

095: The #1 Solution to Cashflow Problems



Full Episode Transcript

With Your Host

Rachel Rodgers

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Everyone is going to have a cash flow problem at one point or another as a business owner. And if you have the ability to generate capital whenever you need to you will trust yourself, you will be so much more confident, you will be more willing to take on risks because you know you can mitigate that risk with that skill set that you have to cover costs if it should come to it.

You want to make more money? You are in the right place. Welcome to the *Hello Seven* podcast, that's seven as in seven figures. I'm your host, Rachel Rodgers. On this show, it's all about you and your money. We talk about how to maximize your earning potential, how to make better financial decisions, and how to find your million-dollar idea, that genius business idea that's going to make you a whole lot more money. I'm here to show you how to expand your income and expand your confidence, power, and joy.

If you are a woman, a person of color, a queer person, if you're a person living with a disability, or you don't fit the stereotypical image of what a millionaire is "supposed" to look like, this show is for you. No matter who you are or what you do for a living, you could be earning a lot more than you currently do. Your journey to wealth starts right here.

Hello, and welcome to another episode of the *Hello Seven* podcast. I am your host, Rachel Rodgers, and I want to talk to you about one of my favorite topics today. This is a topic that is near and dear to my heart and I want to talk to you about the importance and the number one skill that business owners need that we don't talk about enough, okay?

I feel like there's lots of conversations about so many different things when it comes to business. We talk a lot about hiring, we talk a lot about marketing, we talk about managing a team, we talk about offers. We talk about all of these things but there is one skill that has saved my ass countless times over the years and is the number one reason that I am still in business 12 years later after starting my business.

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The reason I am still in business is because I have this skill and I have honed this skill over the years and used it many a time to save my ass and to prevent the closure of my business. And that skill is the ability to generate cash in a very short period of time. That is the skill that you must have as an entrepreneur. It is the skill that every business owner must have. You have to be able to generate cash in a short period of time when you need it.

And let's talk about why that is. The number one reason why business owners close their businesses is cash flow, meaning there ain't enough, right? There's not enough cash flow, there's not enough capital to cover all of the expenses of the business. And when we don't have enough capital to cover the expenses, what happens?

We probably, if we've got a little bit of runway, you know, they used to say have two months of expenses in your savings account. Then it turned into three months, then it turned into 12 months, then it turned into 24 months. And it turned into numbers that we're never going to get to, right?

I don't know about you, but for the majority of my business life I have not had, you know, three years' worth of business expenses sitting in a savings account. That was just not realistic to be able to amass that amount of cash, right? That is a huge sum of money and it would take me some time to be able to build up that nest egg, right?

And yes, I do have savings now and I do have a lot of capital sitting safely, right, invested honestly. So I do have that now, but for the most of the beginning of my business, for the first five years it was not possible for me to save such a huge amount of money, right?

Which means that if I have a cash flow problem, if I have a month where I can't make payroll, if I have a month where a bunch of clients cancel on me in a short period of time, if I have a month where we don't close the amount

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of business for whatever reason that we had planned on closing, if I have a month where a launch does not go as planned, what happens is then I don't have enough money to cover my expenses, right? And then what do you start doing?

Well maybe you've got a credit card and you can put some of it on your credit card. Maybe you can negotiate with some of your vendors and contractors and pay them a little bit later, right? But how long can you do that, right? Not very long.

And even if you have savings, let's say you have 90 days' worth of savings available as your runway. Okay, well what if the problem persists beyond 30 days? Now it's 60 days and suddenly it's 90 days, right? And you keep digging yourself into a hole if things are not going well, right?

And things can happen. Market changes can happen, recessions happen, all kinds of things can shift in the marketplace and it doesn't mean that you have to go out of business. It might just mean that you need a little bit of time. Maybe it's just one quarter, right, just one 90 day period to figure out how to keep your business successful and thriving in this market.

Because I will tell you, I started my business in a recession, my business thrived and grew during the pandemic, and there's a lot of talk right now about an economic downturn and guess what? My business continues to thrive. So don't think that just because there's a recession or just because there's an economic downturn, or just because there's conversation about inflation that that means that your business is going to fail.

That is not what that means. That means the marketplace is changing, the economy is shifting a little bit. You may have to shift your strategy, you may have to change your marketing strategy, maybe you shift your offers a little bit. Maybe there's some things that are different now in your business than

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they were before, but that doesn't mean you can't continue to thrive during these times.

I am a testament that you can absolutely thrive during a recession, during and economic downturn, or whatever is going on in the world as the pandemic has proved to me. Like I fear nothing now in my business after the pandemic and after starting my business.

I started my business in 2010, so on the heels of that 2008 recession and I graduated from law school during the recession. And so there were not a lot of legal jobs, which is why I wound up starting my own practice and building my own business, which I am incredibly grateful for now.

And if I could sell legal services during a deep recession, then I can do anything, right? Like I really trust my instincts and my ability to maneuver and to stay flexible and to stay innovative as a business owner. That is what has helped me to continue to be successful and continue to thrive and to still be here standing today and now be a business that is continuing to grow and having 30 full-time employees and growing, right?

So I am so grateful for that and I am so grateful for the skills and the experience that have given me that confidence over the years. However, right, we still have this potential cash flow problem. I have had this cash flow problem many times. And so let's go back to that, right?

If you're having a cash flow problem, if a launch doesn't go as planned, if your sales are not heading the way that they used to and you're trying to figure out what the problem is and in the meantime you're not making enough to cover all of your expenses and you're just getting by.

Or let's say a tax bill becomes due that snuck up on you, you weren't expecting it, you made more money than you planned to last year but you

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didn't save appropriately for taxes. And now you got a big ass tax bill that's due and you're trying to figure out how you're going to pay it.

Or maybe something else happens, a contractor leaves in a short period of time and leaves a hole and now you got to hire an outside agency to do this work and it's really expensive, right? Or any other number of things. Things can happen in our personal lives too, right? Whether a health issue comes up that we need money for, or we have to take care of a family member, or you get pregnant and you need to go on maternity leave and so you need to save for that.

Any number of things can happen in life and business as we are growing, right, as we are growing these businesses and as we are serving our clients as entrepreneurs. And so when that is the case, what do we do when we have a cash flow problem? What is the solution, right? And what is the skill set that is going to save us and help us recover from that cash flow problem the fastest?

Well, let's talk about loans because I think that's something that a lot of us think of. We say like, okay, my cash flow isn't working, I need some runway. I have a couple months expenses, but not enough. Or I don't have any savings, which is the reality for some of us. Or I've already maxed out my credit card, so that's not an option. And we run out of options, okay?

So if that happens and if we get to a place where we run out of options, what are we going to do? A lot of us are going to, we're going to go to our bank and we're going to apply for a loan. Maybe we'll go to the SBA, which is the Small Business Administration here in the US. Maybe there's local organizations that we'll go to, but we're going to apply for a business loan and see if we can get some capital that will help us.

And here's what's going to happen, for most of us when we apply for a business loan, we are going to get denied, okay? America has a major

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access to capital problem, especially for entrepreneurs and small business owners, right?

If you're in big business, oh, there's plenty of opportunities to generate capital. But when you are a small business owner, we do not have a lot of access to capital and we are denied loans, particularly if you are from a historically excluded community, right?

So for me, as a Black woman, every single time I have applied for capital I either get approved for the smallest loans in creation, like that represent 1% of the amount of revenue that my company brings in, which is not enough, right? So if I'm running a \$10 million business and I get approved for \$100,000 loan, \$100,000 ain't going to do much for me, right? This is a \$10 million business, it has significant expenses and 100 grand ain't enough, right?

So I either get approved for really tiny loans or, I mean, they put me through absolute hell and I am burying them in paperwork. I mean, I have to go back years and years, all my taxes are an order, all my bookkeeping is in order, everything is in order and it doesn't matter how much paperwork I give them, they want more. And this goes on typically for 30 to 45 days, sometimes longer when I have applied for a loan. This also happened when I applied for a mortgage to be able to buy a home.

And then what happens is I get denied, right? So after all this paperwork and all of this proof and evidence that yes, I am really making as much money as you see here on my balance sheet. Like I am really making that much money, I do really have that many customers, yes, they are satisfied, right?

Like, yes, I have a well operating business that is over a decade old and even still, right, they will deny me. And they will come up with some nonsensical, oh, we just don't support your type of business model, right?

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Or we're pulling back, we're getting more stringent. None of the things of which they were saying when I first applied, right?

And so this is the experience that I think a lot of marginalized people have when they go to apply for a loan. They're going to find that they go through this whole long process and they wind up getting denied, or if they do get approved, they get approved for a tiny amount.

And let me add also that I have excellent credit, impeccable credit, right? There is no valid reason not to, I am your best bet. If I want to borrow money, you want to give it to me, trust me, because my chances of paying you back are very, very high. They are 110%, right?

I have even applied for loans when I had over a million dollars just sitting in my savings account at the same bank that I'm applying for a loan, and they still deny me, right? It's just like unbelievable. I do have a line of credit for my business, I was approved for that. It was a smaller amount than I applied for, which was irritating. In fact, probably the best credit relationship that I have has been Amex. Amex, I feel like has supported my business more than the bank that is holding millions of my dollars, right?

So this is the experience when we go to apply for a loan. So you know, the number one reason businesses fail is cash flow problems. 82% of businesses who fail are because of a cash flow problem. And then we're like, okay, well let me go to a bank, let me get some access to capital to solve this problem and we get denied, the door slammed in our face, or they don't give us enough to actually solve the problem, right?

So this is the experience that so many small business owners have. But especially if you're a woman, if you're a Black person, if you're a person of color, if you're a queer person, if you're a person with a disability, you are going to experience this, you know, tenfold 100X, 1,000X, right? So it's not really an option. It's a pretend option to go get a loan, right, for most of us.

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And so okay, well, now what? What do we do, right? Do we just close our doors and quit and throw in the towel? Well, hell no, right? I'm not a throw in the towel type. I don't know about y'all, but I don't be throwing in the towel, okay? These dreams are big, my mission is huge, and I got things to accomplish, and I can't be thrown in the towel. All right?

But this is a real problem and in 2021, just in the first half of 2021, there are stats that show that over 3 million new business applications were filed. 3 million new businesses were created just in the first half of 2021, all right? Which is a 60% increase compared to the same period in 2020, right? So massive amounts of people are choosing to build a business, which I think is incredible.

But the problem is the vast majority of them will not get access to capital. And so based on data from the Bureau of Labor Statistics, about 20% of small business owners will close by the end of their first year. By their fifth year, half are shuttered. And of those only about 30% ever take it and make it to 10 years plus. And the top reason for closing is a lack of access to capital, right?

So this is a major, major problem that has to be solved. And I want to talk to you about why I'm still standing, right? Why is my business still standing? How have I been able to overcome this problem? Well, it's the number one skill set that I mentioned at the top of this episode that you got to have as a business owner, right?

It is not optional. It doesn't matter, you know, what your strengths finders is. It doesn't matter what your personality profile is on the Kolbe index. It doesn't matter what your DISC profile is. Regardless, you have to have this skill as a founder and entrepreneur. And you can hone this skill, you can develop this skill. You don't have to be born with it.

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I wasn't born with it. Believe it or not, I know that I'm like a loudmouth and like, you know, outspoken person now. But trust me, 10 years ago I was very sheepish, I was very afraid to speak in public, I was very afraid to stand up for my opinions and speak my truth, right, and demand things, right? Like I was not this boss that I am today. I was not that 10 years ago. I had to develop these skills, okay? I had to develop these skills.

But the skill that I want you to have and that is crucial to your long term success as a business owner, and that I teach in my programs because it's so important is the ability to generate cash quickly, as I mentioned, right? The ability to generate cash quickly. That means, what do I mean? I mean, the ability to generate thousands of dollars, even potentially hundreds of thousands of dollars depending on where your business is at, in days, okay? In mere days. Not months, not quarters, not years. Days, okay?

Can you generate, let's say, \$10,000 in a matter of a week, maybe 10 days, maybe two weeks max? Can you right now, if you needed to, generate \$10,000 in two weeks? And here's the beauty of it, because let's say you did get approved for that loan. That's awesome, right?

If you got the loan so that you could pay the bills and cover the shortfall, awesome. But now you got a new problem, right? You got to still figure out how to fix your revenue long term and then on top of that you got to pay back that loan that you took out.

Wouldn't it be better if you could just generate that capital? You wouldn't owe it to anybody. But using your skills as an entrepreneur, you look at the skills that you have, the talent that you have, the customers that you have, your abilities, and you take stock of your skill set even if you aren't an entrepreneur yet. Even if your business hasn't even gotten going yet but you have talents and skills and abilities.

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What if you could match those with a customer who needs them in a particular way in a short period of time and generate \$10,000 or more? That would be life changing, right? Wells Fargo says that the average startup cost for most business owners is \$10,000, right?

There's a host of businesses, there are millions of different types of businesses that you can start if you could access \$10,000. That would be enough to have a product business and get that first set of inventory created, to have a service based business, or maybe you're using the 10 grand to lease an office or get a website going, right, or hire a virtual assistant to help you.

Those startup costs can be used to form your business, right? Get your initial contracts in place. Any number of things that you use. Maybe that 10 grand is just money sitting in your savings account so that way you can cover your basic bills and expenses because you quit your job to start this business, right?

\$10,000 is a life changing amount of money if you allow it to be, right? And if you have the ability to generate \$10,000 or more anytime you want, whenever you needed to, trust me, your business will be here for a very long time, okay? Because I have had so many different scenarios in the last 12 years of times where I couldn't make payroll because a client was paying me late and as a result I didn't have the capital to pay payroll, all right?

Or other times where there was a business conference or retreat that I really wanted to attend and I knew I was going to do some powerful networking there, I was going to learn some things there that would really help me to turn up the dial on my business and really help me to, you know, hit beyond seven figures in my business at the time, but I didn't have the capital. I didn't have the thousands of dollars for the ticket to the event and

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I didn't have money for a hotel and airfare, right? But I was able to generate capital quickly with that skill set to be able to cover those costs.

Other times where I was burnt out and I desperately needed to hire somebody and was able to raise capital quickly to generate the cash that I needed to cover the cost of hiring someone to create some wiggle room for myself, right?

Or other times, literally, when I bought my home, this wasn't my first home because I bought that when I was still in law school. But my second home, which was a house that was \$750,000 approximately, and I needed to put down 20% as the deposit. I had a lot of the deposit, but not all of it and I needed those last couple of tens of thousands of dollars, I think it was like 50 grand that I still needed to earn. And you know how I did that? With this skill of being able to generate capital quickly.

So, so many times that I was on the brink with my business or I had an opportunity to grow my business and because I didn't have access to capital, no one was giving me loans years ago, okay? It's a very new thing that in my business I'm able to get a line of credit or otherwise have access to capital in different ways when I want it.

But for the first eight years of my business I had zero access to capital. And so when shit hit the fan or if I had a cash flow problem, which happened from time to time, I was able to generate that capital quickly with the skill set that I have. And so it was by necessity that I have created this proprietary process that I call the 10K in 10 Days Challenge, right?

It's featured in my book, it's something that I teach in depth in The Club for members of my We Should All Be Millionaires The Club program. And it is something that I've been teaching to my mastermind clients and all kinds of clients for years because it is so crucial, right? Everyone is going to have a cash flow problem at one point or another as a business owner.

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And if you have the ability to generate capital whenever you need to, you will trust yourself, you will be so much more confident, you will be more willing to take on risks because you know you can mitigate that risk with that skill set that you have to cover costs if it should come to it. There is so much freedom and opportunity that comes with knowing you have the ability to generate at least \$10,000, if not more, in capital whenever you need to as a business owner.

This is a crucial skill that I truly want every single business owner to have, right? Like my wish is that every single one of us would feel this confidence and feel this ability to generate \$10,000 or more in capital whenever we need to. So because I'm so passionate about this and because I want as many people as possible to know how to do this, I am teaching a class, a free class. This is my first time where I have taught this process more in depth for free, right? I don't teach this for free.

In order to learn this, you got to join my club to get access to all of, we have an entire course that we have done teaching people how to generate 10k in 10 days. And we've done this as a challenge with our community in The Club. And I mean, when we have done this as a challenge, our community has generated millions of dollars in a 10 day period. Yes, millions of dollars as a community we have raised in 10 days using these strategies that I'm going to teach for free this Thursday.

So I am thrilled that you now know that cash flow is a problem that every business owner is going to have at some point. And I want you to know that you can use your skills, your talent, your personality profile, your natural abilities to generate \$10,000 or more in 10 days or less whenever you need to. And I'm going to teach you how to do it, okay? I'm going to teach you how I have done it over the years.

So again, I have created this proprietary process by necessity, by desperation because I've been in situations where my back was up against

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the wall and I had kids to feed and I had a mortgage to pay and I had to figure it out. And I did figure it out and I saw the patterns of what worked and that's what I'm going to teach you, okay, this Thursday.

So I'm very excited, this Thursday, May 19th at 1pm Eastern, 10am Pacific I'm going to be going live to teach you how to generate \$10,000 in 10 days. I know it sounds kind of spammy and scammy, right? It absolutely isn't okay? Like I am telling you millions of dollars have been created with this process that I'm going to teach you.

It is a proprietary process that I have created over the years through blood, sweat, tears, and desperation. And I figured it out, I cracked the code and now I'm going to share that code with you. So you should definitely be here for that event.

The link to come to my masterclass that I'm teaching on how to generate \$10,000 in 10 days will be in the show notes. But you can also go to go.helloseven.co/10kmasterclass, that's the number, one zero, K masterclass. Okay, I'll give that to you again. It's go, G-O, .helloseven.co/, the number 10k masterclass, okay? And the seven in hello seven is spelled out, all right? So the seven is the word.

So sorry, it's such a long link. Listen, do your best to find it because trust me, you're going to learn an invaluable skill. You will leave this masterclass feeling empowered knowing that you now have the ability to generate \$10,000 in 10 days should you need to. It's going to be a love fest and you're going to learn so much. And I'm so excited to share all the tea and give you lots of examples of how this works.

And I'm going to show you so many different examples from myself and from my clients that have done this and exactly how they did it. So you're going to leave with so many great ideas about how you can do this for

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yourself whenever you need to and you're just going to feel like a boss. And that's what I want for you, right?

I want every, especially historically excluded entrepreneur to feel empowered and to feel like I don't got to depend on the government to save me, I don't have to depend on this bank to approve me, I can save myself. I know how to do it and I know how to make sure that my cash flow is always flowing, okay?

There is no greater skill to have in business and frankly in life, right? So I hope you will join me for this masterclass that I am hosting on Thursday. It's going to be delightful, you're going to have a great time. Block your calendar, 1pm Eastern on Thursday, May 19th and I'm just going to, I'm going to spill all my secrets for y'all, okay? So I hope that you will be there to join us.

And oh, I forgot, I'm going to be giving away two club memberships during this masterclass. So if you come live, you are automatically entered when you show up live for the masterclass. If you can't come live, catch the replay. But trust me, you want to be there live because you will have the opportunity to get some juicy bonuses, some templates and some scripts that I have used to generate \$10,000 in 10 days, I'm giving those away.

And then you're also going to have the opportunity to win a membership to The Club. So an annual membership in my coaching program called We Should All Be Millionaires The Club that is all designed to help you hit seven figures in your business. So you'll have the opportunity to win a free membership and I'm giving away two, so you got double the chances.

So please come, tell a friend, bring your friend. Again, that link is go.helloseven.co/10kmasterclass. And I hope to see you there because I want you to hone that skill. And then maybe you'll be here on this podcast telling us your story of how you've made \$10,000 or more. Maybe you'll

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make \$100,000 in 10 days. Maybe you'll make even more than that. Listen, the sky is the limit, friend, okay?

Listen, we're here to be expansive and think abundantly and not limit ourselves and not believe that there's a ceiling. I know so many people think that making money is hard. I'm here to tell you it does not have to be, okay? I will share my secrets with you so that you can do it, all right? All right. Well, I hope to see you at that masterclass and I will catch you on the next episode of the Hello Seven podcast. Bye, y'all.