

# THE FINAL FIVE

FIVE REPORTS ENTREPRENEURS SHOULD REVIEW DAILY



## What is the Final Five?

The idea for The Final Five approach came from decades of observing a common challenge among business owners: their focus is often reactive, driven by the biggest “fire” in the moment, instead of proactive decisions based on financial data. Many entrepreneurs tend to rely on emotions when making decisions, even about their business finances. Passion and intuition have their place, but overlooking the numbers can lead to poor choices that jeopardize long-term success.

So I developed *The Final Five* as a simple, actionable way to refocus business owners on what truly drives profitability. These five reports—Profit and Loss, Accounts Receivable, Accounts Payable, Statement of Cash Flows, and Sales by Client—are critical tools that tell the real story of a business's health. Reviewing them regularly, even for just five minutes at the end of the day or week, helps business owners identify patterns, spot issues early, and make data-driven decisions instead of emotional ones.

Ultimately, *The Final Five* is about focus. It’s not about doing more—it’s about doing the right things. By consistently examining these key metrics, businesses can pivot with purpose, avoid unnecessary risks, and create a stable foundation for sustainable growth. This practice has helped many of my clients thrive, even in inconsistent markets, and I believe it’s essential for any business owner looking to maximize profits in 2025 and beyond.

# TAKE 5 MINUTES AT THE END OF YOUR DAY TO REVIEW THESE 5 REPORTS

The Final Five helps business owners identify patterns, spot issues early and use data — not emotion — to make decisions.

## I. PROFIT AND LOSS STATEMENT

A profit and loss (P&L) statement, or income statement, is a financial report that details a company's revenues, expenses, and overall profitability for a specific time period. It offers key insights into the company's ability to generate income, control costs, and achieve profitability.

## 2. ACCOUNTS RECEIVABLE

Accounts receivable (AR) refers to the money a business is owed for goods or services it has provided but has not yet received payment for. It is recorded as a current asset on the company's balance sheet.

## 3. ACCOUNTS PAYABLE

Accounts payable (AP), or "payables," represents a company's short-term liabilities owed to creditors or suppliers for goods or services received but not yet paid for. These obligations are recorded as current liabilities on the balance sheet. Additionally, "AP" can also refer to the department responsible for processing and managing these payments to suppliers and creditors.

## 4. STATEMENT OF CASH FLOWS

A cash flow statement (CFS) monitors the movement of cash in and out of a company, offering valuable insights into its financial health and operational performance.

The CFS evaluates how effectively a company manages its cash flow, including its ability to generate cash to meet debt obligations and cover operating expenses. As one of the three primary financial statements, alongside the balance sheet and income statement, the CFS is a key tool for analyzing a company's financial position.

## 5. SALES BY CLIENT

A "Sales by Client" report provides an overview of revenue generated from each individual client within a company's client base over a specified period. This report helps businesses identify their most valuable clients, track purchasing trends, and evaluate the distribution of sales across their customer portfolio. By analyzing this data, companies can better allocate resources, tailor marketing strategies, and strengthen relationships with high-value clients to drive growth and profitability.

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# Why is a focus on profits – and not just growth – so essential for success?

Growth without profitability is an unsustainable business practice. Period.

It's easy to get caught up in top-line revenue or expansion efforts, but if those activities aren't translating into a healthy bottom line, they drain resources and increase risk. Revenue growth doesn't always translate to financial health. Without profits, businesses may face cash flow problems, operational inefficiencies, or, in the worst case, failure.

Profit is the foundation of long-term success. It provides the flexibility to weather market changes, invest in opportunities, and avoid unnecessary debt. Financial data helps business owners focus on what actually drives profitability (not just their perception of it), but only if they take the time to review those numbers regularly. The Final Five reports reveal inefficiencies, ensure cash flow remains positive, and help avoid reactive decisions.

Growth is important, but profitability is what keeps businesses thriving.

## Do you have any other tips for entrepreneurs who want to maximize profits in 2025?

My best advice is the same year after year: minimize your debt.

The market is unpredictable, and carrying too much debt puts your business in a vulnerable position. Rather than taking on unnecessary debt, focus on strategies that reduce risk and build resilience. Diversify your revenue streams and client base so you're not overly reliant on any single customer or market. It's also crucial to have backup resources for your business—whether it's a secondary supplier or additional staff.

I personally ensure there's always multiple accountants working on each of my clients, which mitigates risk and keeps things running smoothly no matter what happens.

Put your investments towards tools like technology that actually improve operational efficiency and minimize risk. One of the--if not THE--most important place to put your investments is towards account receivable collections. I am appalled at the number of businesses still using paper options to get paid. The time spent printing, mailing, and following up on manual invoices is wasted on both sides. Making the payment process easier increases the likelihood that customers will make an initial purchase (by 40-80%!) or that you will get paid on time, or paid at all.

I suggest keeping credit cards on file in order to get paid automatically, but if that isn't possible, automated payment systems that allow customers to pay online via tools they use on a daily basis, like a QR code, Apple Pay, Venmo or Paypal, are the next best thing. Putting your dollars towards automated payment systems will drive profits and cash flow in a way that nothing else will.

Other digital tools, like cloud-based accounting software, inventory management systems, and CRM platforms also streamline processes, reduce errors, and help you scale your business effectively.

These tools give you back the gift of your most valuable resource: your time, so you can focus on growing your business without getting bogged down in manual tasks.

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**Ready to schedule a discovery call?**

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# Meet BookSmarts Accounting and Bookkeeping

BookSmarts is a revolutionary all-female accounting firm redefining the financial services landscape by empowering women with flexible employment opportunities. BookSmarts blends cutting-edge financial management with integrity, innovation, and excellence. As a remote-first company, BookSmarts challenges traditional business models by offering women the chance to expand their skill sets while balancing their professional and personal lives. It's more than just numbers—it's a movement.



*"If I ever have a question, there's somebody who has our back. It is nice to have you guys to ask, 'Hey, do you have a better way, or do you know of a better way to do this?' You are super helpful with it. Thank you." - Leslie Hemming, Rad Concrete*

*"One of the smartest things we did with this business was to start with BookSmarts in our back pocket as our partner. I trust them completely. I live by the financials and they deliver what I need." -Kevin McNamara, IMAGE Salon*