

Train-the-Trainer Participant Guide

FDIC



**Financial
Educational Curriculum**



U.S. Small Business Administration



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Table of Contents

INTRODUCTION	4
ABOUT THIS PARTICIPANT GUIDE	4
MSSB: TRAIN-THE-TRAINER LEARNING OBJECTIVES	4
MSSB: WHAT IT IS	5
MSSB: WHY IT WAS CREATED	5
MSSB: WHO CAN BENEFIT	5
MSSB: HOW THEY BENEFIT	6
MSSB: CURRICULUM COMPONENTS	7
MSSB: CURRICULUM MODULES	7
BANKING SERVICES	7
CREDIT REPORTING	8
FINANCIAL MANAGEMENT	8
INSURANCE	9
ORGANIZATIONAL TYPES	9
RECORD KEEPING	9
RISK MANAGEMENT	10
SELLING A BUSINESS AND SUCCESSION PLANNING	10
TAX PLANNING	10
TIME MANAGEMENT	11
IS SMALL BUSINESS OWNERSHIP A GOOD FIT FOR YOU?	11
PLANNING FOR A HEALTHY BUSINESS	11
MANAGING CASH FLOW	12
THE DEEP DIVE	12
EVALUATION BEST PRACTICES	12
EVALUATE FOR QUALITY AND IMPACT	12
EVALUATE WHAT IS NEXT	13
GETTING STARTED WITH MSSB	13
SELECTING MODULES	13
SELECTION OPTIONS	13
WORKING WITH EXPERTS	15
JOIN THE MONEY SMART ALLIANCE	15
ELIGIBILITY	15
IS YOUR ORGANIZATION READY TO OFFER TRAINING? A SELF-ASSESSMENT	15
APPENDIXES	17
GLOSSARY OF TERMS	17
MSSB MODULES MATRIX	21
MANAGING CASH FLOW PARTICIPANT GUIDE	25
MANAGING CASH FLOW INSTRUCTOR GUIDE	46
MSSB PLAN OF ACTION WORKSHEET TEMPLATE	72
MSSB TtT INVITATION AND AGENDA TEMPLATE	74
CHECKLISTS	76
PREPARATION	77

SAMPLE INSTRUCTION PLANNER	78
TRAINING DAY	79
SUCCESS TIPS.....	80
MATERIALS AND EQUIPMENT NEEDED	81
GIVING INSTRUCTIONS	82
FACILITATING DISCUSSIONS.....	82
CLASSROOM SET-UP.....	83
USING CHART PAPER	83
USING HANDOUTS.....	83
USING VISUAL AIDS	83
CONSIDER THE THREE LEARNING STYLES WHILE TEACHING	84
THINGS TO AVOID DURING A PRESENTATION	84
QUESTIONS FOR SELF-REFLECTION	85
ACCOMMODATING STUDENTS WITH DISABILITIES.....	86
AMERICANS WITH DISABILITIES ACT (ADA) OF 1990	86
REQUESTS FOR ACCOMMODATIONS	86
HOW TO MAKE CLASSES ACCESSIBLE TO STUDENTS WITH DISABILITIES.....	87
EFFECTIVE COMMUNICATION	87
GUIDELINES FOR TALKING ABOUT DISABILITIES.....	89
10 COMMANDMENTS OF ETIQUETTE FOR INTERACTING WITH PEOPLE WITH DISABILITIES.....	89
CONTACT INFORMATION	91

DISCLAIMER

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Introduction

Money Smart for Small Business (MSSB) is an instructor-led curriculum developed jointly by the Federal Deposit Insurance Corporation (FDIC) and the U.S. Small Business Administration (SBA). The 13 modules in this curriculum provide introductory business training for aspiring and existing entrepreneurs on the basics of starting and growing a business. In addition, the curriculum serves as a foundation for more advanced training and technical assistance.

The *MSSB Curriculum* was created to assist financial institutions and community organizations (Small Business or Economic Development Organizations, Community Banks, Financial Institutions, Government Programs, Chambers of Commerce, Business Chambers/Trade Associations and Independent Small Business Consultants) deliver introductory business training. The FDIC and SBA invite financial institutions and community organizations to order and begin teaching this free curriculum.

The *MSSB Curriculum* is a tool for partnerships. For example, financial institution staff can deliver a *MSSB Program* in collaboration with small business resource providers.

The topics in the *MSSB Curriculum* were selected through focus groups and interviews with small business technical assistance practitioners.

About This Participant Guide

This Train-the-Trainer Participant Guide is designed to help financial institutions and community organizations conduct effective *Money Smart for Small Business* introductory business training for aspiring and existing entrepreneurs in their communities.

This guide includes complementing information to the Train-the-Trainer PowerPoint presentation, a matrix summarizing the 13 *MSSB* modules, a Participant Guide, Instructor Guide and PowerPoint presentation for the “Managing Cash Flow” module to showcase how the three components of all 13 *MSSB* modules interact; and a comprehensive Success Tips section. A glossary of terms is also provided to explain the use of specific terms within the context of the *MSSB TtT Curriculum*. Words in *italic* can be found in the *MSSB TtT Curriculum Glossary of Terms*.

MSSB: Train-the-Trainer Learning Objectives

After completing a Train-the-Trainer Workshop, you will be able to:

1. Register as a *MSSB Alliance* member, order the 13 modules on CD-ROM or download the modules, which include an Instructor Guide, Participant Guide and PowerPoint presentation for each module.
2. Present the *MSSB Curriculum* with confidence and describe effective ways to make the content of each module compelling and engaging.
3. List and describe at a high level, the goals and objectives of the *MSSB Curriculum*.
4. Describe several ways to customize a *MSSB* program to meet the diverse needs of small business owners who represent a range of business development stages and learning needs.

5. Describe best practices for working with subject matter experts to co-train modules and evaluating the quality and impact of the *MSSB Program* within the *MSSB Alliance Member* network.
6. Identify several ways to connect *MSSB Training* participants to additional training or technical assistance by providing resources and success tips to ensure *MSSB Instructors* host a successful *MSSB* training program.

MSSB: What It Is

MSSB is an instructor-led business curriculum or tool collaboratively developed by the FDIC and SBA that provides introductory business training for aspiring and existing entrepreneurs on the basics of starting and growing a business.

In 2012, the FDIC and SBA created 10 modules that cover a wide range of business topics.

In 2015, three new modules were created and all 13 modules were translated into Spanish and made available for download.

Each module takes between 60-90 minutes to present and includes three components: an Instructor Guide, a Participant Guide and PowerPoint.

The modules are instructor led; can be edited or customized; delivered as stand-alone modules; mixed and matched to meet the specific needs of entrepreneurs; and integrated into the training programs that financial institutions and community organizations currently utilize to create a lasting impact in their communities.

MSSB: Why It Was Created

MSSB was created as a tool to:

- Assist financial institutions and community organizations to engage and assist aspiring and existing entrepreneurs.
- Help aspiring and existing entrepreneurs think through their business model, and to start and grow their businesses.
- Have sustainable impact in all types of communities from urban to rural.
- Spur economic activity.

MSSB: Who Can Benefit

Financial Institutions and Community Organizations

- Small Business or Economic Development Organizations
- Community Banks/Financial Institutions
- Government Programs
- Chambers of Commerce or Business Chambers/Trade Associations
- Independent Small Business Consultants

Aspiring and Existing Entrepreneurs

- Aspiring entrepreneurs have many questions, passion, determination and fears. They need a solid foundation to successfully start and grow a business.
- Existing entrepreneurs have successfully started their business, but as their business grows, they have growing business demands including different skill sets.

Urban and Rural Communities

- Communities, both urban and rural, can benefit from Money Smart for Small Business.

MSSB: How They Benefit

Financial Institution and Community Organization Benefits

- They become a catalyst for innovation and job creation in their community.
- They become a catalyst for revitalizing a local economy.
- They anchor themselves to the communities where they operate and serve.
- Financial institutions may receive positive consideration under the Community Reinvestment Act (CRA) (except credit unions and loan funds, which are not subject to the CRA Regulation).
- If the organizations offering MSSB are Certified Development Financial Institutions (CDFIs), they may be able to establish or enhance MSSB programs to meet the needs of low to moderate-income businesses.

Aspiring Entrepreneur Benefits

- Build a business and create wealth
- Understand skills required in a startup
- Use MSSB modules as input to develop a business plan

Existing Entrepreneur Benefits

- Learn skills in maintaining a business
- Learn skills in business management and operations
- Ability to find more advanced training or access other resources and services

Community Benefits

- Revitalized local economies and create more jobs
- Wealth created by aspiring and existing entrepreneurs tends to stay in the community through reinvestment.
- Jobs created keep talent in the community. Job seekers don't need to leave the community.
- Entrepreneurs in rural areas are more likely to become community leaders and reinvest through philanthropy and volunteer work.
- As the economy grows, so does civic pride and community spirit.

MSSB: Curriculum Components

There are three components to each of the 13 modules. Every module is formatted and structured the same way. The components of each module consist of:

- A fully scripted Instructor Guide in Word and PDF formats.
- A Participant Guide in Word and PDF formats.
- Overhead slides (visuals) in PowerPoint and PDF formats.

The Instructor Guide is your roadmap for presenting the modules. It includes:

- The purpose and objectives of the module.
- A detailed lesson plan.
- A copy of the overhead slides (visuals).

The topics for the training modules provide a practical introduction to aspects of starting and growing a business that can be taught in any order or independently in 60 to 90 minutes each. In addition to grounding participants in the basics, the curriculum serves as a foundation for more advanced training and technical assistance.

MSSB: Curriculum Modules

The first ten modules, launched in 2012, were:

- Banking Services
- Credit Reporting
- Financial Management
- Insurance
- Organizational Types
- Record Keeping
- Risk Management
- Selling a Business and Succession Planning
- Tax Planning
- Time Management

The three newly created modules are:

- Is Small Business Ownership a Good Fit for You?
- Planning for a Healthy Business
- Managing Cash Flow

The original 10 modules are 60 minutes long. The three new modules are 90 minutes long and contain case studies and interactive tools.

Please look at the Appendix: MSSB Modules Matrix to learn more about each module.

Banking Services

The “Banking Services” module will introduce banking products and services available to entrepreneurs and small business owners, including business checking, payroll processing, merchant services, business loans and cash management services.

This module also explains how to select the best banking products and services for their business.

At the end of the module, entrepreneurs will:

- Gain a solid understanding of the banking products and services available to small business owners
- Understand the importance of building effective long-term relationships with a banker or lender
- Recognize the role of a personal credit score in the lending process

It may be best for business owners at early stages or those who are seeking a loan from a financial institution.

The most important aspect of this module is to emphasize that entrepreneurs should start a relationship with a financial institution well before they need a loan.

Credit Reporting

The “Credit Reporting” module highlights the impact of credit reports on the operation and growth of a business and the impact that the business owner’s personal credit can have on it.

It identifies credit reports and other systems used to assess the risk of extending credit to entrepreneurs and small business owners.

At the end of the module, entrepreneurs will:

- Understand the full scope of credit reporting and the impact of credit reports on the operation or growth of a small business
- Discover strategies for building or improving business credit
- Appreciate how personal credit scores impact the ability of a business to get credit

It may be best for companies in all stages of business development, especially for those who may have concerns about their credit scores and/or those who plan to apply for loans.

There’s plenty of content provided by various organizations about personal credit scores, but this module may be one of a few resources related to business credit.

Some financial institutions and community organizations use this module as a stand-alone module or as a complement to other business development initiatives. Others have used it as part of a one-day session where the “Credit” and “Banking” modules were taught in partnership with financial institutions and credit counseling organizations.

Financial Management

The “Financial Management” module identifies financial management practices, rules and tools commonly available for small businesses and how they all work.

At the end of the module, entrepreneurs will:

- Grasp the importance of sound financial management
- Understand small business financial management basics including:
- Startup financing
 - Financing for a growing business
 - Financing working capital
 - Financing fixed assets

It may be best for companies in all stages of business development, especially business owners who are interested in obtaining a loan from a financial institution.

Insurance

The “Insurance” module identifies the types of insurance that small businesses should understand and consider.

At the end of the module, entrepreneurs will:

- Recognize the importance of small business insurance
- Understand the full range of insurance products and services
 - Required coverage
 - Other coverage

It may be best for companies in all stages of business development, especially those who don’t yet have insurance or find some insurance terms and concepts confusing.

Organizational Types

The “Organizational Types” module analyzes the most common legal entities or structures.

At the end of the module, entrepreneurs will:

- Know that the legal structure of a business determines how a company operates and is taxed
- Distinguish the general characteristics, advantages and disadvantages of organizational types:
 - Sole proprietorship
 - Partnerships
 - Limited liability company
 - C-corporation
 - S-corporation

It may be best for companies in early stages of business development, especially those who have not yet incorporated and may be confused by the risks and benefits of each organizational type.

Statistics show that the majority of small businesses operate as sole proprietorships. Business owners need to understand how to protect themselves and their business assets.

Record Keeping

The “Record Keeping” module identifies practical record-keeping techniques.

At the end of the module, entrepreneurs will:

- Comprehend the necessity for good record keeping
- Learn about small business record-keeping practices and rules
- Discover record keeping software tools

It may be best for companies in all stages of business development, especially those who lack formal record-keeping disciplines.

Risk Management

The “Risk Management” module identifies the common risks associated with a small business and how to manage those risks.

At the end of the module, entrepreneurs will:

- Understand the common risks associated with a small business
- Identify the external and internal factors which affect risk for a small business
- Implement, monitor and evaluate a risk management plan for a small business

It may be best for companies in all stages of business development, especially those who want to learn about minimizing internal and external risks to their business.

This module could be considered a more in-depth version of a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis and it may work well if combined with the Insurance Module.

Selling a Business and Succession Planning

The “Selling a Business and Succession Planning” module explains how to establish an exit strategy for a business through either a sale or transfer of ownership to successors.

At the end of the module, entrepreneurs will:

- Learn how to change the ownership of a business through selling, closing or passing the business to successors
- Know how to establish an exit strategy for retirement which includes a succession plan, transferring ownership of the business and paying taxes

It may be best for companies in all stages of business development, especially those who plan to sell or transfer ownership to others in the future.

Tax Planning

The “Tax Planning” module introduces the entrepreneur or participants to tax requirements at the local, state and federal levels and helps them to create a plan to pay their taxes.

At the end of the module, entrepreneurs will:

- Understand the range of state, local and federal tax reporting requirements of a small business and its owner
- Be able to research general tax reporting requirements
- Understand the importance of establishing a plan to pay taxes

It may best for companies in all stages of business development, especially those who have not yet set up systems and processes for paying taxes in a timely manner.

Time Management

The “Time Management” module explains the concept of time management and why it’s important to a small business.

At the end of the module, entrepreneurs will:

- Understand the importance of time management
- Discover commonly used time management practices like
 - Pareto analysis
 - ABC method
 - Eisenhower method
 - POSEC method

It may be best for companies in all stages of business development as the nature of small businesses is that they are typically short staffed. As such, time management is critical to their success.

The Time Management module may work well if combined with the Organization Types module as it fosters thinking about how to fulfill the needs of the business, who is involved and what other human resources are needed.

Is Small Business Ownership a Good Fit For You?

The “Is Small Business Ownership a Good Fit For You?” module is one of three new modules and helps the aspiring entrepreneur think about the realities of starting a business and their readiness to start a business.

At the end of the module, entrepreneurs will:

- Discern between the myths and realities of small business ownership
- Start a self-assessment to determine their readiness to become a small business owner
- Gain insight about their readiness to start a business

It may be best for aspiring entrepreneurs at the early stages of their decision-making, but existing business owners can also benefit from the self-assessments in the Participant Guide.

It’s also recommended that this module be offered first in a program as it helps set the stage for later modules or classes.

Planning for a Healthy Business

The “Planning for a Healthy Business” module is the second of the three new modules and introduces aspiring entrepreneurs to the benefits of planning and making smart decisions.

It’s recommended that this module be part of the second class in a program as it covers four different forms of planning, from simple to complex.

At the end of the module, entrepreneurs will:

- Discover a 4-Step Business Planning process, via a case study, that will help them create a long-term healthy business
 - Back-of-Napkin Plan
 - Resource Plan
 - Business Plan

- Action Plan

It may be best for aspiring entrepreneurs who are thinking about starting a business. The planning process will elevate their decision-making. Existing business owners can also benefit from some of the planning tools provided in their Participant Guide.

Entrepreneurs attending this class will be introduced to business planning, but should seek alternative business planning resources to develop a business plan on their own or with the assistance from the organization hosting the training and/or its partners.

Managing Cash Flow

The “Managing Cash Flow” module is a great overview of cash flow and how to manage cash flow. This is the third new module and should be scheduled after the Financial Management module.

At the end of the module, entrepreneurs will:

- Learn about the critical importance of cash flow management in a small business
- Act as advisors to Bob and the Wired Cup
- Understand the need for expert assistance and advice

It may be best for companies in all stages of business development, especially those who lack financial management expertise. This module is especially helpful for new business owners who need to prepare to work with accountants, as it demystifies a lot of cash flow terminology.

The Deep Dive

The “Managing Cash Flow” module is a highly interactive learning experience that encourages participants to focus on cash flow management as an essential competency of business ownership. No matter where learners are in the development of their businesses, this 90-minute module encourages them to ask questions about their business and prepare to interact with accountants to analyze the flow of cash in and out of their business.

On page 27 in the appendix, you will find the Participant Guide for the Managing Cash Flow Module.

Evaluation Best Practices

At the end of every module or class, each module should be evaluated for two main reasons:

1. To evaluate the quality and impact of the module
2. To help identify what is next

Evaluate for Quality and Impact

The Participant Guide for each module includes an evaluation form on the last page. The forms are easy to complete. Evaluation forms are effective tools for gauging immediate reactions to a class. Another great way to evaluate impact is to conduct an anonymous follow-up survey about a week after the class. Consider using a free online tool to create a survey for the participants.

Ask questions such as:

- Now that you have had time to reflect, what do you feel were the most compelling learning points of the Managing Cash Flow module?
- What steps have you taken to apply the Managing Cash Flow module key principles to your own small business?
- If you have not applied the principles of Managing Cash Flow to your small business, what prevented you?

Evaluate what is next

Here are some ways to identify which modules your participants will most want/need:

- At the end of a class, conduct a debriefing conversation. Ask, “What should happen next?”
- Scan the Parking Lot for questions that indicate a need for additional classes.
- Interview guest experts for their ideas. They can offer great advice based on the questions the participants asked them.

Getting Started With *MSSB*

Selecting Modules

When selecting which modules to deliver and in what sequence, please consider the following information:

- The modules can stand-alone and be presented topic by topic
- The modules can be mixed and matched to meet the entrepreneur’s needs
- The modules can be integrated into an existing training program
- The modules are free of copyrights, which means financial institution and community logos can be added to the materials
- The modules are available in Word and PDF formats and thus customizable

Selection Options

Ideally any program will start with the two fundamental modules: Is Small Business Ownership a Good Fit for You? and Planning for a Healthy Business. These modules cover fundamental principles of small business ownership. They are very interactive, which helps host organizations learn more about the entrepreneurs businesses and concerns. Some financial institutions and community organizations offer individual classes once or twice a week for a number of weeks, as shown on the following page. A benefit of this approach is that host organizations can plan and advertise an entire program ahead of time. It’s easy to recruit and orient experts as well. The downside to this approach is that host organizations are locked into a plan that may not fit the needs of their entrepreneurs.

Week	Module Name
1	Is Small Business Ownership a Good Fit for You?
2	Planning for a Healthy Business
3	Financial Management
4	Managing Cash Flow
5	Credit Reporting
6	Banking Services
7	Tax Planning
8	Time Management and Graduation

Other financial institutions and community organizations may prefer to offer combinations, such as full-day programs on Saturdays once or twice per month allowing them to combine two or more modules. As depicted below, the modules have been selected for Day 1 and the modules for Days 2, 3 and 4 are not set. This allows the host organization to custom design a program based on focus group feedback and from questions the entrepreneurs and small business owners ask. This option may be challenging to manage in terms of advertising and for recruiting any experts that might be needed.

The entrepreneurs in attendance will be invaluable advisors on the selection and sequencing of modules. Ask them what they want to know and ideal times to offer classes. Be flexible. While it's a great idea to have a sequence of modules in mind, be prepared to adapt plans based on each entrepreneur's questions and feedback.

Day	Modules
1	Is Small Business Ownership a Good Fit for You? Planning for a Healthy Business Credit Reporting Focus Group: What should be next in this program?
2	TBD Focus Group
3	TBD Focus Group
4	TBD Graduation

Working with Experts

Many *MSSB Alliance* members use guest experts to augment the experience and expertise of the host organization instructor. Guest experts bring a wealth of experience and expertise to Money Smart classes.

There are three main categories of experts:

1. Small business owners who have great stories to share (both success stories and cautionary tales)
2. Representatives from such fields as banking, credit reporting and taxation
3. Professionals who advise clients on a regular basis, such as accountants or insurance brokers

Guest experts contribute a great deal to Money Smart classes. They tell interesting stories and share real-life experiences about what to do, or not to do. There are some risks associated with working with experts, as well. If they are unprepared they can be ineffective. They can lose track of time or provide examples that are not relevant to the questions the learners ask. Some experts tend to use jargon or technical language which might confuse participants more than help them. When working with experts, provide them with clear directions and parameters to ensure success.

Join the Money Smart Alliance

Anyone can download the Money Smart for Small Business curriculum which is available at the FDIC Catalog. However, we encourage organizations to join the *Money Smart Alliance* to benefit from meeting other *MSSB* users.

There is a short form to fill out and the most updated link will always be available at the *MSSB* Webpage. Both joining the alliance and downloading the curriculums are very easy. The materials available for download are: Instructor Guide, Participant Guide and PowerPoint presentation for each of the modules. A CD-ROM including all modules can also be ordered by using the FDIC Catalog ordering system.

Eligibility

No certifications are required to use the curriculum; however, it's ideal that *MSSB* instructors have experience in the delivery of training, technical assistance or coaching for small businesses. The website (under the heading "Money Smart for Small Business Alliance") includes a self-assessment questionnaire that should help organizations determine whether they are ready to adopt *MSSB*. The most current questionnaire is below:

Is Your Organization Ready to Offer Training? A Self-Assessment

The following questions can help you gauge your organization's readiness to offer Money Smart for Small Business as a member of the Money Smart Alliance. These questions can also help you think about the steps you'll need to take to set up a training program in your community.

- Does your organization have experience providing training to small businesses (including technical assistance, mentoring, coaching, etc.)?
- Does your organization work with small businesses to help them raise debt or equity?
- Does your organization provide finance directly or in partnership with others?

- Are your organization's marketing efforts able to reach into the small business community?
- Are you able to reach unbanked/underbanked populations?
- Do you have partners to help you in these efforts?
- Do you have your target market for the training in mind?
- Does your organization have subject matter experts in-house? If not, do you have access to experts to deliver the course?
- Is your organization or your partners able to provide follow-up support after the completion of the class?

If you've answered "Yes" to the majority of these questions, then you're in good shape to deliver quality trainings!

Sign up to become an Alliance Member, and learn about the MSSB Town Halls at:

<https://www.fdic.gov/consumers/consumer/moneysmart/business.html>

To download any Money Smart curriculum and collateral material:

<http://catalog.fdic.gov/>

Appendixes

Glossary Of Terms

<i>Term</i>	<i>Definition</i>
Acronyms	<ul style="list-style-type: none"> • MS = Money Smart • MSSB = Money Smart for Small Business • TtT = Train the Trainer
FDIC Community Affairs Section	FDIC Community Affairs Section is under the Division of Consumer Protection. The Community Affairs Regional Manager's contact information is provided as a reference for organizations that want to know more about MSSB. More information about the role of the Community Affairs Section is available at the FDIC website (key word: Community Affairs).
Money Smart News	Money Smart News is the FDIC's quarterly newsletter featuring tips, updates, and success stories for financial educators.
Money Smart Alliance	Money Smart Alliance is a group of financial institutions and community organizations that promote and teach Money Smart products. There is no separate process to join the MSSB Alliance, however, a separate list of organizations that use MSSB is tracked. Organizations that choose to join the MSSB Alliance can share information specific to the MSSB Curriculum.
MSSB Alliance	MSSB Alliance is a group of financial institutions and community organizations that promote and teach MSSB. FDIC facilitates collaboration between the MSSB Alliance partners through a quarterly online town hall to discuss experiences with the training and share promising practices.
MSSB Alliance Town Hall Meetings	MSSB Alliance Town Hall Meetings are quarterly virtual online meetings for MSSB Alliance Members. Town Hall Meetings are a space to share best practices, ask questions and seek guidance about establishing and running an MSSB program.
MSSB Curriculum	MSSB Curriculum is an introductory business training for aspiring and existing entrepreneurs on the basics of starting and growing a business. In addition to grounding the participants in the business basics, the curriculum serves as a foundation for more advanced training and technical assistance. The curriculum consists of 13 training modules.
MSSB Instructor	MSSB Instructor is an individual teaching the MSSB Curriculum and/or the Train-the-Trainer Workshop.

<i>Term</i>	<i>Definition</i>
MSSB Instructor Guide	<p>MSSB Instructor Guide is the roadmap for presenting the MSSB 13 modules. The instructor guide is fully scripted in both Word and PDF formats. It includes:</p> <ul style="list-style-type: none"> • The purpose and objectives of the module • A detailed lesson plan • A copy of the overhead slides (visuals) in PowerPoint and • Appendixes with resources to teach an MSSB Module
MSSB Interactive Tools	<p>MSSB Interactive Tools are included in two of the training modules: Is Small Business Ownership a Good Fit? and Planning For a Healthy Business. Interactive tools are hands on approach to helping participants become more engaged, retain more of the learning objectives and strengthen problem solving and critical thinking skills. These tools and instructions to use them are provided as separate attachments to the corresponding modules.</p>
MSSB Program	<p>MSSB Program: There are two instances in which this term is used 1) When referring to the MSSB Modules and resources available to organizations using MSSB such as the MSSB Alliance, MSSB Town Halls, MSSB TtT Resources; 2) When organizations teaching MSSB Modules, have created a business training or business development program that entails a set of resources available to their small business audience that may include a recurring training program encompassing more than one module, coaching to MSSB training participants, or more resources made available through partner organizations.</p>
MSSB Training Modules	<p>MSSB Training Modules make up the MSSB Curriculum. There are 13 training modules. The topics for the training modules provide a practical introduction to aspects of starting and managing a business that can be taught in any order or independently in 60 to 90 minutes. Each module includes a fully scripted instructor guide, participant guide/workbook, and PowerPoint slides. In addition to grounding participants in the basics, the curriculum serves as a foundation for more advanced training and technical assistance. There are 13 modules in the curriculum:</p> <ul style="list-style-type: none"> • Banking Services • Credit Reporting • Financial Management • Insurance • Organizational Types • Record Keeping • Risk Management • Selling A Business and Succession Planning • Time Management • Tax Planning • Is Business Ownership A Good Fit For You?

<i>Term</i>	<i>Definition</i>
	<ul style="list-style-type: none"> • Planning For A Healthy Business • Managing Cash Flow
MSSB Participant Guide	<p>MSSB Participant Guide is the accompanying guide or workbook created for aspiring and existing entrepreneurs (participants) attending MSSB training. Each training module has a corresponding instructor guide, participant guide and PowerPoint slides.</p>
MSSB PowerPoint Slides	<p>MSSB PowerPoint Slides are accompanying visual aids for the MSSB Instructor Guide. Each training module has a corresponding instructor guide, participant guide and PowerPoint slides.</p>
MSSB Train-the-Trainer Audience	<p>MSSB Train-the-Trainer Audience consists of financial institutions and community organizations considering hosting the MSSB Program:</p> <ul style="list-style-type: none"> • Small Business or Economic Development Organizations • Community Banks/Financial Institutions • Government Programs • Chambers of Commerce or Business Chambers/Trade Associations • Independent Small Business Consultants
MSSB TtT Curriculum	<p>MSSB TtT Curriculum is training offered to staff and volunteers from financial institutions and community organizations planning to offer the MSSB Curriculum to aspiring and existing entrepreneurs. The curriculum includes a TtT Instructor Guide, TtT Participant Guide and PowerPoint slides.</p>
MSSB TtT Instructor Guide	<p>MSSB TtT Instructor Guide is the roadmap for presenting the Train-the-Trainer Workshop. Given limited resources to host TtT Workshops, the FDIC has created this self-help tool to financial institutions and community organizations that want to adopt one or all the MSSB modules and need to train their trainers/instructors to effectively teach introductory business training to aspiring and existing entrepreneurs in their communities. Organizations organizing a TtT Workshop can contact their Community Affairs Point of Contact to request assistance in designing their TtT Workshop or co-facilitating it. The instructor guide is fully scripted and available in both Word and PDF formats. It includes:</p> <ul style="list-style-type: none"> • The purpose and objectives of the module. • A detailed lesson plan. • A copy of the overhead slides (visuals)
MSSB TtT Participant	<p>MSSB TtT Participant Guide is the guide or workbook created for Train-</p>

<i>Term</i>	<i>Definition</i>
Guide	the-Trainer Workshop participants. This guide was designed to inform financial institutions and community organizations about the MSSB Program and help them conduct effective MSSB introductory business training to aspiring and existing entrepreneurs in their communities.
MSSB TtT ToolKit	<p>MSSB TtT Toolkit is a collection of resources for MSSB Alliance Members made available as attachments or explained in the MSSB TtT Curriculum. The resources include:</p> <ul style="list-style-type: none"> • MSSB TtT Curriculum • MSSB Promotional Videos • MSSB Promotional Flyers • MSSB Training tips • MSSB Guide to teaching participants with disabilities • MSSB TtT Workshop Plan of Action worksheet • MSSB TtT sample Invitation and Agenda Template
MSSB TtT Workshop	MSSB TtT Workshop is a 3+ hour-long workshop designed for financial institutions and community organizations considering hosting the MSSB Program. The workshop provides a comprehensive overview of the MSSB Curriculum and training modules. It also provides practical advice in training delivery, it was designed to help financial institutions and community organizations conduct effective MSSB introductory business training to aspiring and existing entrepreneurs in their communities.
MSSB TtT Workshop Plan of Action worksheet	MSSB TtT Workshop Plan of Action worksheet is intended to serve as an action oriented exercise at the end of an MSSB TtT Workshop to help participants craft a Plan of Action by selecting all the modules they want to consider and by making a list of all potential stakeholders that they will approach to create an MSSB Program within their organization.

MSSB Modules Matrix

	<i>Learning Objectives</i>	<i>Best for...</i>
Banking Services	<ul style="list-style-type: none"> • Identify the banking services commonly available to a small business and explain how these services work. • Identify the advantages and disadvantages of each of the banking services. • Explain how small business owners decide which banking services are best for their business. • Define several forms of deposit insurance. • Describe some benefits of building effective long-term relationships with a banker or lender. • Describe the role of a personal credit score in the lending process. • Explain the benefits of separating business and personal bank transactions. 	<p>Business owners at early stages of business development or those who are seeking a loan from a financial institution.</p> <p>The banking module along with the credit module may be two of the most useful modules for financial institutions and community organizations that may already have business training resources. While there are multiple personal banking training resources in the marketplace, the MSSB Banking module is not designed to promote any financial institution. This module objectively explains the different types of banking services available to businesses; and it may be complemented by other Money Smart products for individuals. Please check the FDIC Catalog (https://catalog.fdic.gov/) for other products that may complement an MSSB Program. Further, bankers are traditionally great candidates to lend their subject matter expertise to teach or facilitate this module in collaboration with organizations serving aspiring and existing entrepreneurs.</p>
Credit Reporting	<ul style="list-style-type: none"> • Explain the concept of credit reporting and the impact of credit reports on the operation or growth of a small business. • Identify the credit reports and other reporting systems commonly used to assess the risk of extending credit to a small business. • Explain how credit reports work. • Identify the benefits a small business derives from a positive record of managing its debts and obligations. • Identify risks to a business from credit-related scams or frauds and take steps to avoid or mitigate harm caused by them. • Identify the common business practices and products, tools, and services that are available for a small business to help in proper credit reporting. • Identify strategies for building or improving business credit. 	<p>Companies in all stages of business development, especially for those who may have concerns about their credit scores and/or those who plan to apply for loans.</p> <p>While there are multiple personal credit training programs and resources provided by credit counseling organizations, there are few resources explaining business credit and its relationship with personal credit. This module may also be complemented by other Money Smart products for individuals. Please check the FDIC catalogue for other products that may complement an MSSB Program.</p>

	<ul style="list-style-type: none"> • Explain how the personal finances of a business owner impact the ability of a business to get credit. 	
Financial Management	<ul style="list-style-type: none"> • Explain the concept of financial management and why it is important to a small business. • Identify financial management practices, rules, and tools that are commonly available to a small business. • Explain how these financial management practices, rules, and tools work. • Explain financial management basics for a small business. • Explain the basics of startup financing. • Explain the basics of financing for a growing business. • Explain the basics of financing working capital. • Explain the basics of financing fixed assets. 	<p>Companies in all stages of business development, especially business owners who are interested in obtaining a loan from a financial institution. This module may be offered as an introduction to entrepreneurs that are interested in business plan writing or a loan packaging session that usually has multiple modules delivered on a weekly basis. A pre-requirement to this module may be “Planning for a Healthy Business”</p>
Insurance	<ul style="list-style-type: none"> • Identify the types of insurance required by a small business. • Identify other types of insurance a small business should consider. • Explain why insurance is important for a small business. 	<p>Companies in all stages of business development, especially those who do not yet have insurance or find some insurance terms and concepts to be confusing. This module may be effectively offered in combination with the “Risk Management” module and “Organizational Types” for entrepreneurs in their initial or expansion phases. The three modules together provide a strong foundation to assist an entrepreneur in choosing their legal structure and necessary protections to engage in growth efforts such as pursuing contracting opportunities.</p>
Organizational Types	<ul style="list-style-type: none"> • Identify general characteristics, advantages, and disadvantages of each of these organizational types for small businesses: Sole proprietorship; Partnerships (general partnership, limited partnership and limited liability partnership); Limited Liability Company (LLC); C-corporation; S-corporation. 	<p>Companies in early stages of business development, especially those who have not yet incorporated and may be confused by the risks and benefits of each organizational type. See comments on “Insurance” module.</p>
Record Keeping	<ul style="list-style-type: none"> • Explain the concept of record keeping and why record keeping is important to a small business. • Identify record keeping practices, rules, and tools, which are commonly available 	<p>Companies in all stages of business development, especially those who lack formal record-keeping disciplines. This module may be well received and marketed during tax season and it could be offered as a</p>

	<p>to a small business.</p> <ul style="list-style-type: none"> • Explain how these record keeping practices, rules, and tools work. • Identify benefits a small business derives from proper record keeping. • Explain record keeping basics for a small business. • Identify software products available for small business record keeping. 	<p>complement to, or as requirement to receive business tax preparation services. “Record Keeping” may also be integrated in other training geared to assist entrepreneurs with loan packaging or business planning.</p>
Risk Management	<ul style="list-style-type: none"> • Identify the common risks associated with a small business. • Identify the external and internal factors, which affect risk for a small business. • Identify situations that may cause risk for a small business. • Identify the common warning signs of risk for a small business. • Implement, monitor, and evaluate a risk management plan for a small business. 	<p>Companies in all stages of business development, especially those who want to learn about minimizing internal and external risks to their businesses. See comments on “Insurance” module.</p>
Selling Your Business and Succession Planning	<ul style="list-style-type: none"> • Explain how to change the ownership of a business through selling, closing, or transferring the business to successors. • Explain how to establish an exit strategy for retirement, which includes a succession plan, transferring ownership of the business, and paying taxes. 	<p>Companies in all stages of business development, especially those who plan to sell or transfer ownership to others in the future. This module may be a good complement to “Tax Planning” and could be particularly useful to financial counselors who have aspiring or existing entrepreneur customers; or at the end of training geared to complete a business plan.</p>
Tax Planning	<ul style="list-style-type: none"> • Identify the federal tax requirements of a small business and its owner, and establish a plan to account and pay for federal taxes. • Identify the general state and local tax requirements for a small business, and establish a plan to account for and pay these taxes. • Identify methods for researching the local, municipal, and county reporting/licensing requirements for a small business. 	<p>Companies in all stages of business development, especially those who have not yet set up systems and processes for paying taxes in a timely manner. See comments on “Insurance” module.</p>
Time Management	<ul style="list-style-type: none"> • Explain the concept of time management and why it is important to a small business. • Explain the time management practices, which are commonly employed by a small business, including: <u>ABC analysis</u>; <u>Pareto analysis</u>; <u>Eisenhower method</u>; <u>POSEC</u> 	<p>Companies in all stages of business development since the nature of small business is that they are typically short staffed. As such, time management is critical to the success of small businesses. This module works very well as a stand-alone offer, but it could also be effectively tied with the “Tax Planning” as the tax season</p>

	<u>method.</u>	presents an opportunity to think about the future and to improve time management.
Is Small Business Ownership a Good Fit for You?	<ul style="list-style-type: none"> • Clarify some of the myths and realities of small business ownership. • Start a self-assessment to determine their readiness to become small business owners. • Set a plan of action to complete their self-assessments by seeking feedback from stakeholders, such as family, friends, and potential customers. 	Aspiring entrepreneurs at the early stages of their decision-making but existing business owners can also benefit from the self-assessments in the Participant Guide. “Good Fit” may be appropriate as a requirement to provide additional counseling or training services, as a client intake process, or as the content for new client orientation sessions that business development service organizations may provide before accepting new clients or referrals.
Planning for a Healthy Business	<ul style="list-style-type: none"> • Explain how an evolving planning process can help you make key decisions as business owners. • Describe how to convert a vague idea into a resource plan. • Explain the importance of a healthy personal credit score and healthy relationships with lenders. • Describe how a business plan helps motivate stakeholders to understand and support your business ideas. • Explain the benefits of creating a day-to-day action plan for running a small business. 	Aspiring entrepreneurs who are thinking about starting a business. Existing business owners can also benefit from some of the planning tools provided in their Participant Guides. This module may be effectively combined with “Good Fit” as a strong foundation to provide further business counseling services including business plan training.
Cash Flow Management	<ul style="list-style-type: none"> • Describe the purpose of cash flow management in a startup small business. • Assess a cash flow cycle and make cash flow projections. • Describe how a cash flow statement can help assess and improve the financial health of a startup. • Identify ways to manage cash flow in terms of managing costs and potential income. • Identify ways to seek out expert technical assistance to improve cash flow management. 	Companies in all stages of business development, especially those who lack financial management expertise. This module is especially helpful for new business owners who need to prepare to work with accountants as it demystifies a lot of cash flow terminology. This module may be followed by “Financial Management” and it may complement or be incorporated in other business plan training programs, particularly in the financial plan section. The diagram featured in this module is found to be easy to understand.

Managing Cash Flow Participant Guide

PARTICIPANT GUIDE



Financial Education Curriculum



U.S. Small Business Administration



Table of Contents Participant Guide – Managing Cash Flow Module

(Page numbers in this Table of Contents correspond to pages in this document, any other page number references have not been edited as the module has been imported exactly as is to showcase in the “Dive in Section of the TtT Workshop)

CHECKING IN	28
LEARNING OBJECTIVES.....	28
INTRODUCING BOB AND THE WIRED CUP	29
OPENING BALANCE SHEET FOR THE WIRED CUP	30
CASH CONVERSION CYCLE	31
CASH FLOW DIAGRAM	32
CASH FLOW DIAGRAM DESCRIPTIONS.....	33
CASH FLOW STATEMENTS	34
WHAT CAN BOB DO?	36
NEGOTIATING BETTER TERMS.....	37
TOOLKIT OF RESOURCES	38
GLOSSARY OF CASH FLOW TERMS.....	38
CASH FLOW STATEMENT TEMPLATE.....	41
FOR MORE INFORMATION.....	42
PRE- AND POST-TEST FORM	44
EVALUATION FORM	45

DISCLAIMER

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Checking In



Welcome to *Managing Cash Flow*. By taking this training, you are taking an important step toward successful small business ownership. As a small business owner, it is important to know how much cash is moving in and out of your business. You need to think ahead in order to meet financial obligations and run a profitable business on a long-term basis.

This class introduces some basic cash flow concepts that can get you started.

Learning Objectives

After completing this module, you will be able to:

- Describe the purpose of cash flow management in a start-up small business.
- Assess a cash flow cycle and make some cash flow projections.
- Describe how a cash flow statement can help assess and improve the financial health of a start-up.
- Identify some ways to manage cash flow in terms of managing costs and potential income.
- Identify ways to seek out expert technical assistance to improve cash flow management.

Introducing Bob and the Wired Cup



Bob recently opened a new bakery café, The Wired Cup. The café has a great location in a small college town. To get started, Bob invested \$30,000 of his own money and received a \$20,000 loan from a commercial bank. He spent \$45,000 on start-up costs, leaving \$5,000 to run his business.

The Wired Cup is already popular with students, university staff, and neighbors. Everyone loves the coffee and baked goods. A college dean has started to order croissants for the faculty dining hall. Bob is building a great new business.

However, Bob has concerns. He has not yet paid himself, and he wonders when he can. The \$5,000 is almost gone. Given that his key customers are students, he assumes many of them will go home over holiday breaks and the summer. Questions Bob is now asking:

- How will he pay his bills if there are fewer customers?
- Will he have enough money to ramp up again in September?
- Should he buy in bulk to reduce costs?
- Will suppliers allow Bob to buy on credit, or does he still have to pay cash?

The good news is that Bob is *thinking ahead*. He has time to work to find some solutions. As we review The Wired Cup's cash flow issues, you will be able to apply these concepts to your own business.

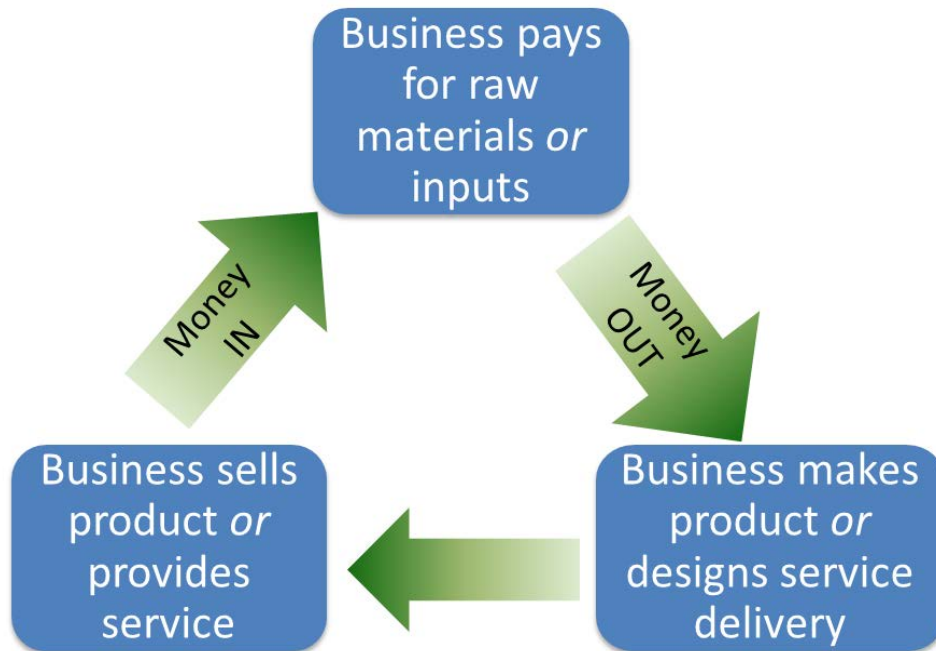
Notes

Opening Balance Sheet for The Wired Cup

Year 1 Opening Balance Sheet			
The Wired Cup			
Assets		Liabilities	
Current Assets:		Current Liabilities:	
Cash	\$ 5,000	Bank Note	\$ 3,371
Accounts Receivable	\$ -	Accounts Payable	\$ -
Pre-Opening Expenses		Long Term Liabilities:	
Accounting	\$ 250		\$ 16,629
Advertising	\$ 500		
Bank Charges	\$ 350		
Cable/Internet Services	\$ 200		
Insurance	\$ 2,000		
Ingredients	\$ 3,500		
Janitorial Supply	\$ 75		
Lease	\$ 1,350		
Legal Fees	\$ 2,500		
Licenses/Fees/Permits	\$ 1,500		
Payroll	\$ 2,400		
Payroll Taxes	\$ 360		
Telephone Services	\$ 150		
Utilities	\$ 365		
Total Current Assets	\$ 15,500	Total Liabilities	\$ 20,000
Fixed Assets:		Equity	
Kitchen Equipment	\$ 9,000	Owner's Capital	\$ 30,000
Lease Hold Improvements	\$ 18,200		
Office/Techn Equipment	\$ 2,300		
Total Fixed Assets	\$ 29,500	Total Equity	\$ 30,000
Total Assets	\$ 50,000	Total Liability & Equity	\$ 50,000
Assumptions: Loan \$20,000 5 years 14.54%; Payroll 3 workers \$10/hr = \$30/hr * two 40 hr. weeks = \$2,400			

Note: This balance sheet lists pre-opening expenses as current assets. In this example, the pre-opening expenses listed were expensed or realized before the end of the year. Entrepreneurs should always keep track of pre-opening expenses as some may or may not be considered by financial institutions or investors as a business asset or owner investment/equity.

Cash Conversion Cycle



A cash conversion cycle depicts how business dollars are invested in raw materials, resources, and other inputs. Those raw materials can be converted into products that are sold to generate payments or cash.

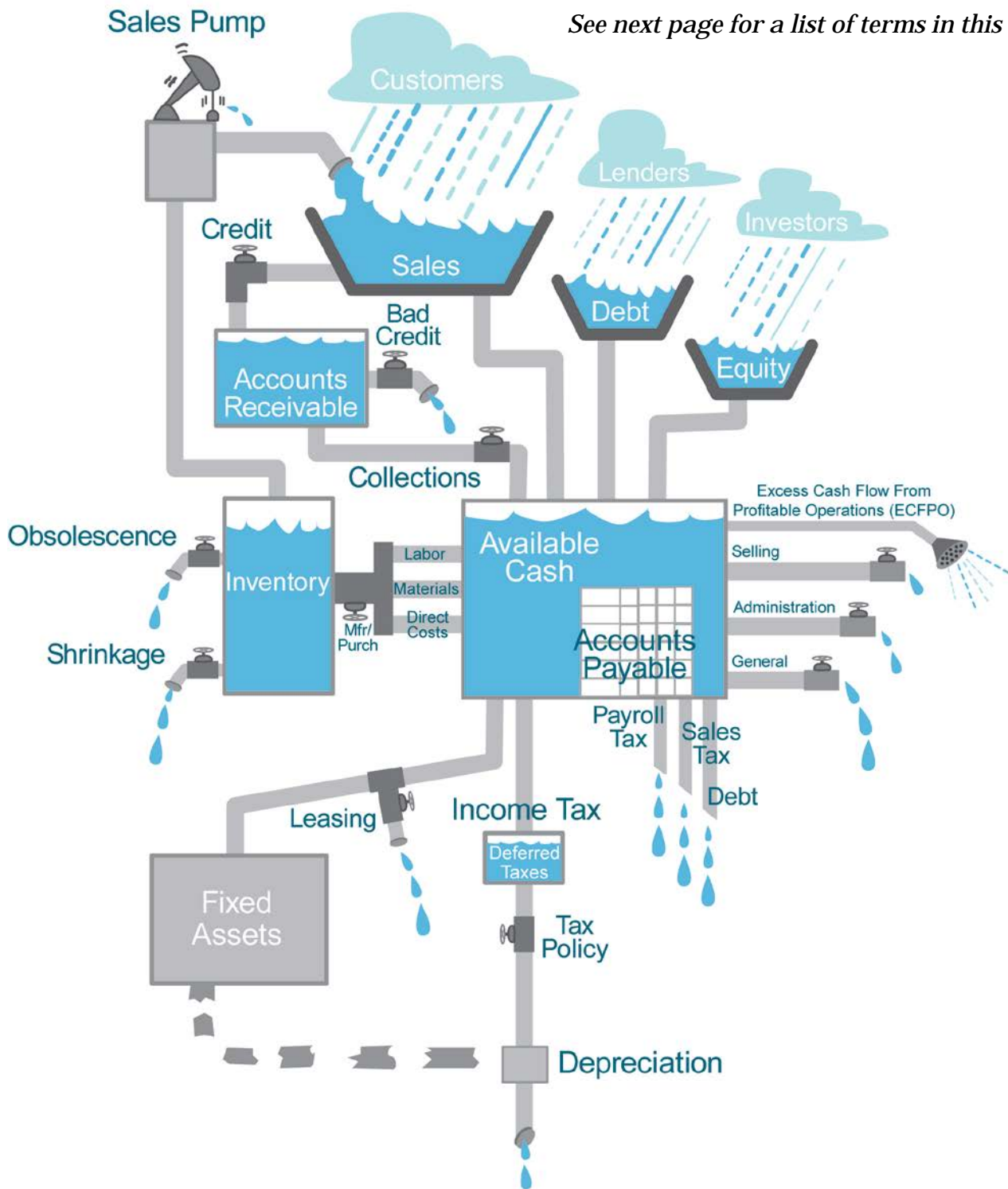
If you have a short conversion cycle, you can quickly sell inventory or turn it back into cash which puts money back into the cash flow system in a relatively short period of time.

If you have a long cash conversion cycle, you will not be able to use that money while your inventory is unsold, sitting on your shelves. Money will not be flowing back into the system.

Notes

Cash Flow Diagram

See next page for a list of terms in this diagram.



*Adapted from a cash flow system diagram designed by George M. Dawson, and illustrated by Buck Dawson, 1995.

Cash Flow Diagram Descriptions

The cash flow diagram on the previous page contains several key cash flow elements. It is a representation of how cash moves in and out of the system, and many of the key decision points or **valves** a business owner can control.

When you start a business, money flows into the business via **debt or equity**.

The **valves** in the diagram **represent decision points**. Your decisions impact cash flow and increase or decrease your probability of success. Some valves are open all the time (like taxes and debt). They are a constant drain on your cash which is why they are on the bottom. Some valves are partially open, like the sales, general, and administrative valves. You always spend money here; how much is up to you. As you spend available cash, balance in the center tank drops.

Inventory. You spend money on raw materials, labor, and other direct costs to produce a product to sell (assuming you are producing a product, but the same principles apply for services as well). If you decide to spend a lot on inventory, you are deciding to tie up your money until you sell the inventory and turn it into cash. This is called the cash conversion cycle.

Fixed assets are usually expensive items that last, such as buildings, upgrades to space, vehicles, equipment, computers, and technology. If you purchase an expensive fixed asset, it ties up available cash. A better option is to lease to keep cash flowing.

Profit generator (sales pump). In the top left corner is a sales pump. Keep this primed to pump sales back into the system.

Accounts receivable (A/R). You may make a sale, but not the cash until you collect it. Ultimately you want to convert your accounts receivable into cash, so it flows into the center tank and becomes available cash

Accounts payable (A/P). In the center tank, accounts payable are represented by bricks. This is money owed to vendors and suppliers who extend credit to you. For example, you receive a product or service but you have not yet paid for it. You still have use of that money. The bricks elevate the water. Instead of having to pay for a product or service, you can use that money for marketing or paying another bill.

Balancing accounts payable and accounts receivable is challenging. You want customers to pay you as quickly as possible (cash in) and you want to pay as slowly as possible (cash out). Your vendors are doing the same thing. They want you to pay quickly, and they may be slow to pay their own vendors.

Ultimately, you want to have and be generating **excess cash flow from profitable operations (ECFPO)**. This is the showerhead, which represents your paycheck.

Cash Flow Statements

A cash flow statement tells a story:

1. How much money you have to run your business.
2. How much cash is moving in and out of the business.
3. Where that cash is coming from and going to.
4. When the cash is moving or needs to move.



As a business owner, you need to think ahead in order to meet your financial obligations and run a profitable business. A cash flow statement helps identify when your business is generating more cash than you need to meet obligations. Conversely, it tells you when the business is running short. Cash flow statements help you make smart, timely decisions that ensure your business is financially healthy over the long term.

A cash flow statement for The Wired Cup is on the next page.

Notes

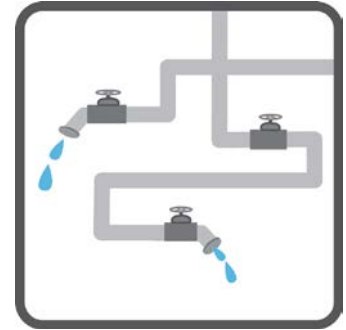
The Wired Cup Cash Flow Statement														
Year 1	Start Up	Actual August	Actual September	Projected October	Projected November	Projected December	Projected January	Projected February	Projected March	Projected April	Projected May	Projected June	Projected July	Total
Beginning Balance		\$ 5,000	\$ 2,309	\$ 1,218	\$ 1,978	\$ 3,712	\$ 1,446	\$ 780	\$ 2,514	\$ 5,848	\$ 8,882	\$ 8,216	\$ 1,950	
Loan Receipts	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Owner's Capital	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Sales Revenue		\$ 25,000	\$ 27,000	\$ 29,000	\$ 30,000	\$ 25,000	\$ 27,000	\$ 30,000	\$ 32,000	\$ 32,000	\$ 27,000	\$ 20,000	\$ 20,000	\$ 324,000
Sales Tax (6.25%)		\$ 1,563	\$ 1,688	\$ 1,813	\$ 1,875	\$ 1,563	\$ 1,688	\$ 1,875	\$ 2,000	\$ 2,000	\$ 1,688	\$ 1,250	\$ 1,250	\$ 20,250
Collections of A/R		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cash Available	\$ 50,000	\$ 31,563	\$ 30,997	\$ 32,031	\$ 33,853	\$ 30,274	\$ 30,133	\$ 32,655	\$ 36,514	\$ 39,848	\$ 37,569	\$ 29,466	\$ 23,200	\$ 394,250
Operating Expenses														
Accounting	\$ 250	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 350	\$ 50	\$ 50	\$ 50	\$ 1,150
Accounts Payable (Debt)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising	\$ 500	\$ 500	\$ 500	\$ 250	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 2,425
Bank Charges	\$ 350	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 950
Cable/Internet Services	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 2,600
Insurance	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000
Ingredients	\$ 3,500	\$ 5,000	\$ 5,400	\$ 5,800	\$ 6,000	\$ 5,000	\$ 5,400	\$ 6,000	\$ 6,400	\$ 6,400	\$ 5,400	\$ 4,000	\$ 4,000	\$ 68,300
Janitorial Supply	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 975
Lease	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 17,550
Legal Fees	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500
Licenses/Fees/Permits	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500
Owner's Draw	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll	\$ 2,400	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 204,000
Payroll Taxes	\$ 360	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 30,600
Sales Tax	\$ -	\$ 1,563	\$ 1,688	\$ 1,813	\$ 1,875	\$ 1,563	\$ 1,688	\$ 1,875	\$ 2,000	\$ 2,000	\$ 1,688	\$ 1,250	\$ 1,250	\$ 20,250
Telephone Services	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 1,950
Utilities	\$ 365	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 6,665
Loan Principal	\$ -	\$ 271	\$ 272	\$ 274	\$ 276	\$ 278	\$ 280	\$ 282	\$ 284	\$ 286	\$ 288	\$ 290	\$ 292	\$ 3,371
Loan Interest	\$ -	\$ 200	\$ 199	\$ 197	\$ 195	\$ 193	\$ 191	\$ 189	\$ 187	\$ 185	\$ 183	\$ 181	\$ 179	\$ 2,280
Total Disbursed	\$ 15,500	\$ 29,253	\$ 29,778	\$ 30,053	\$ 30,141	\$ 28,828	\$ 29,353	\$ 30,141	\$ 30,666	\$ 30,966	\$ 29,353	\$ 27,516	\$ 27,516	\$ 369,066
Cash Balance	\$ 34,500	\$ 2,309	\$ 1,218	\$ 1,978	\$ 3,712	\$ 1,446	\$ 780	\$ 2,514	\$ 5,848	\$ 8,882	\$ 8,216	\$ 1,950	\$ (4,316)	\$ 25,184
Fixed Assets	\$ 29,500													\$ 29,500
Cash Balance	\$ 5,000													\$ (4,316)

Note: The payroll taxes rate used in this example is 15%. You will need to determine the appropriate local, state, and applicable federal taxes.

What Can Bob Do?

To stay in business, Bob needs to increase his sales revenue. He also needs to negotiate agreements that decrease costs and help to control cash flow. To do this, he needs to juggle some competing demands. He wants to hold on to his cash as long as possible. His landlord and vendors want to be paid right away. To balance these expectations, Bob needs to make agreements that benefit all involved parties. These “win-win” negotiations benefit all parties. Bob has lots of opportunities to negotiate win-win agreements.

If you were advising him, what would you suggest?



- How can Bob increase sales revenue at The Wired Cup?
- How could Bob negotiate a better deal or two with his vendors and suppliers?
- How can Bob plan for the seasonal ups and downs in his business?
- Is it wise for Bob to use a credit card to offset cash flow issues?

Notes

What NOT To Do



- Do not postpone paying estimated taxes.
- Do not hide from loan officers – they can provide invaluable advice.
- Do not pay vendors later (they can cut off supply).
- Do not overestimate revenue.
- Do not underestimate costs.

Negotiating Better Terms

To manage cash flow, you want your customers to pay you right away so you can use that cash to meet your financial obligations. On the other hand, you want to pay your vendors as late as possible, usually 30 days. The trick is to manage your accounts receivable (the money others owe you) and your accounts payable (the money you owe).



Customers

- If a customer pays cash, this is great. If a customer pays with a credit or debit card, this is good, but the profitability is lower because the business has to pay a credit card processing service and fees charged by the credit card issuer. These fees are usually not negotiable. Ask customers to pay in cash to avoid fees. Some small companies no longer take credit or debit cards; the risk is that some customers might not buy if they do not have cash on them.
- Sell gift cards. The buyer of a gift card pays you the full amount of the gift card up front.
- Corporate accounts are a great way to increase sales. The challenge is that these customers do not always pay right away. Most invoices are supposed to be paid in 30 days. That creates lag time between when the product or service is provided, and when a business is paid. Most invoices are “net 30 days,” which means the client pays within 30 days of the date the product or service is delivered. To improve cash flow and to get paid early, a business owner can ask a corporate account to pay when the invoice is received, or maybe in 10 or 15 days. Offer them incentives to pay early. Most businesses offer a “2/10, net 30” discount meaning the customer will receive a 2% invoice discount if they pay in 10 days instead of 30.

Vendors and Suppliers

- Most new businesses are required by their vendors to pay cash for supplies, inventory, and the like. After you develop a good reputation for paying on time (maybe a year), ask vendors to invoice you instead of asking for cash. This allows a business to pay in 30 days, which preserves cash flow.

Landlords

A major fixed monthly expense for many business owners is a lease or rent payment. Before you agree to a lease and the subsequent fixed monthly cost, you may be able to negotiate better terms and payment options to free up your cash flow. Carefully review the lease conditions and negotiate any added expenses or fees associated with the lease, such as upkeep, maintenance, common areas, utilities, snow removal, landscaping services, or parking lot maintenance. As part of the negotiation you can discuss options, such as sub-leases, exclusivity, and co-tenancy.

Think about what happens if you default. What would happen to your business? You may be able to negotiate those terms as well. A lawyer could provide you advice.

If you know that your business is seasonal, negotiate a payment plan. Let’s say your rent is \$1,000 per month. If you anticipate your revenue to go down because of seasonal issues, ask the landlord to accept early or late payments. Another idea might be to make fewer payments. For instance, multiplying the \$1,000 by 12 months equals \$12,000. Divide \$12,000 by nine, which comes to \$1,333 per month. You pay the same \$12,000 to the landlord but you do not have to pay during the three months when you expect your revenue to be down.

Toolkit of Resources— Managing Cash Flow Module

Glossary of Cash Flow Terms

<i>Term</i>	<i>Definition</i>
Accounts Payable	Accounts payable (A/P) is money a business owner owes to vendors, service providers, tax agencies and so on. Liability that results from the purchase of goods or services (money owed to others).
Accounts Receivable	Accounts receivable (A/R) is money that is due from customers as a result of delivering goods or services and extending credit in the ordinary course of business.
Accrual Basis of Accounting	The accrual basis of accounting measures the performance and position of a company by recognizing economic events regardless of when cash transactions occur. The general idea is that economic events are recognized by matching revenues to expenses (the matching principle) at the time in which the transaction occurs rather than when payment is made (or received). This method allows the current cash inflows/outflows to be combined with future expected cash inflows/outflows to give a more accurate picture of a company's current financial condition.
Fixed Assets	A fixed asset is a long-term tangible piece of property that a firm owns and uses in the production of its income and is not expected to be consumed or converted into cash any sooner than at least one year's time.
Balance Sheet	A balance sheet is a financial statement that summarizes a company's assets, liabilities and shareholders' equity at a specific point in time. These three balance sheet segments give investors an idea as to what the company owns and owes, as well as the amount invested by the shareholders.
Burn Rate	A burn rate describes the rate at which a new company uses up its venture capital to finance overhead before generating positive cash flow from operations. In other words, it's a measure of negative cash flow.
Capital	Capital can mean many things. Its specific definition depends on the context in which it is used. In general, it refers to financial resources available for use such as: financial assets or the financial value of assets, such as cash. It is also used to describe the factories, machinery, and equipment owned by a business and used in production.
Cash Conversion Cycle	A cash conversion cycle depicts how business dollars are invested in materials, resources, and other inputs. Raw materials can be converted into products that are sold to generate payments or cash. If a business has a short conversion cycle, the owner can quickly turn it back into cash which puts money back into the business in a relatively short period of time. If a business has a long cash conversion cycle, the owner will not be able to use that money while inventory is unsold.
Cash Flow Statement	A cash flow statement tells a business how much money is available to run the business, how much cash is moving in and out of the business, where that cash is coming from and going to, and when the cash is moving or needs to move.

<i>Term</i>	<i>Definition</i>
	A cash flow statement helps a business owner to think ahead. It helps pinpoint when a business is generating more cash than needed to meet obligations. Conversely, it alerts a business owner when the business is running short. Cash flow statements are invaluable tools that permit business owners to make smart, timely decisions over the long term.
Cash on Hand	Funds that are immediately available to a business, and can be spent as needed.
Current Assets	A balance sheet account that represents the value of all assets that are reasonably expected to be converted into cash within one year in the normal course of business. Current assets include cash, accounts receivable, inventory, marketable securities, prepaid expenses and other liquid assets that can be readily converted to cash.
Current Liabilities	A company's debts or obligations that are due within one year. Current liabilities appear on the company's balance sheet and include short term debt, accounts payable, accrued liabilities and other debts
Debt Principal	Amount borrowed or the amount still owed on a loan, separate from interest
Depreciation	Income tax deduction that allows a taxpayer to recover the cost or other basis of certain property; annual allowance for the wear and tear, deterioration, or obsolescence of the property.
Equity	Equity is a stock or any other security representing an ownership interest. On a company's balance sheet, equity is the amount of the funds contributed by the owners (the stockholders) plus the retained earnings or losses.
Fixed Cost	A fixed cost does not change with an increase or decrease in the amount of goods or services produced. Fixed costs are expenses that have to be paid by a company, independent of any business activity. It is one of the two components of the total cost of a good or service, along with variable cost.
Gross Profit	Gross Profit is a company's revenue minus its cost of goods sold. It is a company's residual profit after selling a product or service and deducting the cost associated with its production and sale.
Income Statement	A financial statement that measures a company's financial performance over a specific accounting period. Financial performance is assessed by giving a summary of how the business incurs its revenues and expenses through both operating and non-operating activities. It shows the net profit or loss incurred over a specific period, typically over a fiscal quarter or year. An Income Statement is also known as a profit and loss statement or statement of revenue and expense.
Interest	Interest is a fee paid for the use of another party's money. To the borrower it is the cost of renting money, to the lender the income from lending it.
Invoice	An invoice is a commercial document that itemizes a transaction between a buyer and a seller. It will usually include the quantity of purchase, price of goods and/or services, date, parties involved, unique invoice number, and tax information. If goods or services were purchased on credit, the invoice

<i>Term</i>	<i>Definition</i>
	will usually specify the terms of the deal and provide information on the available methods of payment. An invoice is also known as a bill, statement, or sales invoice.
Liquidity	Liquidity is the degree to which an asset or security can be bought or sold in the market without affecting the asset's price. Liquidity is characterized by a high level of trading activity. Assets that can be easily bought or sold are known as liquid assets. The term is also used to define the ability to convert an asset to cash quickly. Also known as marketability. Liquidity is often calculated by using liquidity ratios.
Net Profit	Net Profit is your bottom line. This shows how much your company is making on sales after expenses, interest, and taxes.
Variable Cost	A variable cost is a corporate expense that varies with production output. Variable costs fluctuate depending on a company's production volume. They rise as production increases and fall as production decreases. Variable costs differ from fixed costs such as rent, advertising, insurance and office supplies, which tend to remain the same regardless of production output. Fixed costs plus variable costs equal total cost.
Vendor	A vendor is a party in the supply chain that makes goods and services available to companies or consumers. The term is typically used to describe an entity that is paid for the goods that are provided, rather than the manufacturer of the goods. A vendor, however, can operate both as the supplier of goods (seller) and the manufacturer.

Cash Flow Statement Template

This example was downloaded from the SCORE website. To save space, we show only the first six months of a 12-month worksheet. To get an Excel spreadsheet template, go to <https://www.score.org/> and search key words “cash flow template”, save the templates of interest and adjust as needed.

	Pre-Start-up EST	Nov 14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	Total Item EST
Cash on Hand (beginning of month)								
CASH RECEIPTS								
Cash Sales								
Collections from CR accounts								
Loan/ other cash inj.								
TOTAL CASH RECEIPTS								
Total Cash Available (before cash out)								
CASH PAID OUT								
Cost of services; includes shop supplies								
Purchases (specify)								
Purchases (specify)								
Gross wages (exact withdrawal)								
Payroll expenses (taxes, etc.)								
Outside services								
Supplies (office & operations)								
Repairs & maintenance								
Advertising								
Car, delivery & travel								
Accounting & legal								
Rent								
Phone, Cable, Internet								
Heating oil								
Insurance								
Electricity								
Interest								
Other expenses (all others)								
Other (specify)								
Other (specify)								
Miscellaneous								
SUBTOTAL								
Loan principal payment								
Capital purchase (specify)								
Other startup costs								
Reserve and/or Escrow								
Owners' Withdrawal								
TOTAL CASH PAID OUT								
Cash Position (end of month)								

For More Information

BusinessUSA

www.business.usa.gov

This official portal of the United States government provides guides and resources that help businesses comply with business laws and regulations. It provides self-paced courses on how to apply for financing such as microloans, how to write a business plan, how to register and run a business, and more.

U.S. Small Business Administration (SBA)

www.sba.gov; www.sba.gov/tools; www.sba.gov/learning

SBA Answer Desk: 1-800-827-5722

The U.S. Small Business Administration (SBA) website provides resources, answers to frequently asked questions, and other information for small business owners. They provide free online tools and resources at www.sba.gov/tools. The site provides self-paced information on how to write business and strategic plans, how to buy or sell a business, how to compete for government contracts, how to conduct market research, basics of accounting, and more. Also check out the Learning Center: www.sba.gov/learning offers a long list of online courses on topics such as attracting investors, cybersecurity, fundamentals of crowdfunding, customer service, and more.

SCORE

www.score.org.

SCORE is a nonprofit association dedicated to helping small businesses get off the ground, grow, and achieve their goals through education and mentorship. SCORE provides a variety of free online resources for start-up small businesses including a gallery of templates for business, finance, and marketing plans. They provide how-to guides and self-paced modules on financing, how to secure contracts, cash flow management, and more.

America Small Business Development Center Network

<http://americassbdc.org>.

The American Small Business Development Center (SBDC) network provides free consulting to small business owners at all stages of development. This excellent resource provides a variety of feedback and planning assistance to small business owners. Their advisors can help connect you to regional and local business resources and lending institutions.

Women's Business Center (WBC)

www.sba.gov/tools/local-assistance/wbc

Women's Business Centers (WBCs) is a national network of education centers throughout the United States designed to assist women in starting and growing small businesses. WBCs seek to "level the playing field" for women entrepreneurs who still face unique obstacles in the business world. The network provides comprehensive training and counseling on a variety of topics in several languages.

U.S. Financial Literacy and Education Commission

www.mymoney.gov.

1-888-My-Money (696-6639)

MyMoney.gov is the federal government's one-stop website that provides financial education resources from more than 20 federal agencies.

Federal Deposit Insurance Corporation (FDIC)

www.fdic.gov.

The FDIC preserves and promotes public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions for at least \$250,000; by identifying, monitoring, and addressing risks to the deposit insurance funds; and by limiting the effect on the economy and the financial system when a bank or thrift institution fails.

The FDIC encourages bank lending to creditworthy small businesses. The FDIC encourages small business owners with inquiries or concerns about the availability of credit to contact the FDIC Small Business Hotline at 1-855-FDIC-BIZ or www.fdic.gov/smallbusiness. Another FDIC website, www.fdic.gov/buying/goods provides resources to small business owners who want to conduct business with the FDIC.

For more information about the Money Smart for Small Business Curriculum see www.fdic.gov/consumers/consumer/moneysmart.

Local Resources

Pre- and Post-Test Form– Managing Cash Flow Module

Please help us assess your learning from this class—*Managing Cash Flow*. Enter your responses twice: BEFORE you take the class and AFTER you complete the class. Circle the number that shows how much you agree with each statement. Thank you!

	BEFORE Training				AFTER Training			
	Strongly Disagree	Disagree	Agree	Strongly Agree	Strongly Disagree	Disagree	Agree	Strongly Agree
1. I can describe why cash flow management is a critically important component of small business ownership.	1	2	3	4	1	2	3	4
2. I know how to assess the cash flow cycle of my business and make some cash flow projections.	1	2	3	4	1	2	3	4
3. I can describe how a cash flow statement can help assess and improve the financial health of my business.	1	2	3	4	1	2	3	4
4. I can identify at least two ways to manage cash flow in terms of managing costs and potential income.	1	2	3	4	1	2	3	4

Evaluation Form– Managing Cash Flow Module

Please evaluate **Managing Cash Flow**.

Date: _____

Training Rating

1. Overall, I felt the class was (check one):

- Excellent
- Very Good
- Good
- Fair
- Poor

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
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Indicate your agreement with each of these statements by circling a number.

2. I achieved the learning objectives.	1	2	3	4	5
3. The instructions were clear and easy to follow.	1	2	3	4	5
4. The PowerPoint slides were clear.	1	2	3	4	5
5. The PowerPoint slides enhanced my learning.	1	2	3	4	5
6. The time allocation was correct for this class.	1	2	3	4	5
7. The instructor was knowledgeable and well-prepared.	1	2	3	4	5
8. The participants had ample opportunity to exchange experiences and ideas.	1	2	3	4	5

Please indicate your degree of knowledge/skill by circling a number.

None	Advanced			
------	----------	--	--	--

9. My knowledge/skill level of the subject matter before taking the training .	1	2	3	4	5
10. My knowledge/skill level of the subject matter upon completion of the training .	1	2	3	4	5

Instructor Rating:

Instructor Name _____

Poor	Fair	Good	Very Good	Excellent
------	------	------	-----------	-----------

Please rate your instructor by circling a number.

11. Made the subject understandable.	1	2	3	4	5
12. Encouraged questions.	1	2	3	4	5
13. Provided technical knowledge.	1	2	3	4	5

14. What was the most useful part of the training?

--

--

15. What was the least useful part of the training, and how could it be improved?

--

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Thank you!

Managing Cash Flow Instructor Guide

INSTRUCTOR GUIDE



**Financial
Education Curriculum**



Table of Contents Instructor Guide – Managing Cash Flow Module

(Page numbers in this Table of Contents correspond to pages in this document, any other page number references have not been edited as the module has been imported exactly as is to showcase in the “Dive in Section of the TtT Workshop)

GETTING STARTED.....	49
TRAINING OVERVIEW.....	50
THE CLASS AT A GLANCE.....	52
INSTRUCTOR NOTES AND PRESENTATION GUIDELINES.....	53
WELCOME, PRE-TEST, AGENDA, AND LEARNING OBJECTIVES.....	53
INTRODUCING BOB AND THE WIRED CUP.....	55
INTRODUCTIONS: WHERE ARE YOU ON THE CASH FLOW MANAGEMENT CONTINUUM?	56
OPENING BALANCE SHEET FOR THE WIRED CUP.....	57
THREE VIEWS OF CASH FLOW.....	61
<i>The Cash Conversion Cycle.....</i>	<i>61</i>
<i>The Cash Flow Diagram.....</i>	<i>61</i>
<i>Cash Flow Diagram Descriptions.....</i>	<i>63</i>
<i>The Cash Flow Statement.....</i>	<i>64</i>
<i>What Can Bob Do?</i>	<i>68</i>
SUMMARY, POST-TEST, AND EVALUATION.....	69

DISCLAIMER

These training materials are intended as general guidance only and may or may not apply to a particular situation based on the circumstances. The materials do not create any legal rights or impose any legally binding requirements or obligations on the Federal Deposit Insurance Corporation (FDIC) and U.S. Small Business Administration (SBA). The FDIC and SBA make no claims or guarantees regarding the accuracy or timeliness of this information and material. The content of this training material is not designed or intended to provide authoritative financial, accounting, investment, legal or other professional advice which may be reasonably relied on by its readers. If expert assistance in any of these areas is required, the services of a qualified professional should be sought.

Reference to any specific commercial product, process, or service by trade name, trademark, manufacture, or otherwise does not constitute an endorsement, a recommendation, or a preference by the FDIC and SBA or the United States government.

Getting Started

These ideas will help you plan and present engaging and productive sessions:

- **Effective use of PowerPoint.** Use the slides to introduce key concepts only. They are provided to enhance *your* presentation, they are not *the* presentation. Avoid reading slides to the learners. Add your perspective. Learners appreciate examples and brief anecdotes that make the concepts come alive.
- **Introductions.** Introductions allow you to break the ice, create active instructor–participant dialogue, and set the tone for the class. They also provide indicators of the experience levels of your learners.
- **Diversity of learner needs.** Assume that some learners are just getting started while others are already business owners. Address the diverse needs of learner groups.
- **Agenda.** The agenda helps participants understand how the training will be conducted.
- **Expectations.** Discussing expectations gives participants the opportunity to tell you what they hope to learn from the training.
- **Objectives.** Establishing objectives helps participants place the information to be learned in the proper context and ensures that the content is consistent with their expectations.
- **Participant Guide format and contents.** The participant guide keeps participants on track with the presentation. Several worksheets help them apply key concepts to their own specific contexts.
- **Pre-and Post-Tests.** The Pre-Test provides a baseline measurement for evaluating the impact of this class. The Post-Test gauges how well participants learned the content. Both the pre- and the post-test are on one form at the end of the Participant Guide.
- **Discussion points.** Discussion points help participants reinforce learning.
- **Parking lot flipchart/ chart paper.** This option is helpful if participants ask questions that you do not have time to answer. Instead of answering right away, agree to answer at a later time. “Park” the questions on a flipchart or chart paper, and make arrangements to follow up with the participant(s) after the class.
- **Breaks.** No formal breaks are recommended. Encourage participants to take rest room breaks if they need them.



Training Overview

Icons Guide



- * Refer participants to the Participant Guide (PG) to locate information, descriptions, or relevant worksheets.



- * Engage the group in a conversation about the topic.



- * Assess participant comprehension or previous experience with the topic by asking them to complete a quick pre- and post-test.



- * Ask “high gain” questions to check comprehension, or present a problem such as “What would you do if this were your business?”

Purpose

This module—*Managing Cash Flow*—is a highly interactive learning experience that encourages the participants to focus on cash flow management as an essential competency of business ownership. No matter where learners are in the development of their businesses, this 90-minute module encourages them to ask and answer great questions about their business and to get ready to interact with accountants to analyze the flow of cash in and out of their businesses.

This Instructor Guide is the key document for this class. Please read it thoroughly. We provide plenty of white space for you to add notes and examples from your own experience. Please also review the related PowerPoint slides and Participant Guide in detail. These documents contain information or visuals you will reference during the class.

Preparing for Class

Each participant will require a Participant Guide (ideally printed two-sided). Participants do not need copies of the slides. Before printing the participant guides, consider adding local information to the *For More Information* section. In the space provided, list local resources that offer technical assistance or financing options to small businesses.

Objectives

After completing this training, the participants will be able to:

- Describe the purpose of cash flow management in a start-up small business.
- Assess a cash flow cycle and make some cash flow projections.

- Describe how a cash flow statement can help assess and improve the financial health of a start-up.
- Identify some ways to manage cash flow in terms of managing costs and potential income.
- Identify ways to seek out expert technical assistance to improve cash flow management.

Presentation Time

To ensure high engagement levels with your learners, allow at least 90 minutes to deliver this class. Use the suggested times to personalize the class based on the needs of your participants and the given time. Allow extra time for discussion and questions when teaching larger groups.

Materials and Equipment

You will need the following materials and equipment to present this class:

- Instructor Guide (for your use only).
- Participant Guide – ideally printed two-sided – for each participant. As noted above, you may add local resources to the *For More Information* section of the Participant Guide.
- PowerPoint slides (for your use only).
- Audiovisual equipment such as a computer, Microsoft Office PowerPoint, overhead projector, and microphone, if appropriate.
- Optional: flipchart easel, chart paper, markers.

Discussion Points

- Managing cash flow is a core competency of small business ownership.
- A balance sheet tells a compelling story.
- A cash flow statement continues that story. Use it to monitor projected and actual income and expenses.
- Plan for seasonal fluctuations.
- Try to maintain a rapid cash conversion cycle.
- Manage your paperwork like a pro.
- Ask an accountant for advice.

Note

The participants should ideally attend this class after they complete the *Financial Management* module in the Money Smart series. *Financial Management* introduces fundamental cash flow concepts and terms.

The Class at a Glance

This 90-minute experience includes several group discussions designed to actively engage the learners. Pay careful attention to timing and pacing.

Time (in minutes)	Activity	Instructor Comments/Notes
10	Welcome, Pre-Test, Agenda, and Learning Objectives	In the back of the Participant Guide; participants complete the BEFORE Training column
10	<ul style="list-style-type: none"> Introducing Bob and The Wired Cup Introductions: Where are YOU on the Cash Flow Management Continuum? 	
15	<ul style="list-style-type: none"> Opening Balance Sheet for The Wired Cup A Few Notes About Debt 	
40	Three Views of Cash Flow <ul style="list-style-type: none"> The Cash Conversion Cycle The Cash Flow Diagram The Cash Flow Statement What Can Bob Do? 	
15	Summary, Post-Test, and Evaluation	In the back of the Participant Guide; participants complete the AFTER Training column
Total: 90		

Optional Ideas

- * Consider inviting a panel of small business owners to provide stories about how they manage their cash flow.
 - o Note: Time management can be a challenge. Most panelists need at least 15 minutes to share stories and respond to questions. If you invite panelists, you may need to adjust the schedule.
- * Another option: schedule a follow up session about two weeks after this class. The participants can return with their cash flow statements to share ideas with each other and advisors.

Instructor Notes and Presentation Guidelines

Instructor Notes

Presentation Guidelines

10 minutes

Slide 1



Welcome, Pre-Test, Agenda, and Learning Objectives

Welcome to *Managing Cash Flow*. Taking this class is an important step to building a better financial future for you and your family.

As a small business owner, it is important to know how much cash is moving in and out of your business. You need to think ahead in order to meet financial obligations and run a profitable business on a long-term basis. This class introduces some basic cash flow concepts that can get you started.

My name is _____. (*Briefly* introduce yourself.)

Slide 2

Pre-Test

- Locate the Pre- and Post-Test Form at the back of your Participant Guide.
- Complete the BEFORE Training column to assess your knowledge on this topic *before* participating in this class.



Pre-Test

Before we begin, please assess what you already know about this topic. Turn to the Pre- and Post-Test Form in the back of your participant guide and complete the BEFORE Training column. At the end of this class you will complete the AFTER Training column.

If you need to leave a bit early, make sure to return your completed Pre- and Post-Test and the Evaluation Forms on the last pages of your Participant Guide before you leave.



Facilitation Note

- * *Do not read the slides to the learners. Instead, use the slides to actively engage learners in two-way conversations. Add the occasional brief story or anecdote to illustrate key concepts.*

Instructor Notes

Presentation Guidelines

Slide 3

The screenshot shows a slide titled "Agenda" with a blue header. The content includes a bulleted list: "Welcome, Pre-Test, Agenda, and Learning Objectives", "Introductions", "Case Study: Bob and The Wired Cup", "The Opening Balance Sheet", "Three Views of Cash Flow", "What Can Bob Do?", and "Summary, Post-Test, and Evaluation". At the bottom left is the SBA logo, and at the bottom right is the text "MANAGING CASH FLOW 3".



Agenda

Here is the agenda for today’s class. We will discuss concepts, start some self-assessments, complete some interactive activities, and respond to your questions.

Time Management

Please help us stay on schedule. We do not include a formal break. If you need to visit the rest room, please feel free to do so.

Optional: Explain Parking Lot Chart Paper

If you have questions about your own business that we do not have time to answer, I will “park” your questions on chart paper. We can make arrangements after this class to help you find some answers.

Ground Rules

One of the best ways to learn is from each other. You probably have some great ideas to offer. You may know of a process that works well for you or some pitfall to avoid. Please speak up. Also, if something is not clear, please ask questions!

Participant Materials

Each of you should have a copy of the *Managing Cash Flow Participant Guide*. It contains:

- Information and discussion points about this topic.
- Worksheets for you to start in class and finish up on your own
- A Toolkit of Resources to help continue your self-education (including a list of agencies that provide technical assistance to small businesses)

Please note that we will not have time to review the entire Participant Guide in class. We suggest that you review it in detail on your own time.

Instructor Notes

Presentation Guidelines

Slides 4 and 5

Learning Objectives

- Describe the purpose of cash flow management in a start-up small business.
- Assess a cash flow cycle and make some cash flow projections.
- Describe how a cash flow statement can help assess and improve the financial health of a start-up.

Continued ...

Learning Objectives, cont.

- Identify some ways to manage cash flow in terms of managing costs and potential income.
- Identify ways to seek out expert technical assistance to improve cash flow management.

Learning Objectives

Facilitation Note:

- * *Do not read the objectives to the learners. Instead, whenever possible, briefly paraphrase the objectives.*
- * *Point out that you will use the Bob’s Wired Cup case to introduce concepts.*
- * *Emphasize that what is most important is how these concepts apply to the unique situations of the learners.*


10 minutes

Slide 6

Introducing Bob and The Wired Cup

Bob’s case begins on page 4 in your Participant Guide.

- The Wired Cup café has had a great start.
- Bob faces some cash flow issues and needs to juggle his priorities.
- The good news: Bob is thinking ahead and he has great advisors: you!



Introducing Bob and The Wired Cup

We will use a realistic example to review a new business owner’s cash flow management decisions. As we review Bob’s cash flow issues, you may find that these concepts relate to your own cash flow questions.

Facilitation Note:

- * *The case is theoretical. If participants ask questions about the numbers on Bob’s statements, remind them the case is intended to introduce fundamental cash flow concepts.*
- * *Ask one of the participants to read Bob’s story out loud from page 4 in the Participant Guide.*



From Participant Guide:

Introducing Bob and The Wired Cup

Bob recently opened a new bakery café, The Wired Cup. The café has a great location in a small college town. To get started, Bob invested \$30,000 of his own money and received a \$20,000 loan from a commercial bank. He spent \$45,000 on start-up costs, leaving \$5,000 to run the business. The Wired Cup is already popular with students, university staff,

Instructor Notes	Presentation Guidelines
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and neighbors. Everyone loves the coffee and baked goods. A college dean has started to order croissants for the faculty dining hall. Bob is building a great new business. However, Bob has concerns. He has not yet paid himself, and he wonders when he can. The \$5,000 is almost gone. Given that his key customers are students, he assumes many will go home over holiday breaks and the summer. Questions Bob is now asking:

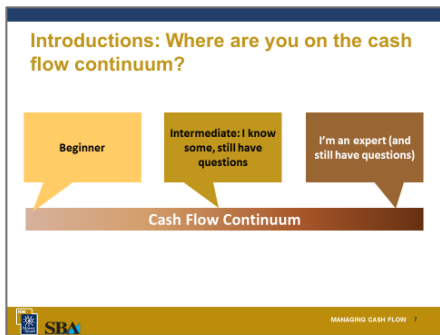
- How will he pay his bills if there are fewer customers?
- Will he have enough money to ramp up again in September?
- Should he buy in bulk to reduce costs?
- Will suppliers allow Bob to buy on credit, or does he still have to pay cash?

The good news is that Bob is *thinking ahead*. He has time to find some solutions. As we review the Wired Cup’s cash flow issues, you will be able to apply these concepts to your own business.

Facilitation Note:

- * *Thank the volunteer for the assistance.*

Slide 7



Introductions: Where are YOU on the Cash Flow Management Continuum?

Before we go on and learn more about Bob’s cash flow experiences it will be helpful to learn *your* backgrounds and experiences so far with cash flow management.

Facilitation Note:

- * *Ask the participants to briefly introduce themselves and their experiences so far with cash flow management – from beginner to expert.*
- * *Validate each person’s experience level as valid.*
- * *Encourage the experts in the class to offer ideas and examples from their experience to the rest of the group.*



Instructor Notes

Presentation Guidelines

15 minutes
Slide 8

Opening Balance Sheet for The Wired Cup

Please turn to page 5 in your Participant Guide to see The Wired Cup's opening balance sheet.

Opening Balance Sheet for The Wired Cup

The Wired Cup		Year 1 Opening Balance Sheet	
Assets			
Current Assets			
Cash	\$	1,000	
Accounts Receivable	\$	-	
Prepaid Expenses	\$	200	
Advertising	\$	500	
Bank Charges	\$	300	
Collection Services	\$	200	
Insurance	\$	2,500	
Inventory	\$	1,500	
Journal Entry	\$	75	
Lease	\$	8,000	
Legal Fees	\$	2,500	
Leased Equipment	\$	1,500	
Payroll	\$	2,400	
Payroll Taxes	\$	900	
Telephone Services	\$	50	
Utilities	\$	300	
Total Current Assets	\$	15,980	
Fixed Assets			
Other Equipment	\$	8,000	
Leased Equipment	\$	10,200	
Other Leased Equipment	\$	2,300	
Total Fixed Assets	\$	20,500	
Total Assets	\$	36,480	
Liabilities			
Current Liabilities			
Bank Note	\$	3,075	
Accounts Payable	\$	-	
Long Term Liabilities	\$	10,500	
Total Liabilities	\$	23,575	
Equity			
Owner's Capital	\$	30,000	
Total Equity	\$	30,000	
Total Liabilities & Equity	\$	36,480	

Page 5 in your Participant Guide

Facilitation Note:

- Given the layout of the opening balance sheet, it is not easy to read the numbers on the slide. Ask the participants to turn to the opening balance sheet on page 5 in their Participant Guide while you refer to the opening balance sheet on the next page of this guide.



See next page for a copy of the Opening Balance Sheet

Year 1 Opening Balance Sheet			
The Wired Cup			
Assets		Liabilities	
Current Assets:		Current Liabilities:	
Cash	\$ 5,000	Bank Note	\$ 3,371
Accounts Receivable	\$ -	Accounts Payable	\$ -
Pre-Opening Expenses		Long Term Liabilities:	
Accounting	\$ 250		\$ 16,629
Advertising	\$ 500		
Bank Charges	\$ 350		
Cable/Internet Services	\$ 200		
Insurance	\$ 2,000		
Ingredients	\$ 3,500		
Janitorial Supply	\$ 75		
Lease	\$ 1,350		
Legal Fees	\$ 2,500		
Licenses/Fees/Permits	\$ 1,500		
Payroll	\$ 2,400		
Payroll Taxes	\$ 360		
Telephone Services	\$ 150		
Utilities	\$ 365		
Total Current Assets	\$ 15,500	Total Liabilities	\$ 20,000
Fixed Assets:		Equity	
Kitchen Equipment	\$ 9,000	Owner's Capital	\$ 30,000
Lease Hold Improvements	\$ 18,200		
Office/Techn Equipment	\$ 2,300		
Total Fixed Assets	\$ 29,500	Total Equity	\$ 30,000
Total Assets	\$ 50,000	Total Liability & Equity	\$ 50,000
Assumptions: Loan \$20,000 5 years 14.54%; Payroll 3 workers \$10/hr = \$30/hr * two 40 hr. weeks = \$2,400			

Note: This balance sheet lists pre-opening expenses as current assets. In this example, the pre-opening expenses listed were expensed or realized before the end of the year. Entrepreneurs should always keep track of pre-opening expenses as some may or may not be considered by financial institutions or investors as a business asset or owner investment/equity.

Instructor Notes **Presentation Guidelines**



Opening Balance Sheet for The Wired Cup, Cont.

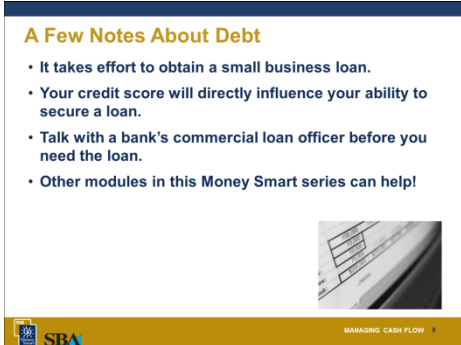
This opening balance sheet tells a story: how much money Bob had to start his business, how he financed it, what he did with that money, and how much was left over to run the business.

The balance sheet tells us that Bob invested \$30,000 of his own money or owner’s equity, and he borrowed \$20,000. The \$20,000 loan is over five years, with an 14.54% interest rate. In year one, Bob will pay back \$3,371 of principal and will pay the remaining balance of \$16,629 in years two through five.

If you do not have the necessary capital to start your business, you have two options to get the capital that you need:

- **Equity.** Friends, family and/or business partners invest in your business. They provide you with cash; you give them equity or a piece of the business.
- **Debt.** You borrow the money from family, friends, or a lending institution, such as a bank. You do not give up equity or ownership but you do have to pay back the loan. You will pay back both principal and interest. There are many types of lending or borrowing options.

Slide 9



A Few Notes About Debt

It takes some effort to obtain a small business loan. As part of the process you will need to provide a business plan. The *Money Smart for Small Business* module, *Planning for a Healthy Business* provides a lot of information about various ways to plan a successful business.

Know your credit score. The higher your score the lower the risk for creditors. For more information, attend the Money Smart module on *Credit Reporting*.

Banks have differing criteria for lending. Talk with your local bankers *before* you need a loan. The stronger your relationship, the more supportive they will be to help you secure a loan if you meet their lending criteria. The Money Smart module on *Banking Services* can help. Be prepared to personally sign for the loan. If a business is unable to meet its financial obligations, you will be held responsible. Also be prepared to pledge collateral.

One last note: manage your credit cards to avoid high fees and interest. Business credit cards may be one of the most expensive forms of business credit.

Instructor Notes **Presentation Guidelines**

Slide 10 (This slide is intentionally repeated – it is the same as slide 8.)

Opening Balance Sheet for The Wired Cup

Page 5 in your Participant Guide

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$ 5,000	Bank Note	\$ 3,271
Accounts Receivable	\$ -	Accounts Payable	\$ -
Pre-Opening Expenses		Long Term Liabilities	
Advertising	\$ 200		
Inventory	\$ 100	Total Liabilities	\$ 3,271
Bank Charges	\$ 300		
Collection/Travel Services	\$ 200		
Insurance	\$ 2,000		
Legal/Printing	\$ 5,000		
Leasehold Improvements	\$ 75		
Lease	\$ 5,000		
Office Equipment	\$ 2,000		
Customer List/Patents	\$ 5,000		
Franchise Fee	\$ 2,000		
Prepaid Taxes	\$ 500		
Supplies	\$ 500		
Other	\$ 500		
Total Current Assets	\$ 14,500	Owner's Equity	\$ 30,500
Fixed Assets		Total Equity	\$ 30,500
Vehicle Equipment	\$ 3,000		
Office/Hotel Improvements	\$ 10,000		
Other/Office Equipment	\$ 2,500		
Total Fixed Assets	\$ 29,500		
Total Assets	\$ 44,000	Total Liabilities & Equity	\$ 44,000

Assumption: \$20,000 3 years 14.50%

Back to the Opening Balance Sheet

In total, Bob had \$50,000 to spend to open The Wired Cup. He spent \$45,000 on equipment, materials, and other assets as indicated on the balance sheet (\$29,500 fixed assets and \$15,500 for current assets = \$45,000).

He had \$5,000 cash remaining to run his business (\$50,000 - \$45,000 = \$5,000).

If I were Bob's lender, a potential business partner, or a vendor, I would look at this opening balance sheet and ask the following:

- Has he invested enough of his own money in this venture?
- Did he finance the business wisely? For instance, does he carry too much debt? The terms and time requirements for loan repayment can make a huge impact on cash flow.
- Did he wisely spend the \$50,000?
- Is there enough available cash left over to run the business? Is \$5,000 enough to carry him through a six month period?

We do not have time to discuss these questions and the answers in detail. I am just explaining that an opening balance sheet tells a story which can prompt constructive dialogues with stakeholders.

A balance sheet tells a story, but it is just the first chapter. The story continues on into the cash flow statement.

Clarify and Transition

Are there any more questions about opening balance sheets before we move on?




Instructor Notes **Presentation Guidelines**

40 minutes

Slide 11

Three Views of Cash Flow

- Cash Conversion Cycle
- Cash Flow Diagram
- Cash Flow Statement



SBA MANAGING CASH FLOW 11


Three Views of Cash Flow

Let's look at three views of cash flow: a cash *conversion cycle*, a cash flow *diagram*, and The Wired Cup's cash flow *statement*.

Combined together, these three views provide a comprehensive overview of a cash flow system.

Slide 12

Cash Conversion Cycle



SBA MANAGING CASH FLOW 12

The Cash Conversion Cycle

A cash conversion cycle consists of three components:

1. A business pays for raw materials.
2. The business makes a product or service using those materials.
3. The business sells products or services.

The trick is to know how long it will take to complete the cycle. That rate of conversion impacts cash flow.

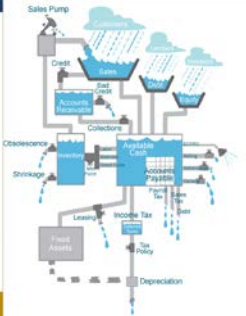
If you have a short cycle, you sell inventory or turn it back into cash quickly, which puts money back into the cash flow system.

If you have a long cash conversion cycle you will not be able to use that money while inventory is sitting on your shelves.



Slide 13

Cash Flow Diagram



Page 7 in your Participant Guide

This diagram has been adapted from a diagram designed by George M. Demson and illustrated by Buck Demson, 1985.

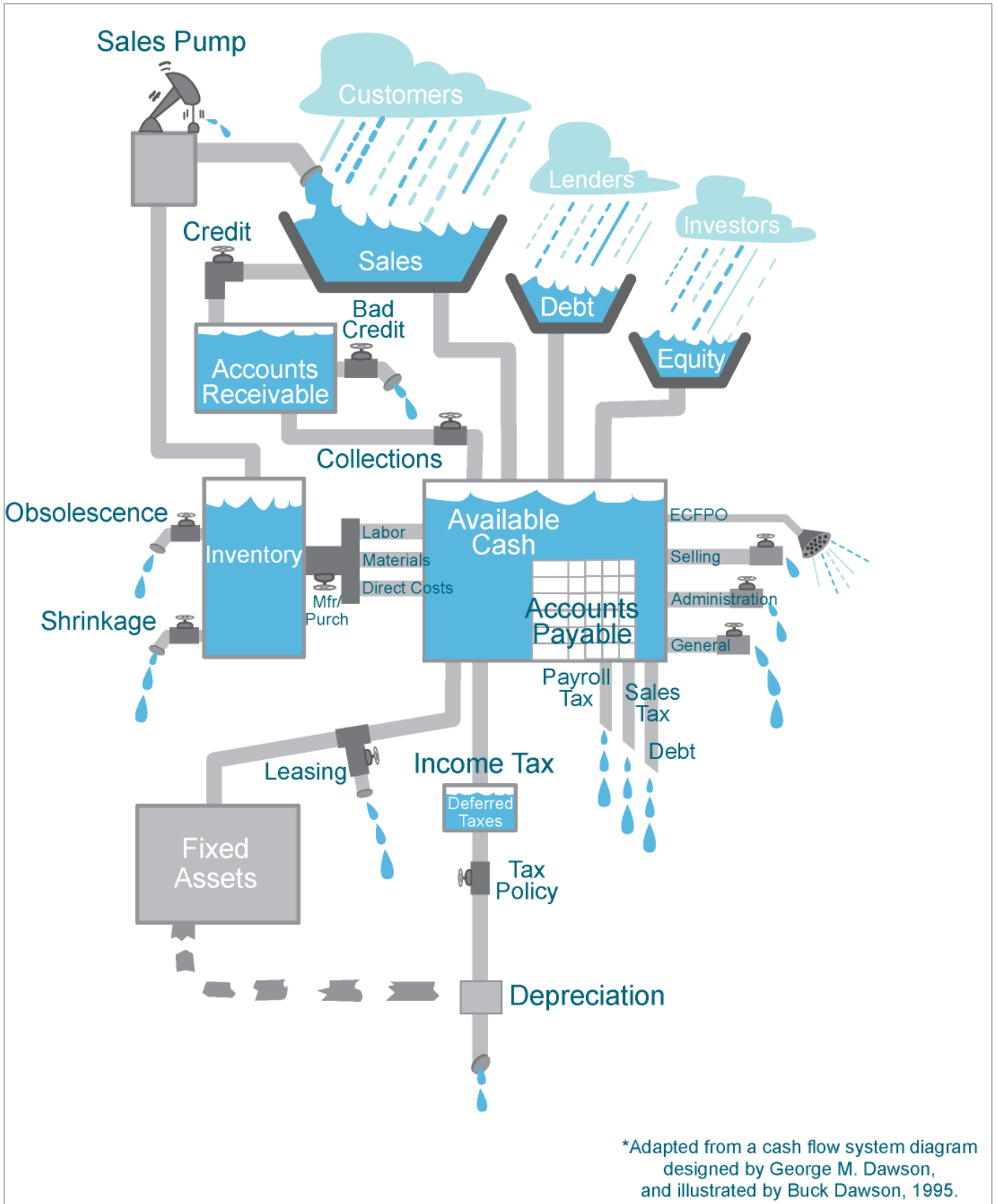
SBA

The Cash Flow Diagram

Another way to describe cash flow is with a diagram, like the one on page 7 in your Participant Guide. Page 8 provides descriptions of the elements that make up this diagram.

We will review this diagram to get a big picture of cash flow and how all the elements – the pipes and valves– work together.





*Adapted from a cash flow system diagram designed by George M. Dawson, and illustrated by Buck Dawson, 1995.

Instructor Notes

Presentation Guidelines

Cash Flow Diagram Descriptions

This diagram is a representation of how cash flows in and out of the system. It depicts many decision points or **valves** you control.

When you start a business, money flows into the business via debt or equity. In the case of The Wired Cup, Bob had \$30,000 of his own money invested in the business, the equity bucket in this diagram. In addition, Bob borrowed \$20,000, the debt bucket. The combined \$50,000 is the available cash working capital.

The **valves** in this cash flow diagram **represent decision points**. Your decisions impact cash flow and increase or decrease your probability of success.

Some valves are open all the time such as sales taxes and debt. You have to pay them. They are a constant drain on your cash, which is why they are on the bottom.

Some valves are partially open, like the sales, general, and administrative valves. What you spend is up to you. As you spend available cash, the balance in the center tank drops.

Inventory. You spend money on raw materials, labor, and other direct costs to produce a product to sell -- assuming you are producing a product; the same principles apply for services as well. If you spend a lot on inventory you tie up your money until you sell the inventory, and turn it into cash.

Fixed assets are usually expensive: buildings, upgrades to space, vehicles, equipment, computers, and technology. If you purchase an expensive fixed asset, it ties up cash. A better option may be to lease to keep cash flowing.

Profit generator (sales pump). In the top left corner, we have a sales pump. Keep this primed to pump sales back into the system.

Accounts receivable (A/R). You may make a sale, but not receive the cash until you collect it. Ultimately you want to convert A/R into cash, so it flows into the center tank and becomes available. Some A/R will not be paid; this is called bad debt. Usually after 90 days, an A/R will not be paid. When you extend credit and create an A/R, you need to follow up to ensure you receive the payment.

Accounts payable (A/P). In the center tank, accounts payable are represented by bricks. This is money owed to vendors and suppliers who extend credit to you. For example, you receive a product or service but you have not yet paid for it. You still have use of that money. The bricks elevate the water. Instead of having to pay for a product or service, you can use that money for marketing or paying

Instructor Notes | **Presentation Guidelines**

Slide 14

The Wired Cup Cash Flow Statement

Page 10 in your Participant Guide

This statement tells a story:

- How much money Bob has to run his business.
- How much money is moving in and out of The Wired Cup.
- Where the money is coming from and where it is going.
- When that money is moving in and out of the business.



A copy of the cash flow statement is provided on the next page. Descriptive details begin on page 19 of this guide.

another bill.

It is challenging to balance accounts payable and accounts receivable. You want customers to pay you as quickly as possible (cash in) and you want to pay your vendors as slowly as possible (cash out).

Ultimately, you want to have and be generating **excess cash flow from profitable operations or ECFPO**. The showerhead represents your paycheck.

The broken pipe represents how depreciation can be used to reduce your taxable income. We won't get into this in this class for time management issues. This is a good question to share with an accountant.

This diagram represents a cash flow system and decision points you control. Of course, in business we would not use a diagram. We use a *statement* which tells a story with numbers.

The Cash Flow Statement

Please turn to page 10 in your Participant Guide to see a cash flow statement for The Wired Cup.

The Wired Cup Cash Flow Statement		Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	
Year 1	Start Up	August	September	October	November	December	January	February	March	April	May	June	July	Total
Beginning Balance		\$ 5,000	\$ 2,309	\$ 1,218	\$ 1,978	\$ 3,712	\$ 1,446	\$ 780	\$ 2,514	\$ 5,848	\$ 8,882	\$ 8,216	\$ 1,950	
Loan Receipts	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000
Owner's Capital	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Sales Revenue		\$ 25,000	\$ 27,000	\$ 29,000	\$ 30,000	\$ 25,000	\$ 27,000	\$ 30,000	\$ 32,000	\$ 32,000	\$ 27,000	\$ 20,000	\$ 20,000	\$ 324,000
Sales Tax (6.25%)		\$ 1,563	\$ 1,688	\$ 1,813	\$ 1,875	\$ 1,563	\$ 1,688	\$ 1,875	\$ 2,000	\$ 2,000	\$ 1,688	\$ 1,250	\$ 1,250	\$ 20,250
Collections of A/R		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cash Available	\$ 50,000	\$ 31,563	\$ 30,997	\$ 32,031	\$ 33,853	\$ 30,274	\$ 30,133	\$ 32,655	\$ 36,514	\$ 39,848	\$ 37,569	\$ 29,466	\$ 23,200	\$ 394,250
Operating Expenses														
Accounting	\$ 250	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 350	\$ 50	\$ 50	\$ 50	\$ 1,150
Accounts Payable (Debt)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising	\$ 500	\$ 500	\$ 500	\$ 250	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 2,425
Bank Charges	\$ 350	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 950
Cable/Internet Services	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 2,600
Insurance	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000
Ingredients	\$ 3,500	\$ 5,000	\$ 5,400	\$ 5,800	\$ 6,000	\$ 5,000	\$ 5,400	\$ 6,000	\$ 6,400	\$ 6,400	\$ 5,400	\$ 4,000	\$ 4,000	\$ 68,300
Janitorial Supply	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 975
Lease	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 1,350	\$ 17,550
Legal Fees	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500
Licenses/Fees/Permits	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,500
Owner's Draw	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll	\$ 2,400	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 16,800	\$ 204,000
Payroll Taxes	\$ 360	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 2,520	\$ 30,600
Sales Tax	\$ -	\$ 1,563	\$ 1,688	\$ 1,813	\$ 1,875	\$ 1,563	\$ 1,688	\$ 1,875	\$ 2,000	\$ 2,000	\$ 1,688	\$ 1,250	\$ 1,250	\$ 20,250
Telephone Services	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 1,950
Utilities	\$ 365	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 525	\$ 6,665
Loan Principal	\$ -	\$ 271	\$ 272	\$ 274	\$ 276	\$ 278	\$ 280	\$ 282	\$ 284	\$ 286	\$ 288	\$ 290	\$ 292	\$ 3,371
Loan Interest	\$ -	\$ 200	\$ 199	\$ 197	\$ 195	\$ 193	\$ 191	\$ 189	\$ 187	\$ 185	\$ 183	\$ 181	\$ 179	\$ 2,280
Total Disbursed	\$ 15,500	\$ 29,253	\$ 29,778	\$ 30,053	\$ 30,141	\$ 28,828	\$ 29,353	\$ 30,141	\$ 30,666	\$ 30,966	\$ 29,353	\$ 27,516	\$ 27,516	\$ 369,066
Cash Balance	\$ 34,500	\$ 2,309	\$ 1,218	\$ 1,978	\$ 3,712	\$ 1,446	\$ 780	\$ 2,514	\$ 5,848	\$ 8,882	\$ 8,216	\$ 1,950	\$ (4,316)	\$ 25,184
Fixed Assets	\$ 29,500													\$ 29,500
Cash Balance	\$ 5,000													\$ (4,316)

The Cash Flow Statement, cont.

PG

The cash flow statement is a valuable decision making tool for business owners, investors, and creditors. It allows everyone to make smart, informed decisions about your business.

In this example, Bob made projections based on two months of actual experience in August and September. He does not know how much seasonality --summer vacations at the college-- will affect business. He assumes the impact will be significant.

The first column lists money in categories such as loan receipts, owner's capital, and so on, and money out such as operating expenses for accounting, accounts payable/debt, advertising, and so on.

The second column represents Bob's opening balance sheet start-up costs. *You would not typically see this on a cash flow statement.* We include this information to demonstrate how elements of an opening balance sheet transfer over to the cash flow statement.

The rest of the columns represent monthly income and expenses. As mentioned before, Bob has had two months of actual expenses. Based on what he knows so far, he projected income and expenses for the rest of the year.

Notice that Bob had \$5,000 in available cash. His sales were \$25,000, and sales tax was \$1,563.

- A note about sales tax. Put this in a separate bank account. Do not co-mingle tax money in your regular bank account. You are collecting tax on behalf of the government. This is not your money to use. Most likely, you will be required to pay this quarterly or even monthly to the government. The payroll taxes rate used in this example is 15%. You will need to determine the appropriate local, state, and applicable federal taxes.

In August, The Wired Cup had a total inflow of cash: \$26,563 (\$25,000 of sales revenue plus \$1,563 of sales tax). That means that at the end of August, Bob's total available cash was \$31,563 ($\$5,000 + \$26,563 = \$31,563$).

If we look at the bottom of the spreadsheet for August we see that \$29,253 was the cash out flow for the month.

- Some cash outflows are fixed month to month, such as Bob's lease payment of \$1,350 and the cable/Internet payment of \$200.
- Some cash outflows are variable, such as advertising and

Instructor Notes**Presentation Guidelines**

utilities. Variable amounts fluctuate from month to month.

You have some control over how cash flows in and out of your business. For example, for sales you decide what you will sell, where, to whom, how, and at what price. The same goes for expenses. You can decide what space to lease, how much debt to carry, when to advertise, when and how much raw materials to purchase, and how many staff to employ. In August, Bob has available cash of \$31,563 and cash outflows of \$29,253. $\$31,563 - \$29,253 = \$2,309$ in his bank account at the end of August. This \$2,309 becomes the beginning balance for the month of September, and the process starts all over again.

- In September: $\$2,309 + \$27,000 + 1,688 = \$30,997$ available cash for September. Monthly expenses are \$29,778. $\$30,997 - \$29,778 = \$1,218$ cash available at the end of September, which becomes the beginning balance for October.

To sum up: Bob is happy. The Wired Cup is doing well, but he is worried about the rest of the year. He projects he will be able to pay all of his financial obligations but he will be cutting it close.

Some business owners overestimate revenue and underestimate costs. This means they will at some point have a cash flow crunch and will not have cash available to meet their obligations. To prevent this, consider developing a couple of cash flow statements:

- Best case scenario: This would be an ideal situation where all your dreams come true.
- Worst case scenario: This would be a much more conservative scenario where you do not get the sales revenue you would hope for and costs are higher.
- Most likely: This would be like the Goldilocks story—not too hot, not too cold, but just right. It is the most likely scenario, somewhere between a best and worst case.

In this example, Bob created a most likely projection. Given that he knows the students and faculty leave for vacation, in July he projects a negative \$4,316.

You can't have a negative cash situation! Negative cash means game over.

What you want to achieve is excess cash flow from profitable operations. This is when you can shower yourself with some cash.

Instructor Notes


Presentation Guidelines

Slide 15

What Can Bob Do?

Group Discussion:

- How can Bob increase sales revenue at The Wired Cup?
- How could Bob negotiate a better deal with his vendors and suppliers?
- How can Bob plan for seasonal ups and downs?
- Is it wise for Bob to use a credit card to offset cash flow issues?
- What do YOU recommend?

 MANAGING CASH FLOW 15



Slide 16

Possible Ideas for Bob

Increase revenue


- Provide incentives for customers to pay in cash
- Start catering
- Sell gift cards
- Increase number of corporate accounts

Negotiate with vendors and suppliers

- Ask for better terms or payment plans
- Landlord: pay entire year's rent in 10 months not 12

Reduce costs during slow months

- Staff
- Store hours
- Reduce menu options

 MANAGING CASH FLOW 16

What Can Bob Do?

Please turn to page 11 of the Participant Guide. Bob needs to turn some valves wide open and turn down others in order to hold on to his cash as long as possible. If you were Bob's advisors, what would you advise him to do?

- How can Bob increase sales revenue at The Wired Cup?
- How could Bob negotiate a better deal or two with his vendors and suppliers?
- How can Bob plan for the seasonal ups and downs in his business?
- Is it wise for Bob to use a credit card to offset cash flow issues?

Facilitation Note:

- * *These questions motivate the participants to think through common cash flow management scenarios.*
- * *Thank participants for their ideas and suggestions.*
- * *After the participants have a chance to offer suggestions, reveal the next slide which provides some answers.*

Possible Ideas for Bob

Note that some of the ideas you suggested are on this slide. Nice job advising Bob!

- Bob can increase the flow of revenue into his business.
- Bob can reduce outflow, perhaps by making arrangements with vendors or his landlord. If Bob pays his entire rent in 10 months he will pay more during the 10 busy months and no rent in July and August which promise to be slow.
- Bob might cut back when he expects business to slow down. Perhaps his staff can work fewer hours or he can cut back on menu items.

The point is that by managing cash flow, Bob is able to control his business over the long term. He can be strategic and plan ahead.


Instructor Notes


15 minutes

Slide 17

What NOT to Do

- Do not postpone paying estimated taxes
- Do not hide from loan officers – they can provide invaluable advice
- Do not pay vendors late (they can cut off supply)
- Do not overestimate revenue
- Do not underestimate costs




 MANAGING CASH FLOW 17


Slide 18

It Is Professional to Ask for Help

Ask for advice and feedback:

- Seek out expert technical assistance.
- An accountant can help find ways to increase income and reduce expenditures.
- Share ideas with other businesses to find ways to both compete and cooperate (co-opetition!)



 MANAGING CASH FLOW 18

Presentation Guidelines

Summary, Post-Test, and Evaluation

What NOT to Do

Never use your sales tax as a financing option. Some business owners use sales tax in a cash crunch hoping they replace the tax when things look up. This is a risky bet. Penalties are high for not paying taxes on time.

If you anticipate that you might miss or be late on a loan payment, talk to your loan officer as soon as you know. Loan officers understand cash flow and typical business challenges. It is in their interest to help. They don't want to see you fail. They make money when you are successful and pay back the principal and loan interest.

- Do not pay vendors late; they can cut off supply.
- Do not overestimate revenue. This is a common mistake many new business owners tend to make.
- Do not underestimate costs. Again, this is a common mistake in start-up businesses. Do your homework to find out the real costs of doing business.

It Is Professional to Ask for Help

It is not a sign of weakness if financial management is new for you. Find a great accountant or technical advisor at SBDC or SCORE who can explain cash flow in ways that relate the concepts to your own business.

An accountant will encourage you to use a computer to manage your cash flow documentation. If you do not already use financial management software, take a course to develop this skill. You also need to manage your paperwork in a professional manner. Set up a reliable filing system to keep track of all financial documents such as tax forms, receipts, invoices, and so on.

“Co-opetition” is a real term. Competitors can be good advisors as they cope with the same cash flow issues you do. Find ways to cooperate and share information with them. They have experience to share.

Check out the Toolkit of Resources in your Participant Guide for ideas about where to locate technical assistance.

Instructor Notes

Presentation Guidelines

Slide 19

Key Points to Remember

1. Managing cash flow is a core competency of small business ownership.
2. An opening balance sheet tells a compelling story.
3. A cash flow statement continues the story. Use it to monitor projected and actual income and expenses.
4. Plan for seasonal fluctuations.
5. Try to maintain a rapid cash conversion cycle.
6. Manage your paperwork like a pro.
7. Ask an accountant for advice.

SBA MANAGING CASH FLOW 19

Key Points to Remember

- Managing cash flow is a core competency of small business ownership.
- A balance sheet tells a compelling story. A cash flow statement continues that story. Use it to monitor projected and actual income and expenses.
- Plan for seasonal fluctuations. Every business has ups and downs. Ask some of your competitors when their usual slow times tend to occur.
- Try to maintain a rapid cash conversion cycle. Try not to tie up too much cash in inventory. Lease equipment instead of buying it. If you do buy equipment, buy used whenever you can.
- Manage your paperwork like a pro. Your accountant will expect to see spreadsheets, an accounting program, well-organized receipts, invoices, and financial statements such as banking and credit card statements.
- Ask an accountant for advice. Ideally this class has helped you prepare for a series of helpful conversations.

Slide 20

Toolkit of Resources

- Glossary of Cash Flow Terms
- Cash Flow Statement Template
- Negotiating Better Terms
- For More Information: technical assistance options – many of these are free!

See the Toolkit of Resources in your Participant Guide for more details.

SBA MANAGING CASH FLOW 20

Toolkit of Resources

The Toolkit in the back of your Participant Guide provides helpful information such as:

- A glossary of common cash flow terms.
- A sample cash flow template (get the complete template online).
- Tips for negotiating better terms with customers, vendors and suppliers, and landlords.
- A list of great resources where you can get more information. Many of these are free or very inexpensive.

Facilitation Note

- * *If you added Local Resources to the list in the Participant Guide, point out some of these.*

Clarify and Transition

Are there any questions before we wrap up?



Instructor Notes

Presentation Guidelines

Slide 21

Pre-Post Test and Evaluation

- If you have not already done so, assess what your knowledge on this topic was *before* you participated in this class.
- Assess your knowledge on this topic *after* taking this class.
- Complete the Evaluation Form. Your feedback is helpful!
- Return both forms to the instructor before you leave. Thank you!

In your Participant Guide

DON'T FORGET

Pre- and Post-Test and Evaluation

Please turn to the Pre- and Post-Test form in the back of your Participant Guide.

If you have not already done so, complete the **BEFORE Training** column to assess what your knowledge was before you participated in this class. Then complete the **AFTER Training** column.

Take a few minutes to complete the Evaluation Form as well. Please return both forms to me before you leave.

Thank you for your feedback and comments.



MANAGING CASH FLOW



MSSB Template for TtT Sessions:

MSSB Plan of Action Worksheet Template

Considering adopting Money Smart for Small Business (MSSB) or other Money Smart (MS) Products?

		Benefits and interests of offering MS by the organization:	What are the small business development services the organization provides that can complement the MSSB Curriculum?
Eligible MS Alliance* member? <input type="checkbox"/> Yrs. experience** _____			
Potential Partners			
1	Eligible MS Alliance* member? <input type="checkbox"/> Yrs. experience** _____		
2	Eligible MS Alliance* member? <input type="checkbox"/> Yrs. experience** _____		
3	Eligible MS Alliance* member? <input type="checkbox"/> Yrs. experience** _____		

*A regulated financial institution, a nonprofit, a government entity ** Yrs. experience training small businesses, in technical assistance, mentoring, and coaching

WHAT MSSB MODULES CAN I PROVIDE? WHO CAN OFFER IT AND WHEN?

Determine whether these modules can be taught by your organization's staff, volunteers or partner organizations; when in the calendar year; and who would be your target audience

Module	Target Audience	Date/Time	Teacher/Instructor		
			Staff	Volunteer	Partner
Organization Types					
Credit Reporting					
Time Management					
Risk Management					
Financial Management					
Insurance					
Record Keeping					
Tax Planning and Reporting					
Banking Services Available for Small Businesses					
Selling a Small Business and Succession Planning					
Is Owning a Business a Good Fit for You? NEW!					
Planning for a Healthy Business NEW!					
Managing Cash Flow NEW!					

What other MS Products are of interest to clients/customers/members?	My Organization	1	2	3
	Money Smart for Adults (Available in various languages)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Money Smart for Young People (Caregiver and Teacher guides available in Spanish)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Money Smart for Older Adults (Available in Spanish)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Now that you've identified your interests and resources, please discuss your plans with your Money Smart representative, download the curriculums and join the Money Smart Member Alliance! More at: www.fdic.gov/moneysmart

Next Steps:

MSSB Template for TtT Sessions:
MSSB TtT Invitation and Agenda Template



Organization A and Organization B

Invite you to

MONEY SMART for SMALL BUSINESS Train-the-Trainer Session

Who should attend?

Anyone whose target market is aspiring and existing entrepreneurs and has a mission to assist small businesses; staff of community-based organizations that offer small business development services and loans or work with entrepreneurs; financial institutions that have small business customers; local, state and federal government organizations that provide resources and information to organizations or entrepreneurs.

Registration instructions at:

[Provide a link/other information]

For more information about MSSB go to www.fdic.gov/moneysmart

AGENDA

1:00 PM WELCOME, INTRODUCTIONS and OVERVIEW OF MSSB

- Train-the-Trainer learning objectives
- MSSB: What it is, Why it was created, Who benefits, How they benefit
- Overview of the 13 MSSB modules

1:20 PM DEEP DIVE INTO ONE MSSB MODULE

- MSSB Instructors explore the entrepreneur experience by looking inside one of the MSSB Modules
- Learn the features of the MSSB Curriculum including how to use its 3 components: Instructor Guide, Participant Guide and PowerPoint slides

2:20 PM BREAK

2:35 PM TOOL KIT OF MSSB RESOURCES

- Design your MSSB program: stand-alone or a combination of modules? Offer directly or through referrals?
- Working with experts
- Resources: Training Tips, Sample Instructor Planner, pre and post-tests and evaluation forms, case studies, interactive tools

2:55 PM BEST PRACTICES, NEXT STEPS

- How to join the MSSB Alliance
- How to download MSSB Modules and promotional materials
- MSSB Alliance Town Hall meeting conference calls to learn how organizations currently use MSSB
- Plan of Action exercise to outline an MSSB support system

3:30 PM ADJOURN



MONEY SMART for SMALL BUSINESS

Train-the-Trainer Workshop

For partner organizations

Date:

insert date

Time:

insert time

Location:

insert location

Date:

insert date

Time:

insert time

Location:

insert location

Date:

insert date

Time:

insert time

Location:

insert location

What and Why?

Money Smart for Small Business (MSSB) is an instructor-led curriculum that provides a practical introduction to key topics related to starting and managing a business. Developed jointly by the Federal Deposit Insurance Corporation (FDIC) and the U.S. Small Business Administration (SBA) in 2012, this free resource has 13 modules, is available for download and in Spanish. A list of MSSB Alliance members is available at the FDIC website and is updated periodically as a reference for organizations or individuals that want to know who is offering MSSB near them. There is no cost, and it takes minutes to join the Alliance by completing a short online form. MSSB Alliance members convene on a quarterly basis to share their experiences on MSSB Town Hall conference calls.

Training Objectives: After completing a Train-The-Trainer workshop participants will be able to:

1. Present the MSSB Curriculum with confidence.
2. Explain how participants can become members of the MSSB Alliance and use the MSSB Curriculum to provide introductory business training to aspiring and existing entrepreneurs in their communities.
3. List and describe at a high level, the goals and objectives of the MSSB Curriculum and assist participants in aligning MSSB goals with their organization's mission and strategic objectives.
4. Describe several ways to customize a MSSB Program to meet the diverse needs of small business owners who represent a range of business development stages and learning needs.
5. Identify best practices for working with subject matter experts to co-train some modules.
6. Describe effective ways to make the content of each module compelling and engaging.
7. Define best practices for evaluating the quality and impact of the MSSB Program within the MSSB Alliance Member organization.
8. Provide resources and tips to ensure MSSB instructors host a successful MSSB training program.

Checklists

Preparation

Complete (✓)	Action Item	Description/ Details	Notes
✓	Attend a Train-the-Trainer Workshop or read this Train-the-Trainer Curriculum		
	Order the CD with the <i>Money Smart</i> materials	Go to https://catalog.fdic.gov/ , click on the Money Smart-Teach category, and then go to the <i>Money Smart for Small Business</i> subcategory.	
	Select the modules you want to include in your program	The Module Selection Guide in this guide can help. You may need to adapt your program based on feedback and questions the small business owners ask during classes.	
	Thoroughly review the Instructor Guide, Participant Guide, and PowerPoint for each module you select to teach	If you plan to co-train with an outside expert, meet ahead of time to clarify timing and expectations. Make sure any experts or guest panelists also get access to these materials.	
	Adapt the timing to fit your specific needs	The time estimates in the Instructor Guides are flexible. Adapt to fit your allotted time, the number of participants, and estimations of their knowledge level(s). Allow plenty of time for discussions, activities, and question-and-answer sessions.	
	Add local resources to the Participant Guide, or create a handout	List local resources the participants can contact to learn more about the topic or to receive technical assistance.	
	Print the Participant Guides (two-sided)	Print one for each participant. They will not need copies of the slides; the information in the slide decks is detailed in their guides.	

Sample Instruction Planner

Consider creating an instruction planner like the sample below. In this example, the trainer is responsible for setting up and processing activities that reinforce the topics. The expert is responsible for delivering information on the topics. They share responsibility for implementing the pre-and post-test assessments. This example balances *content* (knowledge to be shared) and *process* (participants apply the knowledge to their own businesses). In order for a plan like this to work, the trainer and the expert need to agree ahead of time on who will handle what.

Estimated time	Topic	Lead	Notes
5	Welcome/Overview	Trainer	
10	Icebreaker and/or Pre-Test	Both	
5	Key Topic 1	Expert	
5	Group Discussion	Trainer	
5	Key Topic 2	Expert	
5	Group Discussion	Trainer	
15	Break		
10	Key Topic 3	Expert	
5	Group Discussion	Trainer	
5	Key Topic 4	Expert	
5	Group Discussion	Trainer	
5	Summary and Post-Test	Both	
10	Evaluation and Next Steps	Trainer	
Total: 90 minutes			

Training Day

Here are some ideas that can help ensure each class is effective.

Complete (✓)	Action Item	Description/ Details
	Set up participant materials before the participants arrive	<ul style="list-style-type: none"> • Participant Guides • Name tags • Note pads and pens • Water, coffee, snacks
	Instructor Guide(s)	<ul style="list-style-type: none"> • One for the trainer and one for each expert
	Slide projector and screen	<ul style="list-style-type: none"> • Upload the PowerPoint slide deck for the module(s) • Test run to ensure the slides are visible to all participants • Have an extra bulb and batteries (if using a remote) on hand
	Chart paper and markers	<ul style="list-style-type: none"> • Set up a Parking Lot ahead of time; when you need it, turn to the page. This helps you save time and avoid turning your back on the participants. • Use to illustrate key points and to capture your participants' comments or recommendations • Set up a Parking Lot chart for questions you do not have time to answer. Make arrangements to follow up after class.
	Room setup	<ul style="list-style-type: none"> • Ideally, set up tables and chairs in a U-shaped arrangement so everyone can easily see the slides and each other
	Collect data	<ul style="list-style-type: none"> • Collect evaluation forms • Identify other modules the participants would like to cover next.

Success Tips

The *MSSB* Train-the-Trainer instructors/facilitators should have relevant instructor/facilitator skills and experience. The FDIC may conduct orientation workshops to familiarize potential instructors with the curriculum, but neither the FDIC nor SBA certifies trainers to deliver the *MSSB* curriculum.

As an instructor, you are responsible for:

- Identifying the learning and communication needs of participants
- Focusing and directing participants
- Aiming discussions toward course objectives
- Making sure every participant has the opportunity to contribute to the discussion

You can accomplish these objectives by listening, asking questions, observing participants' reactions and leading by example.

A first step to delivering an effective presentation is to know your audience. You must understand the goals of the course and why the participants need this information. Tips for delivering effective presentations include:

- Know your material well. Thoroughly review ALL of the training materials.
- Identify potential trouble spots in the exercises, as well as hints for assisting participants.
- Practice your presentation.
- Use language familiar to the participants, avoiding jargon or unfamiliar terms.
- Select and prepare anecdotes from real-world experiences that can be used to illustrate special scenarios, generate discussion and maintain participant interest.
- Speak clearly.
- Be aware of the tone and pace of how you are speaking.
- Avoid going off on tangents and getting off track during a presentation.
- Minimize the use of filler words (such as “uh” and “um”).
- Make eye contact with participants.
- Use natural and positive body language and facial expressions.
- Avoid fidgeting, pacing and other nervous habits.
- Be yourself.
- Make sufficient copies of the Participant Guide and handouts.
- If using an LCD projector, make sure beforehand that all computer equipment is functioning and prepare a backup hardcopy of the PowerPoint slides for use during the training.
- Give yourself ample time to set up the classroom and distribute participant materials before the training is scheduled to take place.

A successful instructor must be able to introduce activities, assign participants to small groups, give instructions and process activity results. When introducing activities, explain the objectives, and emphasize the benefits and potential outcomes of the learning activity. Connect, or link, activities to previously learned concepts and discussions.

Materials and Equipment Needed

- Train-the-Trainer Instructor Guide.
- Train-the-Trainer Participant Guide. Print one for each participant and one for the trainer to be used as a reference. The Train-the-Trainer participant guide should be printed on two two-sides.
- Train-the-Trainer PowerPoint. This should be customized ahead of time, especially if the training includes various sponsoring organizations and/or speakers.
- Laptop or computer loaded with the PowerPoint presentation. It isn't necessary to share the slides with participants. All of the information that's needed is in their Participant Guides. As a best practice, be prepared for technical issues. Print a few sets of the slides ahead of time and bring a thumb drive with your presentation just in case.
- Chart paper and markers for recording responses to key questions and/or to create a Parking Lot for questions you might not be able to answer in class. Chart paper can be created ahead of time.
- Slide projector, screen or monitor/TV to display the PowerPoint presentation.
- (Optional) Stopwatch or other timer.
- (Optional) Painter's tape for posting chart pages on the wall.
- (Optional) Post-it Notes and highlighters that participants can use to flag or highlight key information in their Train-the-Trainer Participant Guides.

The Instructor Guide is your roadmap for presenting the Train-the-Trainer workshop. It includes:

- The purpose and objectives of the Train-the-Trainer workshop and the curriculum
- A detailed lesson plan
- Thumbnails of the overhead slides
- Additional information that's not part of the Train-the-Trainer Participant Guide.

The lesson plan is laid out in a two-column format. The left-hand column contains the slides used in the presentation. The right-hand column contains a word-for-word script of the module content, as well as more lengthy instructions for delivering the content and conducting the practice exercises.

Each module includes a set of visuals to help you present the module content. They are presented in both PowerPoint and PDF formats so you can use them with your specific projection equipment.

You should give each student a Participant Guide to use during the training and as a reference when the training is over. It contains:

- Important concepts and facts presented in the Train-the-Trainer workshop.
- The evaluation form
- Space for taking notes
- (Optional) Additional ready-to-use resources such as the *MSSB* Flyer, Agenda, Invitation and Worksheet Templates to be used during Train-the-Trainer workshops

Giving Instructions

The Instructor Guide provides instructions for all the activities in the modules. However, participants may still need clarification. It's important to speak clearly and slowly when presenting the objectives of an activity and giving instructions. Make sure to define important terms and concepts (refer to the *MSSB TtT* glossary) and, when possible, demonstrate activities or provide examples for the participants. Also, periodically ask if there are any questions.

While students are completing an activity, you should circulate to answer questions and encourage discussion. Keep track of the amount of time allotted for each activity, and inform the students when time is winding down.

When processing results, ask questions about how the participants reached their conclusions. Keep the processing from becoming redundant or repetitive by asking the next group to report findings that are different from the previous group's or by asking each group to present just a part of the solution.

When processing individual comments, make sure a diverse group of students is called on to provide responses. Encourage students with different experience levels and perspectives to contribute their observations. Acknowledge correct responses and provide alternative approaches if incomplete or inaccurate responses are given.

Facilitating Discussions

Interaction among students contributes to a successful learning experience. Varying the composition of small groups for exercises and activities not only energizes students, but also creates more opportunity to exchange information and encounter different perspectives.

There are a number of techniques for assigning students to small groups. Common methods include telling students to partner with someone they don't know or counting off by a specific number and having all the "ones" work together, all the "twos" work together, and so on. Other ways include arbitrarily grouping people who are close to each other or asking students to turn their chairs around to form groups with people at the next table.

Informative discussions and exchange of information among instructors and students are other keys to the success of this course. As an instructor, your role is to elicit comments from the students while maintaining the focus of the discussion. The following tips may be useful when you are leading group discussions:

- Paraphrase what someone has said so the participant will know he or she has been understood and to ensure the rest of the class hears the comment.
- Compliment students on interesting or insightful comments.
- Use open-ended questions, because they trigger better discussions than close-ended ones.
- Mediate differences of opinions.
- Pull ideas together, showing their relationship to one another.
- Summarize, and record on chart paper, if appropriate, the major views of the group.

Classroom Set-Up

The most effective classroom set-up is to arrange the room into table groups that seat four to six students each. This allows students to complete the small group exercises comfortably. If this arrangement is not possible, you may have to move desks and chairs into small groups to conduct these activities.

Using Chart Paper

Chart paper lets you capture meaningful information generated by discussion and display it for all students to see. When using chart paper:

- Prepare chart paper in advance.
- Prepare titles beforehand if students will provide responses.
- Write with large, clear, bold letters, using 20 words per page as your guide.
- Use words or short phrases to indicate key ideas.
- Check your spelling.
- Write, turn to the audience and then talk; don't talk while writing.
- Don't obstruct students' view of the chart.
- Leave the bottom quarter of the paper blank so all of the content can be seen by those in the back of the room.
- Tear off chart paper you want the group to be able to refer to throughout the course, and post it on the walls around the classroom.

Using Handouts

Like other types of materials, handouts help vary the pace of training sessions by giving students a different focus. Reinforce the connection between handouts and course content by introducing and reviewing them. When using handouts:

- Prepare the appropriate number of copies ahead of time.
- Make sure your handout is concise and designed for easy reading.
- Use colored paper to make locating the handouts easier if they'll be referred to frequently during the course.
- Make sure you distribute handouts to each student before beginning to discuss their content.
- Don't distribute handouts as you are speaking; students will focus on the materials rather than what you are saying.

Using Visual Aids

These tips for using visual aids will help you to be an effective presenter:

- Keep visual aids out of sight until you are ready to use them.
- Stand to the side of your visual aid.

- Talk to and face the audience, not the visual aid.
- Don't block your face with the visual aid.
- Maintain eye contact with your audience.
- Make sure your audience has the time to fully read and understand the visual aid before removing it and moving to the next one.
- Know where the visual aid goes when you're finished using it.
- Switch the projector off when not in use; its noise and light can be distracting.

It's helpful to practice using visual aids before delivering the actual presentation. All visual aids should be free of grammatical errors and clutter. When presenting visual aids, describe the content and add a few anecdotes or meaningful details. Visual aids should not be read verbatim.

Consider the Three Learning Styles While Teaching

Experts know that most people learn best in one of three ways:

- **Visual:** Those who learn best by seeing how things are done.
 - Use visual aids, such as handouts, slides, written instructions, charts and demonstrations.
 - Stand to the side, talk to and face the audience, allow the audience time to fully read and understand.
 - Prepare charts in advance, using large, clear, bold letters. Write, turn to the audience, and then talk.
 - Design handouts for easy reading, and use colored paper to make locating handouts easier.
- **Auditory:** Those who learn best by listening or hearing instructions.
 - They are affective learners, that is, they tend to be more intuitive than rational. Therefore, they have to feel the learning experience.
 - They like to get involved with others and share ideas and information.
 - They like thinking out loud about what they are learning.
 - Use exercises that allow them to share their experiences with each other. Lectures and audio tapes are also useful for auditory learners.
- **Tactile/Kinesthetic:** Those who learn best by doing.
 - They like to experiment.
 - They dislike conventional educational approaches.
 - They get bored with lectures, presentations or anything that doesn't allow them to be physically active.
 - They learn best from hands-on training and physically active exercises.

Things to Avoid During a Presentation

You can lose the interest of students by doing any of the following:

- Failing to prepare
- Reading verbatim from notes or a script
- Teaching without student involvement

- Diverging from course objectives
- Avoiding eye contact
- Using confusing visual aids
- Behaving in a condescending or superior manner
- Using jargon or language that's either too simple or complex for participants
- Lacking empathy for participants' needs
- Using offensive or critical humor
- Making promises you can't deliver

Questions for Self-Reflection

Here are some potential challenges you may face. How would you deal with them?

- You have made promises you cannot deliver
- You are asked a question and you do not know the answer
- Fewer or more people show up than anticipated
- Someone is sleeping
- Someone brought a baby who constantly cries
- No one responds to your questions
- One person monopolizes the discussion

Accommodating Students with Disabilities

Americans with Disabilities Act (ADA) of 1990

On July 26, 1990, the Americans with Disabilities Act (ADA) became law. The law is designed to protect the civil rights of people with disabilities. The ADA prohibits discrimination on the basis of disability by guaranteeing equal opportunity for individuals with disabilities in public accommodations, commercial facilities, employment, transportation, state and local government services, and telecommunications.

The ADA is built on the principles of equal opportunity, full participation, independent living and economic self-sufficiency. It reflects the disability community's determination to participate fully in the life of their community like other citizens and to have choice and control over their own futures. It's the most comprehensive policy statement ever made in law in the United States about how the nation should address individuals with disabilities.

As a civil rights law, the ADA is similar to other civil rights acts that protect individuals from being discriminated against based on arbitrary criteria such as race, color, religion, age, national origin and sex. For other groups with civil rights protection, the problem has generally been discrimination through policies that limit their participation.

For people with disabilities, discrimination often also takes the form of inaccessible facilities that make it impossible for them to gain access to or participate in "standard" activities. For example, stairs leading to the only entrance into a building prohibit entry by someone who uses a wheelchair. Similarly, texts and handouts provided only on paper and in standard-size typeface are inaccessible to someone who is blind or has low vision. In these cases, the ADA requires changes to buildings or locations, and modifications to the way products or services are provided.

Making the modules useful and understandable for everyone, regardless of whether or not they have a disability, is perhaps the best reason of all for making the courses accessible.

Low- and moderate-income individuals, especially those with little or no banking experience, often don't have the tools necessary to save and manage money. This lack of a basic understanding of how money works in our society may keep them from achieving financial independence. These individuals also include a significant number of persons with lifelong disabilities, as well as older individuals who acquire disabilities as they age. Some may have undiagnosed or hidden learning disabilities.

Requests for Accommodations

You may want to consider using a registration form with a space where individuals can indicate whether they need any accommodations and, if so, what types of accommodations may be required. You may also want to ask if students require materials in alternate formats.

People with disabilities are never required to self-identify as having a disability – even if the disability is obvious. Therefore, the registration form should **not** ask the individual to specifically identify the type of disability. That information is not necessary for you to know, and asking for it could be viewed as a type of discrimination.

However, providing a space on the registration form to request accommodations is neutral and welcoming. It's also a good idea for you to ask **all** of the students for a way to contact them, by phone and by email, so that you can communicate with people individually if you have questions about any part of the registration form. Put the request for contact information in the body of the registration form – not in the place where you ask if accommodations are needed.

How to Make Classes Accessible to Students with Disabilities

There are many things that both you and the sponsoring agency can do to make the modules accessible to people with a wide range of disabilities. An overview of actions that can be taken to ensure accessibility follows.

Nondiscrimination

Qualified individuals with disabilities cannot be denied participation simply because of their disability. You can limit participation in your course to individuals who meet some general criteria – such as being over the age of 62 or unemployed – but if an individual qualifies on those grounds, she or he may not be denied participation because of a disability.

Physical Access

When deciding where to hold the class, look for a location that is accessible for people who use wheelchairs or scooters or who have other difficulties walking or climbing stairs. People with mobility limitations need to be able to get into the building without using steps or crossing over a high object. If the main entrance is not accessible, a sign should be posted there indicating the location of the closest accessible entrance. Classes should be held on the upper floors of a building only if they can be reached by an elevator. The building should also have at least one “unisex” accessible restroom.

Other physical access issues to consider in determining the location of the classrooms are clearly marked accessible parking spaces located close to the accessible entrance, Braille signage on the elevator call buttons and on the buttons inside the elevators, and raised letters and Braille signage identifying the restrooms. The elevators should also have chimes or a recorded voice indicating the different floors.

In the classroom itself, check to be sure that there is at least 32 inches of clear space in the aisles and along the edges of the seating area. This is how much space someone using a wheelchair needs to move freely around the room. If you are using individual desks and chairs and someone who uses a wheelchair enters the room, ask that person if you should move one of the desks or if she or he prefers to transfer from the wheelchair to the desk chair. Always ask; never assume. People with a disability know what works best for them.

Similarly, if the room is arranged like a classroom with long tables and individual chairs, it's always a good idea to remove one or two of the chairs from the ends of rows in different areas of the room before the class starts, so that individuals using wheelchairs or scooters can have a choice of seating arrangements – the same way that others in the class have a choice about where they want to sit.

Effective Communication

Some individuals have disabilities that affect their ability to communicate – for example, people who are blind or have low vision or people who are deaf or hearing impaired. Other disabilities that affect communication include cognitive or learning disabilities that may impact the ability to read. People who have cognitive disabilities or learning disabilities may have difficulty reading written material.

Under the ADA, both private and public entities are required to communicate effectively with individuals with disabilities. The obligation to communicate effectively applies to the presentation and exchange of information in all forms, including sound, print, graphics and speech.

The law says that people with communication disabilities are entitled to appropriate “aids and services where necessary to ensure effective communications.” With respect to the Money Smart courses, these aids and services could include:

- Assisting someone with cognitive or learning disabilities by reading aloud the pre- and post-course tests; or
- Helping someone with a disability write their answers to the tests or complete other Money Smart forms;
or
- Making sure not to turn your back on someone who is lip reading; or
- Wearing a lapel microphone or using a handheld microphone to amplify what is being said for persons who use hearing aids or auxiliary listening devices; or
- Making sure that any videos used in class are captioned for people who are deaf or hard of hearing and that written material presented on screen is read aloud, either by the narrator on the video or by the course instructor.

Sometimes communication assistance can include providing a sign language interpreter, upon request, if doing so does not result in an undue burden. Undue burden is defined in the ADA as “significant difficulty or expense.” However, even if providing a sign language interpreter or some other type of communication assistance is an undue burden, you still are expected, if at all feasible, to provide some other type of assistance, such as a copy of the Instructor Guide, so that a person who is deaf or hard of hearing can follow along as the class is taught.

Some people with visual disabilities have difficulty reading standard-size text or viewing materials projected on the overhead screen. Copies of the slides for each module can be printed out and given to these individuals to use as you present the course content. Similarly, handouts used during the course can sometimes be difficult to handle for people who have difficulty using their hands and fingers.

Other people may have difficulty hearing what you are saying. If individuals can read lips, allow them to sit in the front where they can have an unobstructed view of your face. If you are using an overhead projector, make sure that you continue to face the students as you cover the major points. Keep your Instructor Manual open to the individual slides, or, better still, print out a copy of the overhead materials so that you can read the text on the slides without turning your head away from the person who has the hearing impairment. When there is class discussion or when someone asks a question, repeat what has been said so that the person lip reading can be part of the discussion.

Some individuals with significant speech disabilities use an augmentative communication device that uses a computer to produce synthesized speech. When they want to ask a question or contribute to the class discussion, they use a keyboard to key in what they want to say. Since keying in the content can take a few moments, you can acknowledge their intention to speak, saying something like, “Yes, Mr. Jones, we’ll get to you as soon as you are ready,” and then making certain that you do go back to him as soon as the keying in is completed. (Most keyboards make a small beep as each word or phrase is keyed in.) However, during an interaction between the person with the disability and another individual, etiquette demands that you wait respectfully until the comments are keyed in and played.

Guidelines for Talking About Disabilities

Here are some guidelines that will help you communicate with your students who have disabilities in ways that won't offend them:

- Do not refer to a person's disability unless it is relevant.
- Use "disability" rather than "handicap" to refer to a person's disability, if indeed you need to refer to it. It's okay to say that a person is handicapped by obstacles, such as architectural barriers or the attitudes of ignorant or insensitive people. Never use "cripple/crippled" in any reference to disability.
- When referring to a person's disability, use "people first" language. In other words, when necessary, say "person with a disability" rather than "a disabled person". Since "disabled" is an adjective, it's important to avoid ridiculous and improper constructions such as "disabled group" or "disabled transportation." Instead, build phrases using the word "disability." For example, "disability activist," or "disability community," are correct and not contradictions to the "people first" ideas.
- Never refer to people with disabilities as "the disabled, the blind, the epileptics, a quadriplegic," etc. Descriptive terms should be used as adjectives, not as nouns.
- Never use the word "retarded" or the phrase "mental retardation". You can use "intellectual disability" or "cognitive impairment".
- Avoid negative or sensational descriptions of a person's disability. Don't say "suffers from," "a victim of," or "afflicted with." Don't refer to people with disabilities as "patients" unless they are receiving treatment in a medical facility. Never say "invalid." Treat people with disabilities with respect and acceptance.
- Don't portray people with disabilities as overly courageous, brave, special or superhuman. This implies that it's unusual for people with disabilities to have talents or skills.
- Don't use "normal" to describe people who don't have disabilities. It is better to say "people without disabilities" if necessary to make comparisons.
- Never say "wheelchair-bound" or "confined to a wheelchair."
- Never assume that a person with a communication disorder (speech impediment, hearing loss, motor impairment) also has a cognitive disability.

10 Commandments of Etiquette for Interacting with People with Disabilities

1. When talking with a person with a disability, speak directly to that person rather than through a companion or sign language interpreter.
2. When introduced to a person with a disability, it is appropriate to offer to shake hands. People with limited hand use or who wear an artificial limb can usually shake hands. (Shaking hands with the left hand is an acceptable greeting.)
3. When meeting a person who is visually impaired, always identify yourself and others who may be with you. When conversing in a group, remember to identify the person to whom you are speaking.
4. Don't be afraid to ask questions when you're unsure of what to do. If you offer assistance, wait until the offer is accepted. Then listen to or ask for instructions.
5. Treat adults as adults. Address people who have disabilities by their first names only when extending the same familiarity to all others. Never patronize people who use wheelchairs by patting them on the head or shoulder.
6. Leaning on or hanging on to a person's wheelchair is similar to leaning on hanging on to a person and is generally considered annoying. The chair is part of the personal body space of the person who uses it.

7. Listen attentively when you're talking with a person who has difficulty speaking. Be patient and wait for the person to finish, rather than correcting or speaking for the person. If necessary, ask short questions that require short answers, a nod or shake of the head. Never pretend to understand if you are having difficulty doing so. Instead, repeat what you have understood and allow the person to respond. The response will clue you in and guide your understanding.
8. When speaking with a person who uses a wheelchair or a person who uses crutches, place yourself at eye level in front of the person to facilitate the conversation.
9. To get the attention of a person who is deaf, tap the person on the shoulder or wave your hand. Look directly at the person and speak clearly, slowly, and expressively to determine if the person can read your lips. Not all people who are deaf can read lips. For those who read lips, be sensitive to their needs by placing yourself so that you face the light source, and keep hands, cigarettes and food away from your mouth when speaking.
10. Relax. Don't be embarrassed if you happen to use accepted, common expressions such as "See you later," or "Did you hear about that?" that seem to relate to a person's disability.

Contact Information

FDIC is looking forward to hearing from organizations interested in providing Money Smart for Small Business in their communities. Feel free to reach out to FDIC Regional Office staff; you'll find contact information on the web at <http://www.fdic.gov/consumers/community/offices.html> and listed on the following pages.

You can also email FDIC at communityaffairs@fdic.gov.

When sending us a message, don't forget to share your organization's contact information, including a specific Point of Contact within your organization.

Support from FDIC Community Affairs Staff is available to plan and design *MSSB Train-the-Trainer* Sessions using the *MSSB Curriculum* and implementing the *MSSB Program* directly or through collaborations with community organizations and financial institutions.

We are eager to learn about your organization and assist you in creating lasting impact within your communities.

Community Affairs Leadership	Contact Information	Area of Responsibility
Janet Gordon, Associate Director	550 17th Street NW, F-6006 (202) 898-7181	Community Affairs Branch
Luke Reynolds, Chief	550 17th Street NW, F-6000 (202) 898-7164	Outreach & Program Development Section
Lessie P. Evans, Chief	550 17th Street NW, F-6024 (202) 898-6997	Community Affairs Section (Regional and Area Offices)
Thomas E. Stokes, Regional Manager	Atlanta Regional Office 10 Tenth Street, N.E. Suite 800 Atlanta, GA 30309-3906 Phone: (678) 916-2249 (direct) Phone: (800) 765-3342 (toll-free) Email: ATLCommunityAffairs@fdic.gov	Alabama Florida Georgia North Carolina South Carolina Virginia West Virginia
Angelisa Harris, Regional Manager	Chicago Regional Office 300 South Riverside Plaza Chicago, IL 60606-3447 Phone: (312) 382-6940 (direct) Phone: (800) 944-5343 (toll-free) Email: CHICCommunityAffairs@fdic.gov	Illinois Indiana Kentucky Michigan Ohio Wisconsin
Eloy Villafranca, Regional Manager	Dallas Regional Office 1601 Bryan Street, Suite 1410 s, T01-3479 Phone 72) 761-8010 (direct) Phone: (800) 568-9161 (toll-free) Email: DALCommunityAffairs@fdic.gov	Colorado New Mexico Oklahoma Texas

Clinton Vaughn, Area Manager	<p>Dallas Region - Memphis Area Office 6060 Primacy Parkway Suite 300 Memphis, TN 38119-5770 Phone: (901) 818-5706 (direct) Phone: (800) 210-6354 (toll-free) Email: MEMCommunityAffairs@fdic.gov</p>	Arkansas Louisiana Mississippi Tennessee
Teresa Perez, Regional Manager	<p>Kansas City Regional Office 1100 Walnut St Suite 2100 Kansas City, MO 64106 Phone: (816) 234-8151 Phone: (800) 209-7459 (toll-free) Email: KSCommunityAffairs@fdic.gov</p>	Iowa Kansas Minnesota Missouri Nebraska North Dakota South Dakota
Valerie J. Williams, Regional Manager	<p>New York Regional Office 350 Fifth Avenue Suite 1200 New York, NY 10118-0110 Phone: (917) 320-2621 (direct) Phone: (800) 334-9593 (toll-free) Email: NYCommunityAffairs@fdic.gov</p>	Delaware District of Columbia Maryland New Jersey New York Pennsylvania Puerto Rico U.S. Virgin Islands
Timothy W. DeLessio, Area Manager	<p>New York - Boston Area Office 15 Braintree Hill Office Park Braintree, MA 02184-8701 Phone: (781) 794-5632 (direct) Phone: (866) 728-9953 (toll-free) Email: BOSCommunityAffairs@fdic.gov</p>	Connecticut Maine Massachusetts New Hampshire Rhode Island Vermont
Emerson Hall, Regional Manager	<p>San Francisco Regional Office 25 Jessie Street at Ecker Square Suite 1500 San Francisco, CA 94105-2780 Phone: (415) 808-8115 (direct) Phone: (800) 756-3558 (toll-free) Email: SFCCommunityAffairs@fdic.gov</p>	Alaska Arizona California Guam Hawaii Idaho Montana Nevada Oregon Utah Washington Wyoming