



WHAT YOU REALLY
NEED TO KNOW
ABOUT THE NUMBERS

Karen Berman + Joe Knight *with John Case*

HARVARD BUSINESS PRESS

Financial Intelligence for Entrepreneurs: What You Really Need to Know About the Numbers

Karen Berman , Joe Knight

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Using the groundbreaking formula they introduced in their book *Financial Intelligence: A Manager's Guide to Knowing What the Numbers Really Mean*, Karen Berman and Joe Knight present the essentials of finance specifically for entrepreneurial managers.

Drawing on their work training tens of thousands of people at leading organizations worldwide, the authors provide a deep understanding of the basics of financial management and measurement, along with hands-on activities to practice what you are reading. You'll discover:

- Why the assumptions behind financial data matter
- What income statements, balance sheets, and cash flow statements really reveal
- How to use ratios to assess your venture's financial health
- How to calculate return on your investments in your enterprise
- Ways to use financial information to do your own job better
- How to instill financial intelligence throughout your team

Authoritative and accessible, *Financial Intelligence for Entrepreneurs* empowers you to "talk numbers" confidently with colleagues, partners, and employees-- and fully understand how to use financial data to make better decisions for your business.

Financial Intelligence for Entrepreneurs: What You Really Need to Know About the Numbers Details

Date : Published October 7th 2008 by Harvard Business Review Press (first published March 25th 2008)

ISBN :

Author : Karen Berman , Joe Knight

Format : Kindle Edition 304 pages

Genre : Business, Economics, Finance, Entrepreneurship, Nonfiction

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From Reader Review Financial Intelligence for Entrepreneurs: What You Really Need to Know About the Numbers for online ebook

Blazus says

Excellent introduction for non-financials people such as engineers, technicians etc.

Elaha Naderi says

The topic is meh, and this is not an accountant's book. Exercises at the end to practise. Context, and sensitization to what the numbers really mean and why they are important, as well as how and why they are modified by accountants, CEOs, CFOs, and the implications. Good to read if you're owning, or thinking about starting a business - you'll need to think about this at some point.

Need some more real-hand practice though. Would combine with case studies or list of interesting case studies (À la RB who uses his own stories, or the Big Data book that I read earlier this month - useful)

Albert says

I read this book because it was recommended by Josh Kaufman (The Personal MBA) for further reading on finance. When I was reading the chapter on finance in The Personal MBA. I find it difficult to grasp. I actually took a long time to finish that chapter but my interest in the topic didn't fade because I know its importance in a business.

I would say that this book provides a good introduction to finance. The authors presented financial concepts in a way that is easy to follow and understand. Exercises at the end of the book are simple but informative. Though this book was written for entrepreneurs, everyone can benefit from reading it.

Robert says

This volume offers a new edition of a book first published (entitled Financial Intelligence) in 2006. Although the focus in this second edition is on entrepreneurs, the material provided will help all managers to develop the entrepreneurial mindset to which Welch refers, and, to acquire a highly-developed financial intelligence quotient (FIQ). Moreover, they can then do everything they possibly can to develop a high-level of FIQ among others at all levels and in all areas of their organization. In the Preface, Berman and Knight explain what their reader will learn:

1. How to read the three major financial statements (i.e. income, balance sheet, and cash flow) and how to interpret what they contain
2. How to calculate critical ratios and to understand what they reveal
3. Why net cash in a given time period is not the same as profit and why a company needs both profit and

cash

4. How to use various return on investment (ROI) tools to analyze big purchases in order to make certain the investments add sufficient value to the business

5. How to manage working capital that helps to improve a company's cash flow and profitability even when there is no change in sales or expenses

6. How to use the three main methods for establishing the value of a business (i.e. the price-to-earnings ratio method, the discounted cash flow method, and the asset valuation method) "and many other tricks of the financial trade"

"Along the way, we'll let you in on the finance profession's little secret, which is that finance is as much art as it is science." Berman and Knight explain why understanding this "little secret" is so important to acquiring a high-level of financial intelligence.

They carefully organize their material within 30 chapters that are divided among eight sequential Parts: The Art of Finance (and Why It Matters), The (Many) Peculiarities of the Income Statement, The Balance Sheet Reveals the Most, Cash Is King, Ratios: Learning What the Numbers Are Really Telling You, How to Calculate and (Really) Understand Return on Investment, Applied Financial Intelligence: Working Capital Management, and Creating a Financially Intelligent Company. They also provide three appendices: Sample Financials, Exercises to Build Your Financial Intelligence - Income Statement; Balance Sheet; Cash Flow Statement; Ratios, and Under Armour and eBay Financial Statements. At the conclusion of each Part, there are contributions to the filling of the reader's "Toolbox."

Nancy says

Got me acquainted with the basics of company financials. Well written, because it's so easy to understand.

Dele Omotosho says

Takes the scare away on understanding the numbers.

Mike Adeleke says

I was amazed to learn how little I knew about accounting and financial terms and yet how accessible they were once I saw them in context. This book enables anyone to quickly get up to speed on the key financial metrics of their business.

Alessandro Orlandi says

A good book to understand more about financial statements for entrepreneur. Even as investor, it's very very good.

Paul says

For reasons I can't quite explain this book turned on some finance and accounting lights that had been off in my brain. Really great overview of what an entrepreneur should focus on in startup finance.

Krishna says

Good book to understand the basics on Financial statements, important ratios, and how they will be used. They are very well explained in Layman's terms. It is useful for someone who doesn't know all these. I already knew most of the things described. Hence that 3 star.

Lesego says

Finance is a part of our daily lives, yet so little emphasis is placed on financial education during an individuals life as a scholar, a student, an employee or employer. This leads to a person feeling rather hobbled and distressed once faced with the inevitable financial responsibilities of being an adult.

I believe that this book should be mandatory reading from a high school level. This book is so well written and easy to understand that I found myself not being able to put it down. It took me a long time to really read through the material as I needed to fathom all the crucial aspects of each chapter, I strongly believe that with a deep understanding that I would make better financial decisions in my life, especially in circumstances where you can't reach out to reference the material. With that being said it goes to show how simplified the book is in tackling financial concepts and jargon, the chapters offer real life examples and exercises that one can work through at their own pace until one fully grasps them.

This is a book I will surely pass on to my children, the work environment is changing, currency is tapering in its worth and has less bang for buck, so financial literacy is paramount to the success of future generations. I believe the knowledge in this book is valuable and should be mandatory for both personal and business related aspects of life.

Will says

Since I'm exploring this whole "entrepreneurial mindset", I felt it was important to bolster my finance knowledge from that perspective. There are so many personal finance styled books to choose from, and I kicked around a few titles before purchasing this one.

One of the reasons I chose it is because it's mentioned in the recommended reading list in The Personal MBA: Master the Art of Business. That book was very comprehensive while at the same time being concise and accessible, and I felt I could rely upon the author's recommendation.

I was not disappointed. Financial Intelligence for Entrepreneurs: What You Really Need to Know About the Numbers delivered a LOT of substance for me on a variety of finance topics. I'd say the high point was the

way to apply formulas, etc. to determine the health / future potential of a business. This knowledge is crucial both for running one's own business, as well as analysis for investing. I already knew a lot of the points mentioned, but it was the unique, integrative practicality of the ideas that I liked and found immediately applicable.

Ideally, I should give this book 5 stars, but I sort of want to hold that 5th star in reserve.....

Tony Bradshaw says

This book's a great introduction to business accounting, and I imagine the person who would benefit the most is a small to mid size company either struggling with the cash flow (business should be sound, but difficult to keep cash in the bank at all the right times) and/or someone bringing an accountant. Something to keep on the shelf for a quick refresher before meeting with an accountant to remember exactly which ratio you'll be discussing. Also wish this was a reference book when I took business accounting 101, but that would have been impossible as it was printed years after I finished my degree.

Justus says

A very simple clear introduction to the art of accounting in the context of running a small business. Well written, great book.

Fred Rose says

If you know finance, this is not a useful book. But if you have no formal finance or accounting training, this is a nice book. It's explicitly geared towards entrepreneurs and helps you understand what parts of typical financial statements are useful to you, and why. I found it to be a pretty good book. I would have like to have seen a little more, and a little clearer explanation, on ROI calculations. Overall though for an entrepreneur who isn't a business major, it's worth reading.
