THE TEAM TRAINING INSTITUTE

# INCOME AND NET WORTH

**3 Key Financial Statements**

- Income Statement or P&L - Financial performance over a given period of time
- Balance Sheet - What the company owns and owes
- Cashflow Statement - Cash inflows and outflows

**Using Your Income Statement**

- Evaluate how efficiently the business is operating
- Identify trends over time
- Compare apples to apples
- Operating profit allows you to remove non-cash items (depreciation and amortization)
- Operating income divided by net revenue equals your operating profitability percent - an indicator of efficiency
- Monthly variation in income can be significant so a rolling 3-month average is more meaningful

**Are your accountant's priorities aligned to yours as a business operator?** _____

To learn more about the opportunity to obtain a comprehensive financial review and draft a 5-year strategic plan by attending Executive GPS, visit our website.

**Does your current reporting "normalize for owner income"?** _____

**Profit Talk Fears**

- Legitimate fear of misunderstanding
  - Lack of context
  - Profit not equal to cash
- Perception of greed
- Concerns about wage demands

**What would greater profitability mean for your team? Discuss as a group.** _____

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**Core Principles from The Great Game of Business by Jack Stack**

- Transparency in Financials
- Education and Empowerment
- Involvement in Goal Setting
- Linking Work to Outcomes
- Incentive Alignment

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**Key Benefits of Open Book Management**

- Engaged Workforce
- Improved Decision-Making
- Shared Accountability
- Resilience in Challenges

**Consider changes you would need to make to implement an open book management approach.**

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**According to the CEO Mastermind group, what's better, another dollar of production or a dollar of cost reduction?** _____

To learn more about the CEO Mastermind program that supports practices through expansive growth, visit our website.

**Understanding Net Worth**

- Net Worth is what we OWN minus what we OWE
- Measured with Balance Sheet, via assets and liabilities
- Other measures of net worth that are not included on the balance sheet include risk, management load, liquidity and more

**Net Worth Paradigms**

- Build up your net worth until it is sufficient then retire and spend it down
- Build a self-managing machine that prints money with little to no work

**Which Net Worth Paradigm best fits your vision for your future?** _____