ENTREPRENEURIAL FINANCE

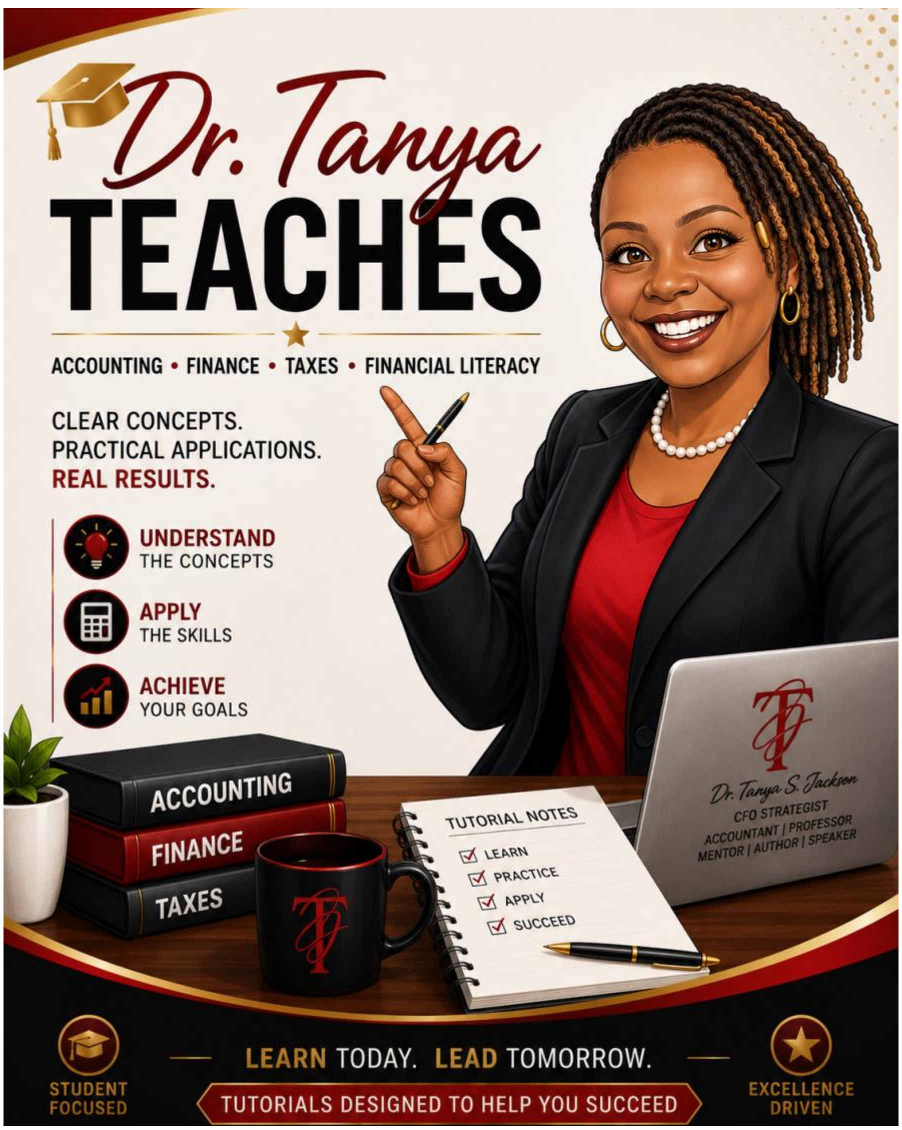
WEEK 5 | FINANCIAL MANAGEMENT AND CONTROL

Guided Instruction Packet

Learn how to manage cash, strengthen financial controls, and reduce business risk.

GUIDED INSTRUCTION PURPOSE
This packet supplements the Intuit for Education Entrepreneurial Finance course. Use it to connect Week 4 financing concepts to practical business decisions, compare bootstrapping, crowdfunding, debt, and equity, evaluate funding tradeoffs, and prepare for live guided instruction.

Name: ____ Date: ____________________



How to Use This Packet

Complete the assigned Intuit classroom activities first or alongside this packet. Then use the explanations, examples, checkpoints, and business-owner applications here to deepen your understanding. Bring your questions and completed notes to the live guided instruction session.

Week 5 Learning Objectives

- Describe tactics for cash management as a process to monitor, control, and optimize cash flow.
- Distinguish between internal and external controls implemented by businesses.
- Assess business risks, identifying an appropriate mitigation strategy to reduce or prevent the impact of the risk.

Week 5 Roadmap

STEP	WEEK 4 ROADMAP
1	Understand Cash Management
2	Use Budgets to Guide Financial Decisions
3	Distinguish Internal and External Controls
4	Establish a Financial Control Routine
5	Assess and Mitigate Business Risk
6	Build My Financial Controls & Risk Plan

Think Like an Entrepreneur

Strong financial management is not only about earning revenue. An entrepreneur must establish routines for managing cash, controlling financial activity, protecting business resources, and responding to risks before they become costly problems.

1. Manage Cash Intentionally

Cash management is the process of monitoring, controlling, and optimizing cash flow. Businesses use tactics such as budgeting, forecasting, expense control, managing receivables, and optimizing payables to make sure cash is available when needed and financial resources are used effectively.

FINANCING HELPS AN OWNER	OWNER QUESTION
Budgeting	How much cash do I expect to receive and spend?
Forecasting	When could a cash shortage or surplus occur?
Receivables & payables	How can I improve collections and manage payment timing?

Checkpoint 1

Why can a profitable business still experience cash-flow problems?

Answer:

2. Use Budgets to Guide Financial Decisions

A business budget helps an owner plan how money will be earned and spent. Unlike a personal budget, a business budget must support operations, customer activity, inventory or service delivery, taxes, financing obligations, and growth. Comparing actual results with the budget helps identify problems early and supports better financial decisions.

TACTIC	PURPOSE	OWNER QUESTION
Budgeting	Plan expected income and spending	Are resources aligned with priorities?
Expense control	Monitor spending and reduce unnecessary costs	Where is cash leaving the business?
Cash timing	Coordinate collections and payments	Will cash be available when obligations are due?

Checkpoint 2

How can comparing actual results with a budget help an entrepreneur manage the business?

Answer:

3. Distinguish Internal and External Controls

Financial controls are processes and requirements that help a business manage financial resources responsibly. Internal controls are processes or procedures the business establishes itself. External controls are requirements imposed by outside parties such as government regulators or lenders. Both can support accountability, compliance, and financial stability.

Internal control: created by the business. External control: imposed by an outside party.

Guided Example: Protecting Business Cash

A small business accepts customer payments, pays vendors, reimburses employees, and maintains financial records. Consider how internal and external controls can reduce errors, overspending, theft, and compliance problems.

CONTROL TYPE	WHO ESTABLISHES IT	EXAMPLE	PRIMARY PURPOSE
Internal	The business	Approval, reconciliation, access restriction	Protect resources and improve accountability
External	Regulator, lender, or other outside party	Tax filing, lender covenant, regulatory requirement	Support compliance and external accountability

Strong controls do not eliminate every risk. They create a disciplined system for preventing problems, detecting unusual activity, and making financial responsibilities clear.

Think Like an Entrepreneur

A control is useful only when it is actually performed. Assign responsibility, document transactions, separate incompatible duties when practical, reconcile accounts, and review financial activity regularly. In a small business where full segregation is difficult, owner or management review becomes especially important.

4. Establish a Financial Control Routine

Entrepreneurs should decide how money will be received, deposited, spent, recorded, and reviewed. A repeatable financial routine creates accountability and helps the owner identify errors, missing documentation, unusual transactions, and cash-flow issues before they become larger problems.

ACTIVITY	CONTROL QUESTION	FREQUENCY	OWNER CONCERN
Cash receipts	Are all receipts recorded and deposited?	Daily/regularly	Completeness and safeguarding
Payments	Are expenses supported and approved?	Before payment	Authorization and documentation
Bank activity	Does the accounting record agree with the bank?	Monthly	Errors, omissions, unusual activity

The strongest control system is one that fits the size and complexity of the business and is performed consistently.

Checkpoint 3

Identify two financial activities in your business that should be reviewed regularly.

Answer:

5. Assess and Mitigate Business Risk

RISK FACTOR	QUESTION TO ASK
Identify	What could go wrong?
Likelihood	How likely is the risk to occur?
Impact	How serious would the financial or operational effect be?
Mitigation	What action can reduce the likelihood or impact?
Monitoring	How will I know whether the response is working?

Think Like an Entrepreneur

Risk management begins by identifying what could go wrong, estimating the potential impact, and choosing a practical response. The goal is not to eliminate all risk. It is to reduce the likelihood or impact of risks that could materially disrupt the business.

6. Build My Financial Controls & Risk Plan

Use your own business, planned business, or hypothetical business. Identify practical financial routines and controls that fit the business. Estimates and preliminary procedures are acceptable, but they should be refined as the business grows and responsibilities become more complex.

How will customers pay?

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Where will business funds be deposited?

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Who will have access to money?

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____

How will expenses be paid?

Who will record transactions?

____

____

Who will review financial activity?

____

____

____

How often will bank balances and cash flow be reviewed?

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How often will transactions be recorded?

How often will receivables and payables be reviewed?

How often will bank accounts be reconciled?

How often will financial statements be reviewed?

How will I keep business and personal activity separate?
Identify the highest-priority financial risk and how you will mitigate it:

My Financial Controls & Risk Plan

□ IMPLEMENT □ REVIEW □ MONITOR

Identify the first control or risk-management action you will take:

Knowledge Check

1. Identify two cash-management tactics a business can use to monitor, control, or optimize cash flow.

Response:

2. What is the difference between an internal control and an external control?

Response:

3. Why is separating business and personal financial activity an important financial-management practice?

Response:

4. A small business cannot fully separate financial duties among employees. What compensating control could the owner use?

Response:

5. Why should a business identify both the likelihood and potential impact of a risk before selecting a mitigation strategy?

Response:

Prepare for Live Guided Instruction

- □ Complete the assigned Week 5 Intuit activities.
- □ Bring one current cash-management challenge or financial routine from your business concept.
- □ Identify one internal control you would implement immediately and explain what it protects.
- □ Identify your highest-priority business risk and one realistic mitigation strategy.

Professional Takeaway

Financial management and control create the discipline needed to protect business resources and support sustainable growth. Financially strategic entrepreneurs actively manage cash, establish appropriate controls, monitor financial activity, and respond to risk before problems threaten the business.

Dr. Tanya Challenge

- Which financial control would be most important if you were the only person managing your business finances?
- What financial activity in your business would create the greatest risk if it were not reviewed regularly?
- How would your control system need to change as your business grows and adds employees?

Week 5 | One-Page Memory Guide

Use this page for a quick review before the live session or before moving into Week 6.

REMEMBER	MEANING	OWNER QUESTION
Cash Management	Monitor, control, and optimize cash flow	Do I know when cash is coming in and going out?
Budgeting	Plan expected income and spending	Are actual results tracking to the plan?
Receivables	Amounts customers owe the business	How quickly am I collecting cash?
Payables	Amounts the business owes suppliers or others	Am I managing payment timing responsibly?
Internal Control	Process or procedure established by the business	What can I do internally to protect resources?
External Control	Requirement imposed by an outside party	What external rules or conditions must I satisfy?
Risk Mitigation	Action to reduce likelihood or impact of risk	What can I do before the risk becomes a problem?
Professional Judgment	Control and risk decisions evaluated in business context	Which practices best fit the size, resources, and risks of my business?

My Week 5 Notes

Keep learning. Keep practicing. Keep growing.