cards.

00:07:25 And then these are the outstanding checks and pending payments for taxes in California, American Express and Bank of America. So if I was just looking at these numbers, I would say, Oh no, we're going to run out of money because our bills for the week twenty two thousand twenty seven thousand thirty thousand plus another 15, we've got 45,000 going out well that we don't have that much in the bank.

00:07:57 So that's why this daily cash flow report is so important to you being able to manage your cash flow on a daily basis. So I'm just going to walk you through this and you do have a template to create this on your own in your LIFT resources as, as well as instructions on how to use it. So what I can see here is as of November 23rd,

00:08:26 which is the last day that this was updated, we've got $28,000 in the bank. And then this is taking a little while to load because it's quite big. And my computer's a little bogged down. Okay? Okay. So you've got $28,000 in the bank and this gets updated, as I said every Monday. And we see that we've got $6,400 going out for that tax bill,

00:08:57 which she saw on the expected that was on the outstanding payments. So we sent that in, but it hasn't been cashed yet. And then we've got our payments going out for this credit card payment to bank of America, to American express and $1,500 to our line of credit. And after all of that, we're going to end up with $11,000 left. And you saw on the WFA that we have expected large bills for the week,

00:09:31 $5,000 to Joshua for the funnel and $19,000 for our payroll. So those are coming up next week. So if we go out to when those are going to go out, we can see this $5,000 booked here for Joshua adds that we anticipate that we'd be running, although we're not actually running those yet. And, and then our payroll here, and it goes out on November 26th because it needs to be paid by the first and because of the holiday, 00:10:08 it had to go out to the payroll company by then. So what we could see is let's imagine that we I'm going to just delete this from here, cause this is a transfer from savings because we saw we were going to need that. So let's imagine that we deleted that and took that off and we'll see what the impact would have been if we didn't transfer money from savings.

00:10:38 So we saw when we looked at the cash flow that we were going to be negative after this payroll payment. And so that's what told us that we were going to need to transfer $25,000 from savings. Now, fortunately, we knew that well in advance, we didn't just find this out on Monday. We actually had planned for that several weeks prior and made the investments that we were making in this,

00:11:02 for this coming month, knowing that we were going to need to transfer $25,000 from savings. So that wasn't a surprise. And the worst thing in business is a surprise need where you need to transfer money from savings, or maybe you don't have savings. And then you need to go into credit or maybe you don't have credit. And then all of a sudden you see that you don't,

00:11:25 you're not going to have enough money to pay the bills. And that is major freak out city. So you don't want to be in major freak cities. You always want to be preparing in advance for any time. You might run out of money with this daily cashflow. So what I do when I come into this daily cashflow report is I scroll all the way across.

00:11:44 And this is built out generally about 90 days into the future with all of the income and expenses built in that we're expecting. And I scrolled down to see, are we going to run out of money? Now, here we can see, Oh a month from now, we're going to run out of money again. So totally to be expected more in startup phase a business.

00:12:04 So I get to say to myself, okay, well, where is that money going to come from? We're going to be $37,000 short after our end of the year payroll. Well, in this case, I know that we're not going to have to take it out of savings, which is great because after that $25,000, we won't actually have enough to take out of savings.

00:12:22 We've got 50,000 of savings in this business, but I know that we're going to be launching our LIFT program. And we've been using all of our resources to put into the LIFT program and to prepare for the launch. But I know we're going to be launching the LIFT program, the ninth, 10th and 11th of December. And I know that we'll have another offering for it the last year.

00:12:47 And I feel extremely confident that we will make enough sales to surpass this $37,000 deficit deficit. But if I wasn't secure on that, knowing then I'd need to start thinking about, okay, what can we offer in this month? Right? So we're, you know, there's a month here. What can we offer in this month? That's going to allow us to make up that $37,000 deficit and a month is plenty of time to make up a $37,000 deficit.

00:13:18 And there was clients that are waiting to work with us at $25,000 that we've been saying no to, because we just haven't had any time while we're in this launch period. And we could take on three more clients if we needed to, although I'm now out of time, right during this period. And so then I get to start making these decisions between time or money,

00:13:41 time or money, knowing that I can always make more money if I have a clear offer, which I do, but I can't make any more time. There's only one of me. There's 24 hours in the day, you know, seven days in the week. And I need time for self-care as does my team. And so we know that we're not going to take on,

00:13:59 you know, these clients that are waiting for us because we need to focus this month on the lunch, because we know that that's going to build for the future. And that is really the right thing to do. Even though we see this $37,000 deficit coming so that, you know, by, by looking at your cashflow on a daily basis like this,

00:14:22 when you're in this stage of your business, you're really able to make decisions in advance. And you're able to make these trade-offs around time, energy and attention and money wisely with your eyes wide open. So you don't run into a panic situation so that you're not taking on too many clients or so that you're not in a situation where you're not focusing enough on selling products,

00:14:50 courses, programs, or your art, but instead, you're able to make these decisions with your eyes wide open. So I do encourage you to use your daily cash flow tracking to get a weekly financial analysis set up to be looking at that every Monday or Friday, whatever is best for you, but you've got that time blocked on your calendar, where you're looking at it each and every week consistently.

00:15:17 And you're facing, what's coming with your eyes wide open. You're not avoiding it. I will show you also here, how I manage my credit card debt. I've been funding this business with business credit over the past several years while it's been on a hiatus and not selling anything. So I've used business credit managing, you know, quite often at 0%,

00:15:44 but now you can see that we're out of the 0% range. And I want to show you how I manage that. So it's not stressful. So it's not stressful. Even though this business currently has a total debt of $340,000, how is it that I can have a total debt of $340,000 in this business without being stressed out? Well, I can have that because I know that that $340,000 is going to get paid back.

00:16:13 I know that we've been making the investments necessary to build the offerings and the programs that we'll be offering in 2021, we're paying this back is not going to be an issue. Now, if we go back 10 years, when I had this amount of debt before and ended up filing bankruptcy, I was in a much different situation. I didn't have these kinds of tracking systems set up.

00:16:39 I was managing that kind of debt while I did have my business was making a million dollars a year in revenue. And oftentimes more than that, the, the debt that I was trying to manage in my head, you know, all of that was basically investment capital that had gone on into create my businesses, but he didn't know how to relate to that.

00:17:02 I thought it meant I had done something wrong. I thought I had meant I'd done something bad. And I was trying to manage all of these numbers in my head and it became overwhelming. And I ended up collapsing under the weight of that. These systems that I'm showing you now came out of, you know, rising from the ashes of that bankruptcy,

00:17:24 deciding to do it differently, creating the systems that I would need to actually manage my cashflow, manage my investments in my businesses, be able to take on credit again in a trustworthy way, trustworthy to myself. And so now you can see that I have the systems to be able to look at it. And so I don't avoid it. I don't try to manage it all in my head.

00:17:47 Instead, I manage it here wisely and out of this debt only actually 120,000 of it is active debt, meaning that it is on credit cards that we need to make regular payments on the other. The rest of this debt is $135,000 that is paid to my mom in the form of an interest. Only loan. One is 7% when it's 10% where we pay her a thousand dollars a month and we will for the rest of her life,

00:18:15 actually that's interest only we pay that thousand dollars a month. We'll pay it until she dies. And then the outstanding principal of $135,000 will be owed to my sister and I equally. And the company will then be in a position to pay off that principal to each of us. I'm sure. And if not, I'm sure my sister will just let us make those payments,

00:18:38 you know, to her half to me, half to, to my sister. And then the other $83,000 is from the EIDL loan. And so we're not paying on that right now. We'll start paying, I think something like $600 a year, sorry, a month. And about six months from now, right? Because it starts a year after we got the loan.

00:18:58 So while this total debt is $340,000, it's really only $120,000 of credit used. And that fluctuates based on really how much we are paying down. Cause we paid this down as quickly as we can cause these are fairly high interest rates. So for example, you saw that we've got this payment to American express, which is the highest interest rate that we're currently carrying debt on.

00:19:25 And we pay off the Bank of America card, you know, slowest, it's at a lower rate of 12.74. This is really where we put most of our ad spend when we're running ads. So it's, you know, stays pretty high. And then the line of credit is only at 7%. So this one, we really want to pay off the slowest, 00:19:47 right? We want that to be the, the slowest one that we're paying off. So actually I saw that we're making a $1,500 payment to that. I'm actually gonna talk to my team and suggest that we drop that down to a $500 payment and allocate a thousand dollars to that B of a card, which is at a higher rate. So I that's how I manage this debt.

00:20:07 And you can see we've got $140,000 of credit available so that if we needed it, if we weren't ready to launch this month and make up that $37,000 that we're going to pay out in January, we would be able to use the available credit that we have. And we would choose to do that, but we are ready for launch. And so we don't think that we'll need to use that at all.

00:20:31 So this gets updated every single week. If you could see the last update was November 23rd. So my financial management team, my bookkeeping team goes into each and every one of these credit cards every week. And they update, you know, exactly what's been used on card and what is the credit that is available on each card, so that we're keeping up with that.

00:20:53 So that we're keeping up with that. Okay. So that is a business, an active business. This is a, you know, a company that's active, we're selling products. We have a big team we're managing payroll. So I get that weekly cashflow updated that daily cashflow forecast updated weekly. Now let me show you a business that is not similar to that.

00:21:19 This is my personal business entity, and you've heard me talk about my personal business entity. It's my consulting company. I'm the only stakeholder in that company. It is where I get paid for my consulting from new law business model. It is where I get a licensing fee from new law business model. And it is where I run all of my business expenses that are not specific to new law business model or eyes wide open,

00:21:46 but more specific to my own individual brand. Right? So if I'm updating my website, Family Wealth Planning Wealth Planning Wealth Planning wealth planning Institute pays for that. If I'm writing a book and I need a book, coach, Family Wealth Planning Wealth Planning Wealth Planning wealth planning Institute pays for that. My assistant that works with me here, my Family Wealth Planning Wealth Planning Wealth Planning wealth planning Institute pays for that. Although Eyes Wide Open and New Law Business Model,

00:22:08 do each have executive assistants that they also do contribute to paying on my behalf. So here you can see, I actually don't get a daily cashflow forecast updated because the income is consistent. We know that every month I'm getting 12,000, I'm sorry, $25,000 from new law business model, partially for licensing fees is partially for consulting. And, and then, you know what I really need to know there is what's in the bank.

00:22:40 So I have 14,000 in checking, 18,000 in savings, another $7,500 in another bank that handled my PPP for me. And then we've got our PayPal account and then we've got my liabilities. We've got $7,000 on my Barclay card and a little bit on my bar. DBVA a little bit on pay pal credit. And then my available credit. Now this is important for me to be looking at,

00:23:06 because remember we, these, this Barclay card is actually a personal card. It is not business credit, meaning that when this personal card gets over 30% usage, it starts to drop my credit score. And that's important to me to have my credit score, stay high. And so I can see that I want to, as, as you can see here,

00:23:32 we're paying that off. We're paying that off to keep that credit utilization limit low so that my credit card, my credit stays high. And so these are the expected large bills for the week payroll for me if 1500 and then my assistant and then my financial management team, what they're getting paid. So we don't need that daily cashflow forecast because this isn't an operating business with variable income and expenses coming in and out on a daily basis.

00:24:03 It's pretty standard every month. And really, I need to just be looking at the credit usage and the bills that I'm going to pay. Okay. So then we can look at my personal, so here's my personal, I get the exact same thing for my personal cause I want to be looking at the same thing. How much do I have coming in through payroll?

00:24:27 How much do I have in the bank, 6,000 in checking 10,000 in savings? What are my current liabilities? These are the cards that are in my name, personally, my capital one, my home Depot. So just shows my available credit, low credit limit on my capital one low credit limit on my home Depot. I don't know anything pretty straightforward here,

00:24:46 but there was a time when this wasn't straightforward when I was really having to manage this because I was using my credit on a regular basis in my personal. And so, you know, I have gotten to the point where that's not the case now, so I'm able to manage it that way. And then we'll look at new law business model, just so you can see when,

00:25:05 where we don't really need it anymore, but this is a mature business now, but I still want to see the same things. I still really want to see the same thing. So we have 183,000 in the bank, $500,000 in savings, which has never happened to me in business before. You know, I bootstrapped everything myself and I never ran businesses to have significant reserves.

00:25:29 So it's nice to have a mature business now where that's the case. And we're looking at what is our minimum value, meaning what is our bank account going to get down to in the next 30 days? It gets down to 84,000. What is the max 300,000? You know, and this'll be right after our payroll goes out probably for the mid December payroll.

00:25:52 Now it used to be that when I was running this company more leanly, because we weren't at these kinds of numbers yet I needed to see the minimum value in the next 30 days to see when were we going to drop below zero so I could figure out how am I going to manage the cashflow. Remember, I always want to know that at least 30 days in advance so I can take action,

00:26:16 right? So that I'm not figuring out, you know, a week before, we're not going to make payroll that we're not going to make payroll. So then again, we're looking at our liabilities, we've got 8,000 on one credit card, 30,000 on another 15,000 on another. And we manage these cards based on specific. You know, one is for our ad,

00:26:38 spend. One is for our technology, and then I'm not sure, you know, what is going on this one. And then we've got a line of credit through American express. And then we see what is our available credit on each of those cards. So we're looking good on those. And then we see our expected receivables that are coming in over the next week,

00:27:01 any outstanding checks. And then I'm just going to click into the cashflow to take a look at it so that I can see on the cashflow, you know, just, I like to have my eyes on it as the business owner, just to see, you know, what's going on, we know what is expected and we've got two different income lines here.

00:27:27 We've got two different kinds of income, so we could see what is the income that's expected to come in. I can look and see if there's any expenses that are surprising to me. You know, this is how I keep my finger on the pulse of what's going on financially in this company, even though I'm not involved in the day-to-day of the company anymore.

00:27:47 And you know, I'll still, even though I saw the numbers in the email, I'm still going to just, you know, take a look all the way across here to see, you know, is there anything surprising that I want to look at? And you know, now it all is looking really good. There's no red showing up, even as we go all the way out through next year,

00:28:14 which is a huge relief. You know, this was not the case by the way, really just probably a year and a half ago. So, or even a year ago, you, the things look a lot different this year than they did last year. And it's really a joy for me to be able to show you this, to show you,

00:28:33 what's possible to show you what's possible for your own business. When you set
up your systems so that you are looking at your financials on a weekly basis, on a monthly basis, on a quarterly basis. And then of course mapping everything on a three-year basis. And the reason that we are there now in new law business model is because we set the vision three years ago to be able to be where we are today.

00:29:00 And as a result, I was able to make the investments that I'm making and that hat that I have made every step of the way each one of those years, so that I could take my profits and invest them back into the company very strategically, right? So I wasn't taking too many profits out. I was taking out just what I needed to in order to support my personal life in the exact way that I needed to, 00:29:24 to keep my taxes as low as possible so that I could put as much back into the company as possible to be able to expand the capacity with the infrastructure that it needs to be able to go to its next level. And that's what allowed me to be able to, you know, get that $250,000 valuation on a company that I'd worked 10 years to build,

00:29:45 but it wasn't really a company. It was still totally dependent on me, even though it was making good money, a couple million dollars a year in revenue, it wasn't really worth anything, $250,000 to today. This company, you know, having reserves and an incredible team that is able to run that company mostly without me, not without me, by any means I'm in my right role,

00:30:08 right? But I'm not in the day-to-day operations. And now has a $15 million valuation, which is then giving me time to focus on my startup, that eyes wide open and serving all of you here. So that's what I look at on a weekly basis using our daily cashflow forecasting. And that's what you can be looking at in your business on a daily basis,

00:30:29 no matter where you are, if you're just starting out, you want to get this set up right from the beginning. If you've been in business for a while, and you're still managing kind of paycheck to paycheck or payroll to payroll, you can use this to settle your system and to set clear goals on a weekly and monthly and quarterly basis. And so not be freaking out about money so that you're never looking at money at night.

00:30:53 You're never looking at money just before you go to bed. You're looking at money at specific times of the week, month, quarter, and year instead. Okay. This is alley cats. Keep your eyes wide open and we're supporting you to do just that. I'll see you again soon. Bye bye for now.