

# Making the Most of your Cash Flow



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- **Crockett, Myers & Associates, Inc.**
  - Business Consulting and Accounting firm
  - Specialize in Coaching Florists to greater profits



# Managing Debt

# Good Debt vs. Bad Debt

## • Good Debt

- Credit cards
  - If they are paid in full each month
- Long term loans with Low Interest (e.g. mortgages, LT Credit Lines, EIDL loans)
- Vehicle loans & long term leases

## • Bad Debt

- Credit cards
  - If you carry a revolving balance
- Short Term loans with High Interest (e.g. hard money lenders, some credit lines)

# Pay off your debt selectively

- **Follow these simple rules**

- Don't try to pay down multiple loans at the same time.
- Don't simply pay the highest interest loans first.
- Use this formula to determine where to focus your funds.

$$\text{Cash Flow Index (CFI)} = \frac{\text{Account Balance}}{\text{Minimum Required Payment}}$$

- Start by paying off the debt with the lowest CFI first and work up.
- Any debt with a CFI of 50 or less, payoff as fast as possible!

# Restructure Bad Debt

- **Refinance**

- Consolidate credit card debt and other bad debt NOW while you have the cash and profit numbers to get it done.
- Get credit lines approved and/or increased NOW.

- **3 C's**

- Credit Score
- Cash Flow (Business profits)
- Collateral

# Rebates

- **Take advantage of Credit Card rebates**

- Find the cards that reward you for what you spend.
  - If you travel a lot, get cards that pay rewards for Hotels, Airfare, Gas, etc.
  - If you can get a card that pays you back for all purchases, use it to buy flowers, advertising, etc.

**I have clients that make \$50K or more per year  
just for spending money!!!**

# Expenses



# Categorize your Expenses

- List your expenses in 4 categories
- Must haves
  - A good Accountant, Flowers, Labor, Marketing, etc.
- Like to haves
  - Travel, Company Cars, etc.
- Necessary Evils
  - Insurances, Credit Card/Bank Charges, Attorneys, etc.
- Review for Elimination
  - Old School Advertising, Paper filing, inefficiencies, etc.

# For your Bills...

- Pay them as quickly as possible
  - Paying your bills quickly makes it easier to know how much you have available to spend.
  - Don't spend more than you have.
- Put money aside
  - Get in the habit of regularly moving money to savings (10 – 15%)
  - Max out your retirement plan (if you don't have one, start one).

These simple steps will help you create wealth.

# Look for Black Holes

- Just as you would expect, these are areas that “suck up” your cash.
  - We all have expenses that should be gone!
  - Look at all of your expenses for a couple of months and evaluate which ones should go.
- Look at your processes and modernize/eliminate
  - Beware when you hear yourself say “we have always done it this way!”

# Tightening up for Bad Times

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- When the bad times arrive, you need to focus on the present.
  - Temporarily stop retirement funding
  - Take advantage of wholesalers' terms
  - If necessary, cash in some investments
  - Make minimum payments on all debt
  - Eliminate any unnecessary expenses

Taking these steps will free up as much cash as possible to invest in your  
**#1 Wealth producing asset...your Business!!!!**



# Tips to Increase Your Credit Score

# Tips to Increase Credit Score

- Understand and control credit card usage
- Don't close old accounts
- Have a variety of debt
- Don't be late on payments

# Contact Information

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*Thank you!*

