

Wealth, Risk, Investment, and Growth

with Amanda Steinberg of The Daily Worth

Part 1: Reframe your mindset

Exercise #1: Understand your mindset towards money. Before you can begin making the big bucks, you've got to have a healthy mindset towards money. Use the questions below to help you get a clear understanding of the way you approach wealth:

What is your mindset towards money, wealth, and abundant earning?

Is this mindset helping you achieve your financial goals, or is it holding you back?

What is your ultimate goal? What kind of wealth is needed to reach this goal?

What could you do if you had more money? Who could you help with more money?

Part 2: Understand the basic financials of your business

Exercise #1: Run the numbers. One of Amanda's key suggestions was to get comfortable with Microsoft Excel (though I'm sure Numbers for Mac or Google Docs would be just fine) and really understand the basic numbers behind your business. Here are some of the numbers you should be looking for:

- How much does it cost to run your business?
- How much does it cost to market your business?
- How much total potential earning do you have?

Exercise #2: Your profitability inflection point. In order to make sure your business is profitable, you have to understand the simple metrics of your business. Go back to your spreadsheet and start to break your business down into product costs, customers, profits, etc.

- What is your average margin per product?
- What is your lowest margin product?
- What is your highest margin product?
- How many thousands of people do you need to reach in order to sell a product?
- How many products can you sell to one person?
- What is the cost to acquire a new customer?

How much of your product or service do you need to sell in order to be profitable?

Part 3: Create a growth strategy for your business

Exercise #1: Understand how hiring additional help can boost your business. Using the numbers you've developed in Part 2, make an intelligent decision about whether investing in your business with outside help will be worth it later down the line.

What would the cost be to hire additional help?

How much more revenue would you need to bring in to justify additional help?

What additional marketing costs would be required to bring in this increase in revenue?

What aspects of your business are worth more to you to outsource than figure out how to do it yourself? Name three you're struggling with right now.

Exercise #2: Name your 10 diversification outlets. What are the 10 ways you're going to reach your customers?

1.

2.

3.

4.

5.

6.

7.

8.

9.

10.

Exercise #3: Understanding your need for capital. Businesses need capital to get started, but the amount of capital you'll need and the sources from which you'll seek it depend on your ultimate goals for the business.

What are your ultimate goals for your business?

Do you want to grow a lifestyle business? (\$30,000 - \$150,000 a year)

Or do you want to grow a business to sell at an even higher profit?

If you need funding for your business, will you be raising debt or raising equity?

What would you do tomorrow in your business if you received a windfall investment?

What resources could you utilize to fund this action? List any possible sources you could use for funding your business: (These can be internal sources like savings or income from another job, and external sources like banks, friends and family, etc.)

Part 4: Increasing your tolerance for risk

Exercise #1: Understanding risk and reward. Tolerance for risk is critical for your success as an entrepreneur. Use this exercise to weigh the outcomes you're looking for with your worst case scenario:

What outcomes and milestones are you looking for in your business?

Consider a "worst case scenario" you're willing to live with should everything go wrong. What steps could you take in your business that have the capacity to bring great success while risking the worst case scenario you just imagined?

Additional resources:

upstartbootcamp.com

thedailyworth.com