

# The Handbook for Business, the Bible

## # 8: Watch your business interests closely

King Solomon provides more wisdom for business success in Proverbs 27:23...

*KJV: "Be thou diligent to know the state of thy flocks, and look well to thy herds"*

The Living Bible puts it this way: *"Riches can disappear fast...so, watch your business interests closely. Know the state of your flocks and your herds"*

In a modern context, flocks & herds represent your business assets, especially cash reserves.

Too often I see owners focused on the wrong numbers or taking their eye off the ball as it were, thereby overlooking critical information on which to make decisions.

Like the bloke who stormed into my office one day, fuming about a tax bill; of course, as his tax agent it was my fault. All I could do was ask him to calm down so we can see what was going on.

Once uncovered, the truth was quite revealing...and would you believe, involved fish (as per # 6).

It turned out Easter fell at the end of March that year. He took a few days off to go up the Murray fishing, meaning the March bills weren't sent till April. Customers weren't paying so he ran out of cash, just as the tax bill arrived. The fishing hadn't been too good either, so he was not happy!

**This episode highlights some business interests we all need to watch closely:**

FIRST, apart from not sending bills on time, a cash shortage can be caused by excessive drawings where say, the is \$70k but the owner draws out \$90k, in effect, draining the cash -

...Some control of personal spending would help avoid this problem

...As would increasing business profit – one key reason we do this Handbook segment

SECOND, most tax problems aren't tax problems, but cash problems namely, a lack thereof...

...Discipline is needed to ensure funds are available to cover tax & super obligations

...Actually, transferring these funds into a separate bank account is a good idea

THIRD, to help manage cash there is a fantastic report hidden in your accounting program - the Cashflow Summary showing operating & non-operating cash in & outflows...

...Learn to read & understand this report and your eyes will be opened, guaranteed

**Back to the fisherman with a tax problem that was actually a cash problem:**

\* Yes, he ate some humble pie that day but he learned a valuable lesson

\* So, he hired a bookkeeper to look after the office and get the bills out on time

**In the end, most business problems arise from a lack of understanding of the real issues:**

\* This inevitably leads to poor planning, poor decision-making...and much failure!

**Good news:**

This won't happen IF you '*know the state of thy flocks*' and '*watch your business interests closely*' as King Solomon advises, especially regarding cash.