# Personal Math's Financial Fluency Prompt Library

## Best Practices

Here's our advice for how to get the most out of these prompts:

1. **Have a conversation** – we're just giving you the first prompt. You'll get the most value if you ask follow up questions based on what AI's response is, the same way you would if you asked a mentor these questions and they gave you an initial response.

2. **Ask for examples** – in follow up, ask questions like: "can you bring this to life for me using an example of a small consulting firm that sells AI consulting?"

3. **Provide context on your business** – the industry, what your company sells, who they sell it to, and anything else you think would be useful (think about it as the same background you'd give a mentor who you were asking these questions)

4. **Provide context as to your level of business fluency** – in some examples you'll notice we include instructions like "Assume I work in business, but don't have an MBA or business degree" or "Provide your explanation in terms someone who is not financially savvy can understand."

5. **Tell AI to ask you questions** – make clear in your prompt that you can answer additional questions if AI needs more information to answer your question

## Prompts

**Note**: Anything in red is context that you should add to the prompt to personalize it to your situation and company.

### Starter Prompt

I'm trying to quickly become more financially fluent to be a more effective leader in my company. Act as my CFO-like teacher and help me learn and understand these three components of my business:

1. **How the company makes money (in plain English)**: Quickly help me understand the difference between bookings, revenue, and ARR; the company's likely significant expenses, and how margins work

2. **The most important levers that, when changed, create operating leverage in the business**: These could include CAC, ACV, churn, NDR, LTV, or margins. Based on the information about my company (below) help me think through and understand these for my company.

3. **Company valuation**: How investors or the public markets are likely valuing my company.

My company is a [public/self-funded/VC-backed] X-person [B2B or B2C] company in the [industry] industry. We sell [describe your product or service] to [describe your customer].

## Additional Prompts

**How the company makes money**
⭐ What's the difference between bookings, revenue, and ARR, and why does this difference matter to how companies operate?

⭐ What's the difference between gross margin, operating margins, contribution margins, and profit margins? What question about business performance does each one answer?

⭐ What is the difference between direct costs, operating expenses, and variable costs?

⭐ I work for an [industry] company that [describe your business]. Can you walk me through how a typical income statement for this type of company works? I want to be able to explain how my company makes money to someone who's not in my industry in plain English at a cocktail party. Ask me any clarifying questions you need to help better help explain this to me.

**Operating Leverage**
⭐ Define operating leverage and explain how fixed costs and variable costs impact it. Use [your industry] as an example.

⭐ Define customer acquisition cost (CAC) and customer lifetime value (LTV) and explain how they impact profitability.

⭐ I work for an [industry] company that [describe your business]. Can you explain to me what [X term] means and help me understand how they would apply to my specific business?

⭐ What are usually the top 2-3 most important business/financial levers that increase operating leverage in [industry] companies? Provide a case study of a company that does this well.

⭐ My CEO recently said at a leadership meeting: [insert statement]. Can you help me understand the reasoning that's underneath this statement and the financial assumptions driving it?

⭐ My boss just told me [insert statement], but didn't provide context as to why. Could you give me 2-3 potential reasons (based on financial assumptions they might be making) that could be driving this request and how I should adjust [thing affected] for each?

**Valuation**

⭐ What are multiples and valuations, and how do they impact decisions made about the business?

⭐ I work in [industry] – how do investors or the public markets usually value companies in this type of industry?