

Top Secret Small Business Toolbox



*Rising
Phoenix
Bookkeeping
Solutions*

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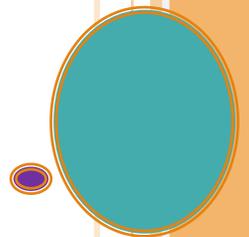




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If you are like most small business owners, your business represents the largest aspect of your working life. It is the means by which you provide for yourself and your loved ones, consumes a majority of your time, and the vehicle that drives your life down the road. There are tools, or gauges, available that allow you to monitor the performance of that vehicle on its journey. Some of these are already available to you through most desktop bookkeeping software. *That's the secret.* You can easily use monthly reporting techniques to see where your profits are heading; and more importantly, which of your financing streams have “traffic jams”.

You have to maintain detailed records for a number of reasons. Whether you are using a desktop program, an employee, or “do-it-yourself on a napkin”, bookkeeping is a necessary evil for any business that should be used as a tool for measured growth during the year. If you are not looking at your financial statements, then you are driving down a dark road and someone else has your company's headlights.

A better solution is to use your time more wisely, and outsource your bookkeeping to a professional that can show you the way and turn those lights on!

Listed below (in outline form for quick reading) are the top 5 most useful performance tools and effective solutions for stability and growth:

“As much as we would like to think that great entrepreneurs have some kind of special gift, the best among us simply know how to **create and use meaningful financial reporting**, and use it to make decisions that improve our businesses. With a good eye on the numbers and some careful analysis, any business owner can see what is going right and what is going wrong.”

[YOU CAN'T MAKE GOOD BUSINESS DECISIONS WITH BAD DATA: DO YOU KNOW THE 3 RS OF FINANCIAL REPORTING?](#)

By [David Worrell](#) | In: [Accounting & Budgeting, Business Planning](#)



I. BALANCE SHEET

The balance sheet is your dashboard. It shows all fixed assets, totals of all sales, expenses, and stock on hand that your company has as of a specific date, usually the last day of the month. This report is useful:



A) To stay informed of who owes you (Accounts/Receivable) every month

1. Accountability for making sure your clients are appropriately being posted on house account and their payments are properly credited
 - a) Good management of your accounts receivable is mandatory for business growth
 - b) Bad management allowing for serious ageing will have major impact on company cash flow (can be possible death threat for small business)

B) To stay informed of how much money you owe (Accounts/Payable)

1. Ensure your vendors are being paid accurately and in a timely fashion to take advantage of any payment discounts as incentives when appropriate
2. Stay informed and on top of any credit card transactions or employee expenses
3. Defense for possible employee theft as a third party that can recognize unusual expenses





II. STATEMENT OF INCOME

The statement of income is also commonly referred to as the profit and loss statement. While the balance sheet is a thorough representation of the company's monthly financial transactions, the income statement captures the net profits minus expenses in a year to date format. It is typically the report submitted to banks, insurance companies, current stockholders, government agencies, etc. to show the general health of the company. The income statement:

A) Shows the profitability of the company in a historical format (year to date)

1. Net income is calculated by subtracting cost of goods sold from sales/service earned
2. Operating expenses are then subtracted from net income for profit total for the historical measurement within the date specified.
3. Income statement captures *Revenue, Gains, Expenses, Losses*
4. Income statement does not show cash receipts or cash disbursements

B) If a negative amount is shown on the bottom line for the profitability of the company, the company could be considered at risk. It is extremely important to report accurate data to insure the best possible representation of the company



III. STATEMENT OF CASH FLOWS

The cash flow statement shows the company's major cash resources and uses during the same time period as the statement of income. Even in today's technologically advanced business world, cash is still king. This report:

- A) *Shows major streams from: operating expenses, financing, investing, interest paid, income tax paid, and other noncash sources with significant value in historical format*
- B) *Shows possible reasons for fluctuations in cash flow within the time period and can be used (when historical data from previous years is compared) to forecast possible constraints in the company's cash*
- C) *Statement of Cash Flows is considered one of the financial statements important to the representation of a company and is included in statements of financial accounting (along with I. Balance Sheet, and II. Statement of Income)*





IV. BENCHMARK DATA

It's important to know how much money your business is bringing in along with how and where the money is being spent. Compare your results to industry standards to determine where you need to improve your business model. You should also compare this year's sales and expenses to the prior year(s) to note your progress in the business world. Reviewing this year's balance sheet accounts (cash, receivables, liabilities, etc.) to prior years will also help establish profit and sales goals.

Why Your Business Needs Bookkeeping

By [Bonnie Lee](#)

[Taxpertise FOXBusiness](#)

[Published](#) January 17, 2014

Benchmarking is one of the more powerful secrets for figuring out where your company lies in your field, or why your company doesn't align with industry norms. Your company data is compared to like companies to get a more accurate measurement of key components. For instance, rent is prorated to percentage, to see if you are paying standard percentages for companies in your field. If you live in a higher real estate market, with higher rent percentage, benchmarks will tell you if it's too far out of the norm to justify location and hurting your profits.

A) This data proves especially useful for inventory on hand, one of the trickier "sweet spots" for many industries

B) Benchmarking is typically an add on value service due to research for comparable data. Comparable data can sometimes be found through industry associations. if you already have a subscription ask for "blind benchmark data". The name of the company will be withheld for privacy.

1. Online bookkeeping software, such as Quickbooks Online and Xero, offers a plug-in for additional monthly fee that provides data to benchmark. One of the more popular plug-ins is *Fathom*. They also use data from other subscribers to compare.



V. VALUE MARKETING



The most important revelation for the little guy is target marketing. This concept is being fine-tuned daily through social media platforms and email. Gone are the days of T.V. and radio ads that reach big numbers and cost big money but generate no interest in your services. Facebook, in particular, is *THE* new platform for getting your message in front of the right person. You can spend a fraction of your advertising budget on a facebook ad and still specify exactly who receives it in their news feed. That has powerful appeal.

Of course, who has time to become a master at facebook and figure out the dynamics of facebook ads? Certainly not the small business owner. Just keeping up a company page that generates interest and possible leads is a real time killer. Coming up with posts that engage to get your page in front of the public requires more finesse than you're "downtime" can manage! Outsourcing a marketing campaign could be a cost efficient solution. The top value marketing techniques are:

- A) Social Media Marketing: Post online using business based accounts for: Facebook, Instagram, Twitter, Pinterest, Google+ , Linked in, etc. Management apps are available to help post across multiple platforms. There are also many online tutorials and graphics explaining ad submissions and requirements.
- B) Email Campaign: Gather email addresses via newsletter or other public report to target potential customers with interest in your company. Email lists can also be bought and used over a period of time.
- C) Postcards: Have postcards printed and buy a list of addresses to send via post office



CONCLUSION

Would you use a car without a dashboard? No, you need to see what's going on! It's so much easier to address a situation as it is happening when you can be proactive rather than waiting until year end and taxes are due.

Now, you do what you do, and I do what I do. You don't go to a mechanic to buy a loaf of bread, or a baker to fix your car. I can help you understand what your balance sheet and statements mean for your business. I can help you prepare a budget to sharpen expenses or keep profits in check, using information already available to me. I can collect benchmarks to help you find your place in your field. Most importantly, the transactions get accurately entered into software by a professional that understands what the software is doing "under the hood".

I have 15 years' experience in accounting. I am a certified Quickbooks Online Proadvisor and a certified Xero Advisor.

If you would like to learn more about pricing, please visit me at www.risingphoenixbkp.com and schedule a consultation at your earliest convenience.

Experts will tell you to seek out professional help in all areas of your business in which you are not competent.

*Small businesses embrace online tools for their lower dollar cost, but without accounting expertise, spend valuable time trying to figure out tasks in desperate need of a human being for guidance. CPAs, on the other hand, are **expensive and localized.***

So try going the middle route. There are many qualified bookkeeping services that *don't charge as much as a CPA but can deliver exactly what you need.* The trick is to be sure the person or agency you engage knows what they are doing.

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What is cloud based bookkeeping?

A virtual bookkeeper can offer “GPS” technology and become your greatest tool and most trusted advisor for the financial security of your business. With web-based cloud bookkeeping software, the client wins. There is no software to buy or the hassle with upgrades. That means there is also no training time for you to learn, or for your employee to learn- and no employers cost for employee’s time to do the bookkeeping for you. The beauty of cloud based software is the owner can see their information anywhere they have access to internet. So, the bookkeeper can work in a timely manner from anywhere to keep your finances in “peak performance” shape!

Both Quickbooks Online and Xero, the two most popular cloud based software companies, have a variety of plug-ins to maximize efficiency and minimize time, including benchmarking and payroll. Plug-ins typically bill a fee for use each month.

Daily activity such as sales and bills can be entered from anywhere via internet on bank equivalent encrypted servers to provide secure bookkeeping practices. Documentation can be linked to transactions within the cloud.

Bank feeds are set up for bank accounts and credit cards to pull data directly into your account to be matched with sales or bills. These accounts are reconciled within the software to make sure all transactions are accounted for and properly coded.

Cloud based bookkeeping software is one of the most economical bookkeeping systems available today. The ease of use, security encryption, and multi-access availability bring technology to the tried-and-true world of accounting at long last.



Quickbooks Online Review: Best Small Business Accounting Software

By Sara Angeles, Business News Daily Staff Writer January 4, 2016

*“We recommend **Intuit QuickBooks Online** as the best accounting software for small businesses. We chose QuickBooks from dozens of accounting software options. To understand how we chose QuickBooks, see our methodology and a list of accounting software vendors on our [best picks page](#). Although QuickBooks is our best pick, you can also check out our runner up, **Xero accounting software**.”*