

Financial Numbers Every Business Owner Should Know.

So what figures are important to know as a business owner or manager? The first thing that pops in to most entrepreneurial minds is the breakeven figure, but here is a useful list to help you determine whether you are receiving the information which is critical to successful decision making and consequently a business's survival .

As a guide answer yes or no to each– do you receive this information monthly, do you use this information? Successful businesses use the following seven (7) critical numbers:

- 1. Cash Flow** – an operating cash flow gives a bird's-eye view of the financial state of your business.
- 2. Net Income** – Working hand in hand with your cash flow is your net earnings or net profit
- 3. Profit and Loss** – commonly known as your P&L statement, it is a snapshot of sales & revenue, less expenses over a specific period of time.
- 4. Sales** – you start a business with sales in mind, keeping an eye on sales highs and lows are important to spot marketing magic or signs of trouble
- 5. Price point** – every business owner should know their purchases figure, cost to obtain their goods, and the price to sell their goods or services in order to make a profit.
- 6. Gross margin** – known as the gross-profit (and correlating with price point), this calculates how much money is left after the expense of purchasing your merchandise is subtracted from the selling price.
- 7. Total inventory** – this should ideally be checked weekly to ensure inventory is not increasing, this is a negative sign which can have effects such as reduced profits, wastage, storage costs.



While this is a tedious task, and most times not a priority, it is business critical to know and use all seven (7) of these figures (not limited to these seven). If you do not use these figures, or do not have access to these figures monthly, we'd like to help. Simply [click here](#), fill in our short form and we will be in touch .

Thanks for reading - The ABS Team.