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Seeing the Big Picture by Kevin Cope

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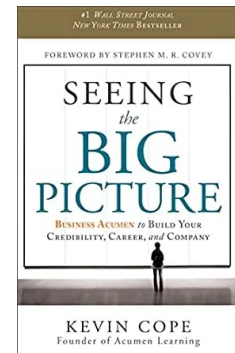
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Category: Finance & Accounting

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Why: I don't know how to control and drive my business growth.

Goal: Learn and understand basic business drivers.



Action: **Connect Cash, Profit, Assets, and Growth to People.**

3 Key Concepts

1. Business must excel with all 5 drivers.
2. "The balance" is situational, drive accordingly.
3. Business acumen is simplifying for company into one-sheet financial statement.

Summary

How do we connect drivers together?

Well, we need to first understand each part of it.



1. **Cash** (Cash Position, Cash Flow)
2. **Profit** (Revenue, Expense)
3. **Assets** (Strength, Utilization)
4. **Growth** (Revenue, Profit)
5. **People** (Customer, Employees)

This book is the first book ever that educates me to understand how to control a business. Kevin introduces the ideas in a well-balanced manner, between technical, financial terms, and practical examples.

The previous book that touched on basic finance, like **Rich Dad Poor Dad**, was over-simplified. A Business Finance textbook sitting on my shelf now is probably too complex and boring.

First, business needs all 5 drivers.

A newbie in business like me looks at a company with one thing in mind: how much cash does this business make? But, it turns out that cash alone won't cut it for any company to grow sustainably.



Drive it!

Why? Because the market changes. A business cannot earn long-term growth with one product or service. Any product or service has its life cycle.

To have sustainable profitability, one must connect the dots between his efforts, customer relations, and future sales revenue.

. . .

Second, more of one thing does not mean better.



In business, we have to make decisions on how to use resources. For example, whether to reserve our cash to maximize liquidity or to double down on investment.

More cash sitting in the bank does not mean any good when there is an opportunity to invest for a higher return.

The answer to when we should invest, and how much?! is in your **financial statements**.

Sorry guys, but I don't dare summarize the income statement, cash flow statement, and balance sheet here. I highly recommend all of you to read this 180-page book. It is not boring, far from it. I praised this book.

If you are lost with the business numbers and their language, take half a day off and read this book. I beg you.

. . .

Third, learn finance with start and end in mind.

For me, this is the only way to interpret business.

“ Starts with customer
and ends with owners.

In short, starts with revenues to income to cash to asset. These numbers are from financial statements in the following orders.

1. **Income Statement** (Revenues → Net Income)
2. **Cash Flow Statement** (Net Income → Cash)
3. **Balance Sheet** (Cash → Equity)

. . .

To sum up

All 5 drivers of any business are interdependent. You must take care all at the same time. **Yes, at the same time.** That is your challenge to own a company of any size.

Goal check: I learned basic finance in 2 days.

Wasu's Review (5.0 / 5.0)

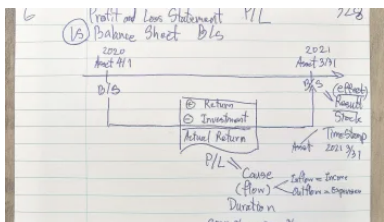
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Bonus: Check out these free resources from Kevin's website. I also find his tutorial informative.



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