



MAKING MONEY COUNT: ESSENTIAL FINANCIAL TIPS FOR YOUR JEWELRY BUSINESS



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MARIEL DIAZ
ACCOUNTING FOR JEWELERS



THE MONEY

In Your Business

1. Where did it come from?
2. Where did it go?
3. Where is it now?

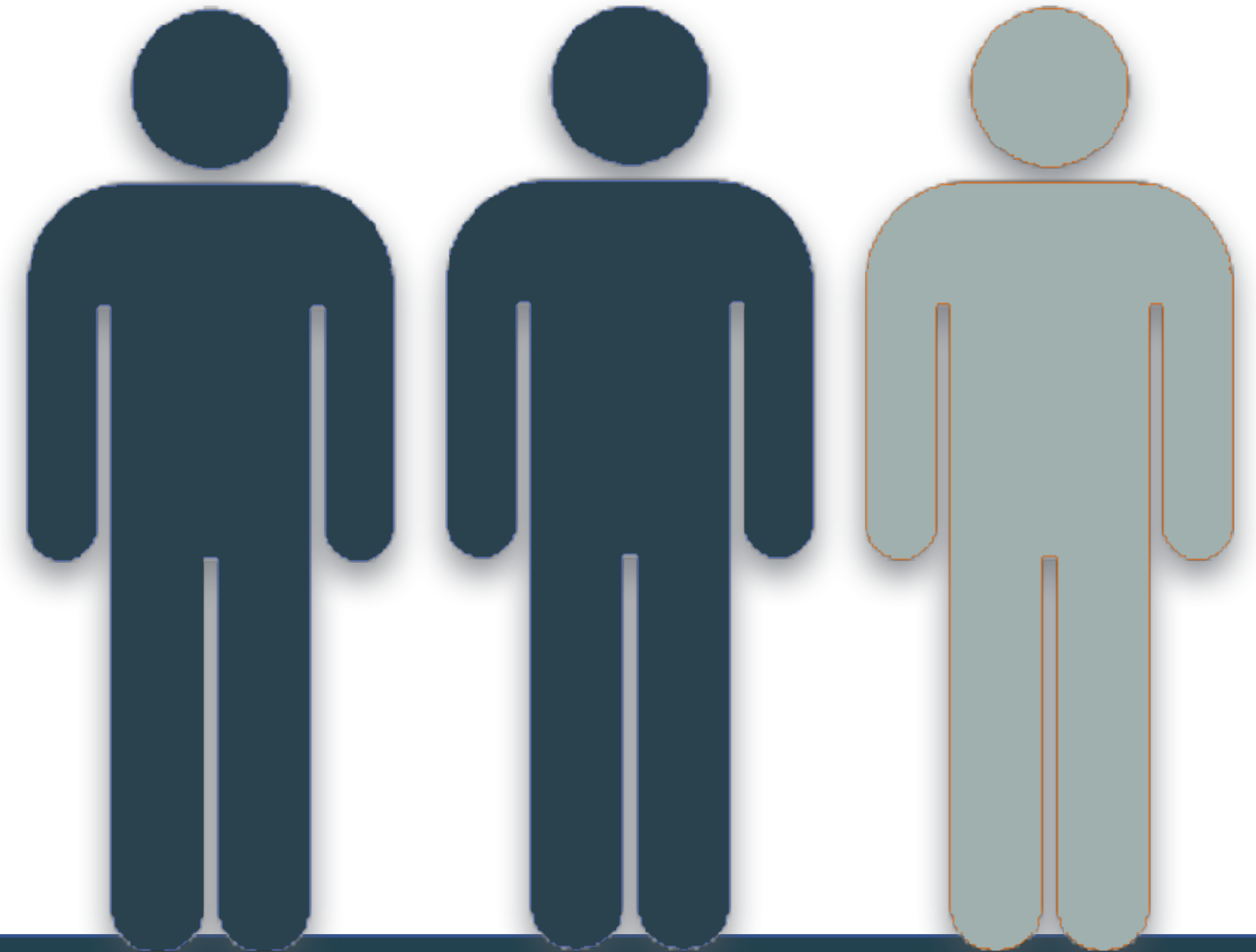
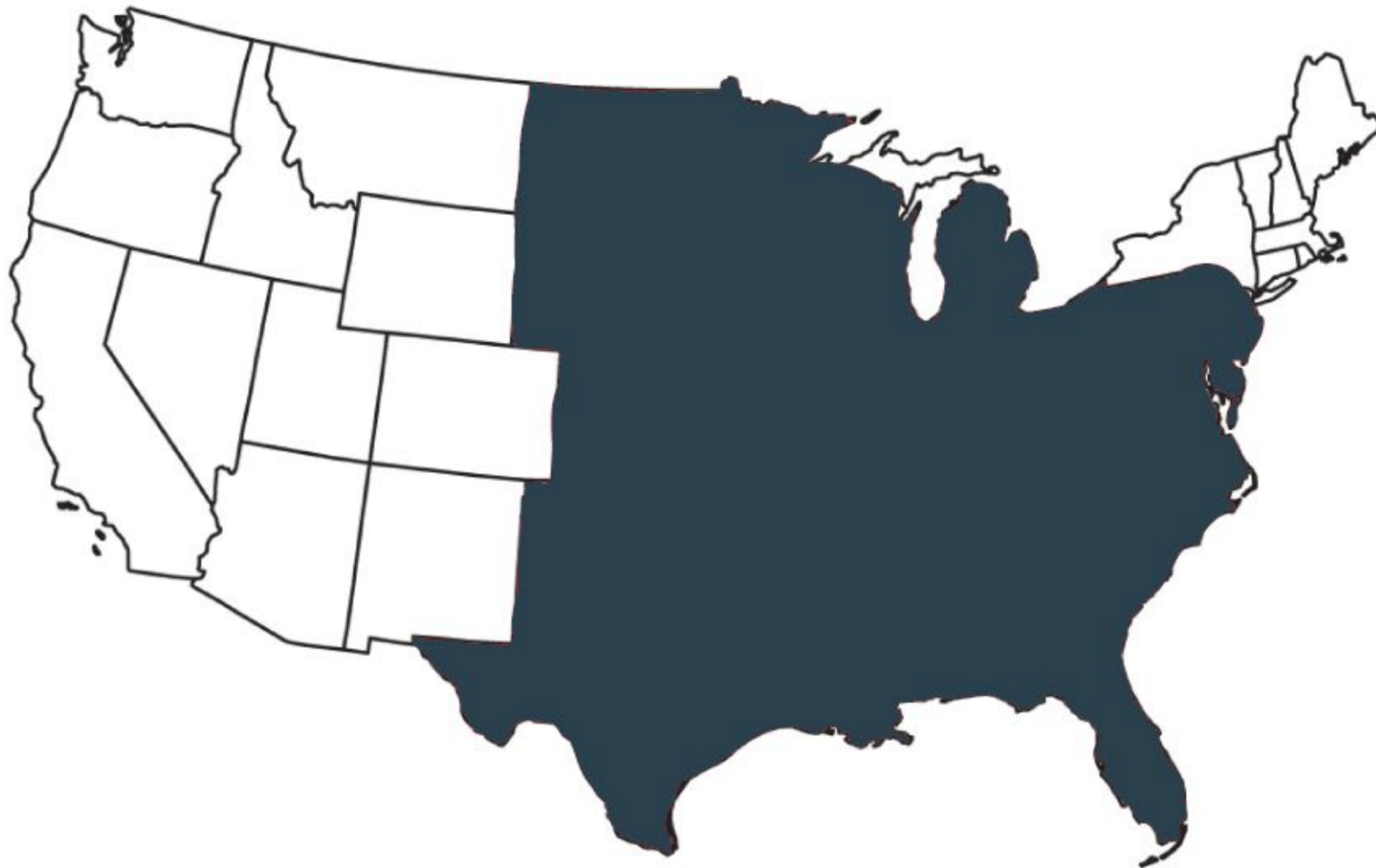
GOALS

1. 3 Steps to a Budget Mindset
2. 10 Ways to Prevent and Solve Cash Flow Problems





63% of Americans are financially illiterate



INCOME STATEMENT

SALES INCOME

- COST OF GOODS SOLD

GROSS PROFIT

- OPERATING COSTS

NET PROFIT



INCOME STATEMENT

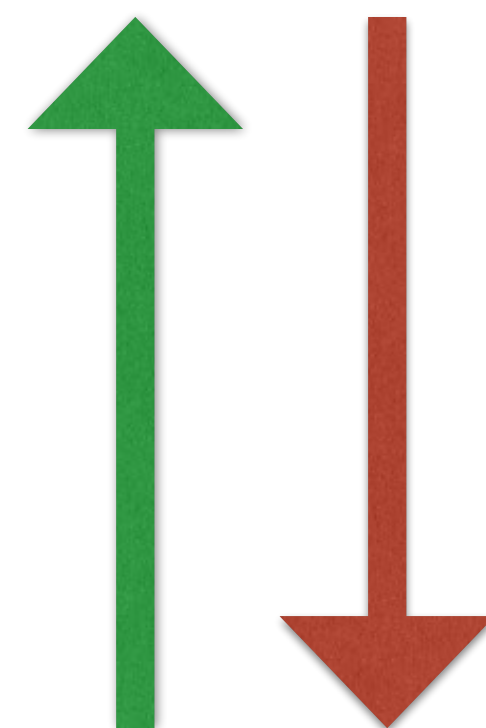
SALES INCOME

- COST OF GOODS SOLD

GROSS PROFIT

- OPERATING COSTS

NET PROFIT



BALANCE SHEET

ASSETS

- LIABILITIES

EQUITY

DO YOU CHECK YOUR
ACTUALS TO BUDGET
EACH DAY?



BUDGET

Allows you to:

1. Manage Cash Flow
2. Use Resources Effectively

Discipline = Freedom

BUDGET

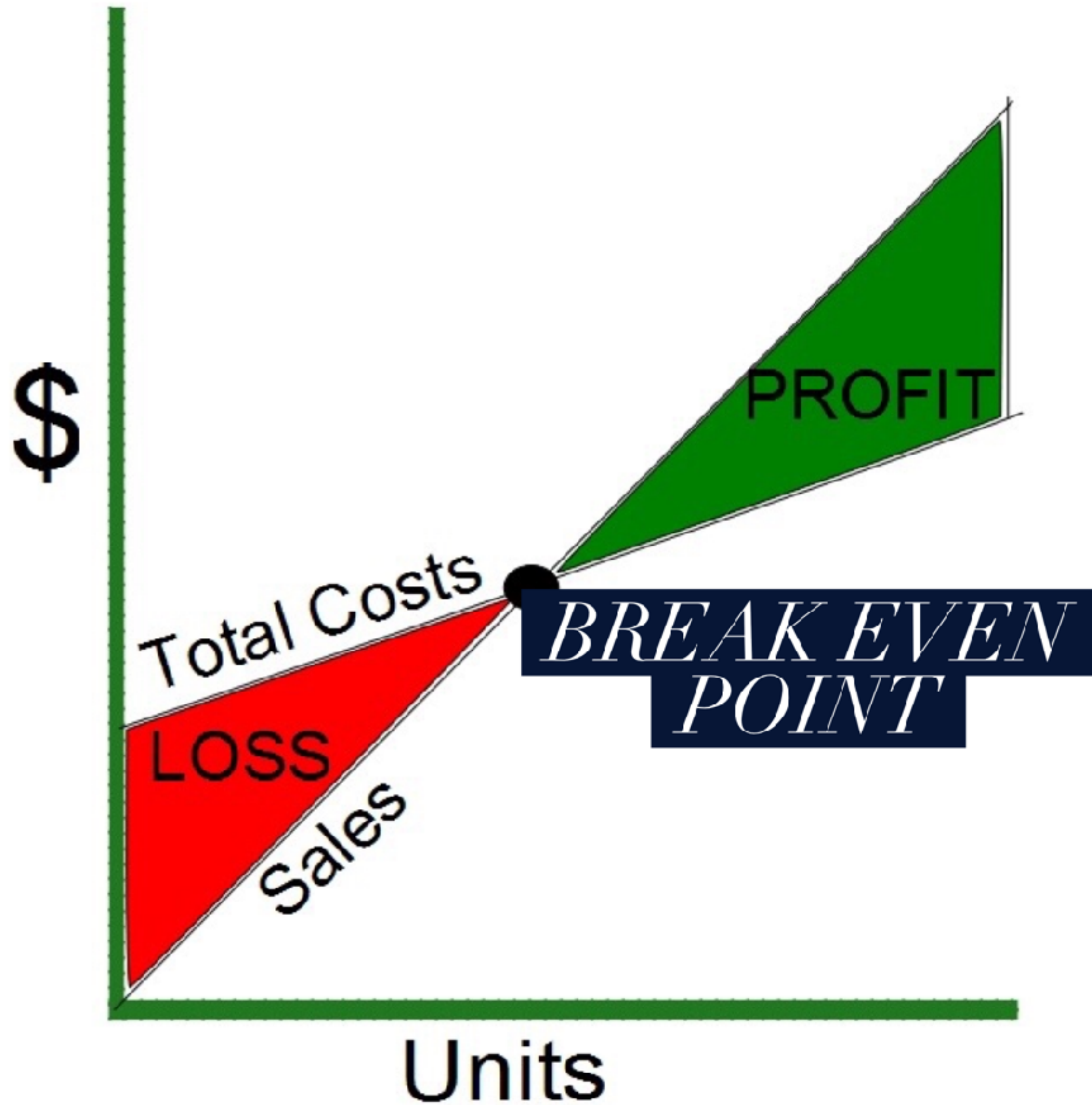
3 Steps to a Budget Mindset

1. Know Break Even Point
2. Establish 3-18 month Budget
3. Use it!

Break Even Point

01.

BREAK EVEN



How much income to cover:

- direct cost of sales
- indirect operating costs
- taxes
- existing debt



SALES PRICE

- ▶ Retail or Wholesale
- ▶ Best Sellers
- ▶ Specific Price Points
- ▶ New Collection



DIRECT:

- ▶ Depends on Sales Income
 - ❖ Materials & Labor
 - ❖ Commissions
 - ❖ Merchant Fees
 - ❖ Shipping to Customers



INDIRECT:

1. Monthly expenses
2. Annual expenses
3. Non-repeating, one-time charges
4. Variable or Fixed

TAXES

1. Federal Income Tax
2. State Income Tax
3. State Business Tax
4. State Franchise and Excise Tax



Forecast

02.

FORECAST

1. Annual
2. Monthly
3. Weekly
4. Daily

Sales Goals - Expenses

▼	Projected Profit & Loss		Jan '19	Feb '19	Mar '19	Apr '19	May '19	June '19	July '19	Aug '19	Sept '19	Oct '19	Nov '19	Dec '19	2019
▼	Revenue		\$94,000	\$88,000	\$96,000	\$95,000	\$114,000	\$97,000	\$126,000	\$148,000	\$120,000	\$144,000	\$148,000	\$105,000	\$1,375,000
	RETAIL		\$10,000	\$15,000	\$12,000	\$12,000	\$20,000	\$14,000	\$22,000	\$24,000	\$18,000	\$18,000	\$50,000	\$40,000	\$255,000
	WHOLESALE		\$80,000	\$70,000	\$80,000	\$80,000	\$90,000	\$80,000	\$100,000	\$120,000	\$100,000	\$120,000	\$90,000	\$60,000	\$1,070,000
	SHIPPING		\$4,000	\$3,000	\$4,000	\$3,000	\$4,000	\$3,000	\$4,000	\$4,000	\$2,000	\$6,000	\$8,000	\$5,000	\$50,000
▼	Direct Costs		\$29,516	\$27,632	\$30,144	\$29,830	\$35,796	\$30,458	\$39,564	\$46,472	\$37,680	\$45,216	\$46,472	\$32,970	\$431,750
	COGS		\$15,980	\$14,960	\$16,320	\$16,150	\$19,380	\$16,490	\$21,420	\$25,160	\$20,400	\$24,480	\$25,160	\$17,850	\$233,750
▼	Direct Labor		\$13,536	\$12,672	\$13,824	\$13,680	\$16,416	\$13,968	\$18,144	\$21,312	\$17,280	\$20,736	\$21,312	\$15,120	\$198,000
▼	Salaries & Wages		\$11,280	\$10,560	\$11,520	\$11,400	\$13,680	\$11,640	\$15,120	\$17,760	\$14,400	\$17,280	\$17,760	\$12,600	\$165,000
		(19) FTE: (6)	\$11,280	\$10,560	\$11,520	\$11,400	\$13,680	\$11,640	\$15,120	\$17,760	\$14,400	\$17,280	\$17,760	\$12,600	\$165,000
	Employee Related Expenses		\$2,256	\$2,112	\$2,304	\$2,280	\$2,736	\$2,328	\$3,024	\$3,552	\$2,880	\$3,456	\$3,552	\$2,520	\$33,000
	Gross Margin		\$64,484	\$60,368	\$65,856	\$65,170	\$78,204	\$66,542	\$86,436	\$101,528	\$82,320	\$98,784	\$101,528	\$72,030	\$943,250
	Gross Margin %		69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%	69%
▼	Operating Expenses		\$61,902	\$58,714	\$62,298	\$61,200	\$66,962	\$61,596	\$71,128	\$77,684	\$68,140	\$78,692	\$77,984	\$63,470	\$809,770
▼	Salaries & Wages		\$22,400	\$22,400	\$22,400	\$22,400	\$22,400	\$22,400	\$22,400	\$22,400	\$22,400	\$22,400	\$22,400	\$22,400	\$268,800
	Admin (8) FTE: (4)		\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$10,400	\$124,800
	Shareholders (2)		\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$144,000
	Employee Related Expenses		\$4,480	\$4,480	\$4,480	\$4,480	\$4,480	\$4,480	\$4,480	\$4,480	\$4,480	\$4,480	\$4,480	\$4,480	\$53,760
	CHARITABLE CONTRIBUTIONS		\$9,400	\$8,800	\$9,600	\$9,500	\$11,400	\$9,700	\$12,600	\$14,800	\$12,000	\$14,400	\$14,800	\$10,500	\$137,500
	COMMISSIONS		\$8,800	\$7,700	\$8,800	\$8,800	\$9,900	\$8,800	\$11,000	\$13,200	\$11,000	\$13,200	\$9,900	\$6,600	\$117,700
	MERCHANT FEES		\$2,068	\$1,936	\$2,112	\$2,090	\$2,508	\$2,134	\$2,772	\$3,256	\$2,640	\$3,168	\$3,256	\$2,310	\$30,250
	MARKETING		\$2,820	\$2,640	\$2,880	\$2,850	\$3,420	\$2,910	\$3,780	\$4,440	\$3,600	\$4,320	\$4,440	\$3,150	\$41,250
	GENERAL ADMIN		\$752	\$704	\$768	\$760	\$912	\$776	\$1,008	\$1,184	\$960	\$1,152	\$1,184	\$840	\$11,000
	OFFICE EXPENSES		\$940	\$880	\$960	\$950	\$1,140	\$970	\$1,260	\$1,480	\$1,200	\$1,440	\$1,480	\$1,050	\$13,750
	INSURANCE		\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$3,600
	MEALS & ENT		\$564	\$528	\$576	\$570	\$684	\$582	\$756	\$888	\$720	\$864	\$888	\$630	\$8,250
	SHIPPING		\$3,600	\$2,700	\$3,600	\$2,700	\$3,600	\$2,700	\$3,600	\$3,600	\$1,800	\$5,400	\$7,200	\$4,500	\$45,000
	PROFESSIONAL FEES		\$1,310	\$1,310	\$1,310	\$1,310	\$1,310	\$1,310	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$19,860
	RENT		\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$28,800
	SHOW COSTS		\$376	\$352	\$384	\$380	\$456	\$388	\$504	\$592	\$480	\$576	\$592	\$420	\$5,500
	SUPPLIES		\$940	\$880	\$960	\$950	\$1,140	\$970	\$1,260	\$1,480	\$1,200	\$1,440	\$1,480	\$1,050	\$13,750
	UTILITIES		\$752	\$704	\$768	\$760	\$912	\$776	\$1,008	\$1,184	\$960	\$1,152	\$1,184	\$840	\$11,000
	Operating Income		\$2,582	\$1,654	\$3,558	\$3,970	\$11,242	\$4,946	\$15,308	\$23,844	\$14,180	\$20,092	\$23,544	\$8,560	\$133,480
	Net Income		\$2,582	\$1,654	\$3,558	\$3,970	\$11,242	\$4,946	\$15,308	\$23,844	\$14,180	\$20,092	\$23,544	\$8,560	\$133,480

TIP

Review 12 rolling months,
not
a Fiscal or Calendar Year

COMPARE TIME PERIODS

- ▶ Monthly Side by Side
- ▶ Same Time Period Year over Year
 - ▶ Year to Date (Jan-Apr 2019 vs Jan-Apr 2018 & 2017)
 - ▶ Specific Time Frames (Q2 of 2018 vs Q2 of 2017)
 - ▶ Month to Month (May 2018 vs May 2017)





CREATE GOALS





CONSIDER

1. Conservatively:

1. Lowest Month of Income
2. Highest Month of Expenses

2. Income Generating Events

3. Seasonality

4. Trends

5. Averages

PLAN

- Will any expenses increase in the coming months?
- Is anyone getting a raise?
- Bonuses?
- Benefit changes?
- New shows, new developments?

What are you planning and what are the associated costs?



INCOME STATEMENT

SALES INCOME

- COST OF GOODS SOLD

GROSS PROFIT

- OPERATING COSTS

NET PROFIT





Use It!

03.

INCOME STATEMENT

SALES INCOME

- COST OF GOODS SOLD

GROSS PROFIT

- OPERATING COSTS

NET PROFIT

BALANCE SHEET

ASSETS

- LIABILITIES

EQUITY

CASH FLOW STATEMENT

NET INCOME

+ / - OPERATING

+ / - INVESTING

+ / - FINANCING

ENDING CASH



CASH FLOW PLANNING

	2018			2019								
	October	November	December	January	February	March	April	May	June	July	August	September
Cash Balance at Month's Start	48,000	68,000	88,000	138,000	128,000	138,000	123,000	213,000	158,000	118,000	93,000	78,000
Estimated Sales (cash in)	100,000	150,000	250,000	50,000	100,000	175,000	250,000	50,000	-	25,000	50,000	75,000
Total Variable Costs	40,000	60,000	100,000	20,000	40,000	70,000	100,000	20,000	-	10,000	20,000	30,000
Fixed Costs	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Special Expenses		30,000	60,000		10,000	80,000	20,000	45,000			5,000	2,000
Total Expenses	80,000	130,000	200,000	60,000	90,000	190,000	160,000	105,000	40,000	50,000	65,000	72,000
Gain/Loss	20,000	20,000	50,000	(10,000)	10,000	(15,000)	90,000	(55,000)	(40,000)	(25,000)	(15,000)	3,000
Balance	68,000.00	88,000.00	138,000.00	128,000.00	138,000.00	123,000.00	213,000.00	158,000.00	118,000.00	93,000.00	78,000.00	81,000.00

Ending Cash

“Give every dollar a job.”

-JESSE MECHAM,
CREATOR OF YNAB

DAILY BUDGETING

Our favorite Budgeting App: YNAB, You Need a Budget

YNAB.





BUDGET

3 Steps to a Budget Mindset

- ✓ Know Break Even Point
- ✓ Establish 3-18 month Budget
- ✓ Use it!

CASH FLOW

10 Ways to Prevent & Solve Problems

- | | |
|---------------------|----------------|
| 1. Save | 6. Inventory |
| 2. Cut Costs | 7. Timing |
| 3. Pay Debt | 8. Bookkeeping |
| 4. Sales | 9. Invest |
| 5. Impulse Spending | 10. Review |

Saving

01.

FINANCE



SAVINGS



1. What are your savings goals?
2. How much do you need to contribute each month?
 - ❖ Buffer
 - ❖ Savings
 - ❖ Taxes Payable
 - ❖ Investments





“Saving money isn’t about
depriving yourself.
It’s about deciding you love
Future You as much as
Today You.”

-CHELSEA FAGAN,
THE FINANCIAL DIET

?



DO YOU SAVE AT LEAST
10%
OF YOUR INCOME?

SAVING

1. Bonuses, Raises & Team-building
2. Charity
3. Inventory
4. Retirement
5. Taxes

Saving = Clarity



Cut Costs

02.

CUT COSTS

1. Trim the Fat
2. Tetris & SeeSaw
3. Questions to Ask

Long Term Impact





DIAGNOSE SPENDING:

- ▶ Generate a Return
- ▶ One Time
- ▶ Recurring



3 QUESTIONS

1. What is working?
2. What is not working?
3. Now what?

Payoff Debt

03.

DEBT

1. 90 Day Delay
2. Only Operating Costs
3. Debt Snowball
4. Better Types of Credit

Debt = Confusion





ONLY OPERATING

1. Recurring Charges
2. Can Automate Payments
3. Known = Easy to Plan

“The debt snowball method is a debt reduction strategy where you pay off debts in order of smallest to largest, gaining momentum as each balance is paid off. When the smallest debt is paid in full, you roll the money you were paying on that debt into the next smallest balance.”

- DAVE RAMSEY,
AUTHOR OF 7 NATIONAL BEST SELLERS
AND HOST OF THE RAMSEY SHOW

DEBT PAYOFF

1. How much is owed?
2. When is your payoff date?
3. What are the minimum payments?
4. How much do you have to pay to pay it off by your ideal payoff date?



Selling

04.

SELLING

1. Focus

2. Motivate

- Define
- Recruit
- Promote





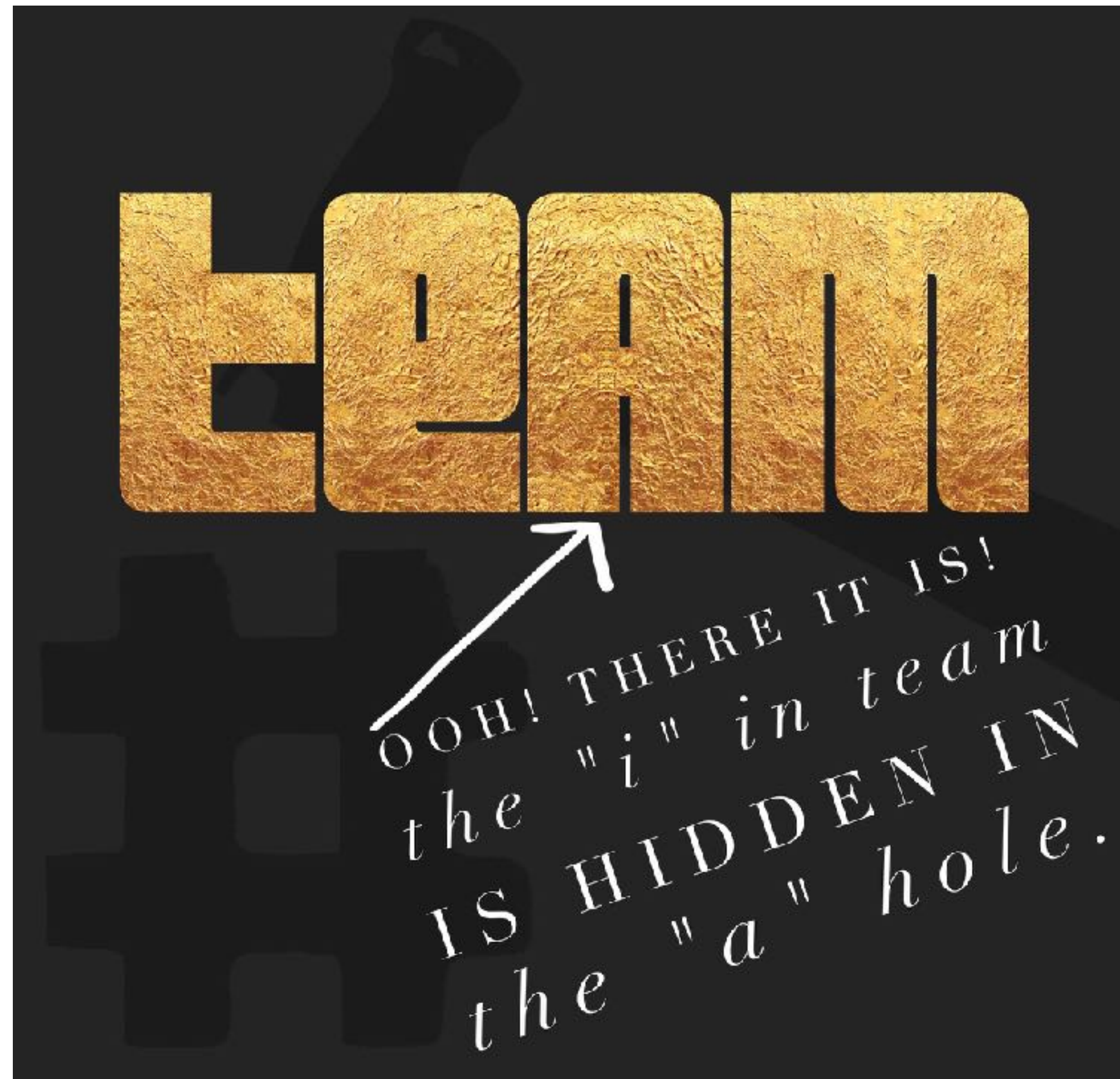
Impulse Spending

05.

IMPULSE SPENDING

1. Defer to Buyer
2. Involve Team
3. Make a Switch:
 - Identify Spend Purpose and Amount
 - Sinking Fund

Needs > Wants



TEAM WORK

- ▶ Raise the Flag
- ▶ Set a Limit Rule

Inventory

06.

INVENTORY

1. Turnover
2. Just in Time
3. AFS Assessment

INVENTORY TURNOVER


$$\frac{\text{SALES}}{\text{INVENTORY}}$$

or

$$\frac{\text{COST OF GOODS SOLD}}{\text{AVERAGE INVENTORY}}$$



INVENTORY GOALS

1. What is your Goal Gross Profit Percentage?
2. What is your Inventory Turnover goal?
3. How much inventory do you have currently?
4. How much do you need?
5. What will your sales be depending on your inventory goal?

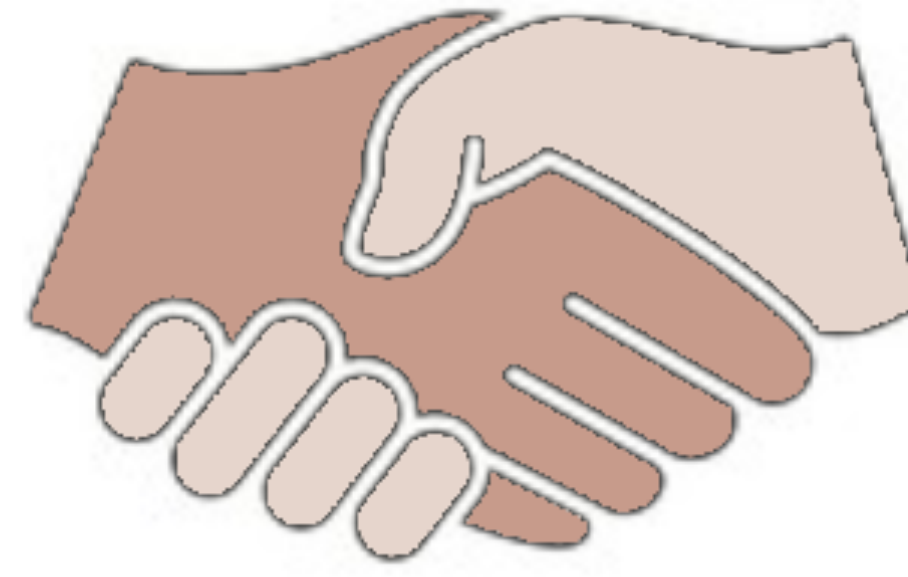


BALANCE SHEET

ASSETS

- LIABILITIES

EQUITY



INCOME STATEMENT

REVENUES

- COGS

GROSS PROFIT

- OVERHEAD

NET PROFIT

Timing

07.

TIMING

1. Bills Owed vs Income Received
2. Lag Time in Order Fulfillment Cycle
3. Review Policies and Terms

Bookkeeping

08.

TRUST YOUR NUMBERS

BOOKKEEPING

Reliable:

- Free from Error
- Without Bias
- Complete
- Timely



WINS

1. Automatic Bank Feeds
2. Going Paperless
3. Monthly Reconciliations
4. Phenomenal Reporting
5. System Transparency



Investing

09.

INVESTING

1. Earn Interest
2. Your Best Asset
3. Risk
4. Diversify





BEST ASSET

Mental Capital (product & service)

+ Relationship Capital (audience,
platform)

Financial Capital



RISK

1. Season of Life / Business
2. Weigh the Risk vs Reward
3. Time = Money
4. What could you lose?



DIVERSIFY

1. In what you know
2. Not all in one basket
3. More than you
4. Without you

Review

10.

REVIEW OFTEN

- ▶ Daily
- ▶ Weekly
- ▶ Monthly
- ▶ Quarterly
- ▶ Annually





NAVIGATE

- ▶ Check In
- ▶ Review
- ▶ Celebrate
- ▶ Adjust

WHERE TO GO FROM HERE



\$1,629
of \$3,599



\$23,006
of \$24,000



\$3,300
of \$2,800



\$3,437
of \$11,982

Total



\$31,372
of \$42,381

GOALS

- ✓ 3 Steps to Change Budget Mindset
- ✓ 10 Ways to Prevent & Solve Cash Flow Problems

✓ BUDGET

3 Steps to a Budget Mindset

1. Know Break Even Point
2. Establish 3-18 month Budget
3. Use it!

✓ CASH FLOW

10 Ways to Prevent & Solve Problems

- | | |
|---------------------|----------------|
| 1. Save | 6. Inventory |
| 2. Cut Costs | 7. Timing |
| 3. Pay Debt | 8. Bookkeeping |
| 4. Sales | 9. Invest |
| 5. Impulse Spending | 10. Review |

ACCOUNTING — FOR — JEWELERS

Schedule a Free Consult:

<https://calendly.com/accounting/consult>

Email:

support@accountingforjewelers.com

“Highly recommend Accounting for Jewelers services. I now have a much better understanding as to the accuracy of my financial information & how to better make decisions based on them.”

- DAVID SHAW, TEXAS

“Your messages and interactions with me are always so sincere and personal. You are truly changing my personal life and profoundly impacting my business in ways I can’t begin to express. I can’t possibly thank you enough. I’m so glad I found you and your team. I’m honored to be one of your clients. Seriously, you guys rock.”

- BRANDON HOLSCHUH, OHIO

<https://accountingforjewelers.com/ags-conclave-2019/>

