



2nd Quarter - 2019

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Small Business Money Management

Starting a small business is a big achievement, but making it a success is a bigger challenge.

Small businesses between 1-5 years of operation often face common challenges that larger, established businesses have overcome. It is rare for a small business owner to have the time and/or expertise to operate and manage every aspect of their business.

I've been meeting with small business owners for a while now and listen intently to their journeys. Many begin their story with a gleam in their eyes as they recall the life event that sparked their idea, passion, and creativity into forming a business. When they begin to talk about operational components of their business, I often see the "gleam" in their eyes turn into "glum" as their left-brain begins to activate.

I'm told firsthand - and my research supports the same - that one of the biggest challenges driving feelings of stress and anxiety is money management. Money management includes forecasting, budgeting, and financial analysis to ensure that there is enough cash available for a business to pay its bills as they come due. It also includes using financial information to help make informed, strategic business decisions.

A key cash flow management principle is to regularly track sources and uses of cash. Following are some pointers to help manage cash flow:

- Ensure that your business bookkeeping is accurate and up-to-date
- Keep business financial accounts separate from personal financial accounts
- Establish realistic budgets and monitor monthly variances
- Be committed to understanding and managing sources and uses of cash
- Simplify your business to be as efficient as possible to free up time, avoid rework, and focus on customers and growth
- Talk with a business professional who can help with money management and strategy

Virtually every small business has some degree of cash flow stress or anxiety. Don't let fear, dread, or uncertainty drive your small business decision-making.

Conclusion:

Small business owners can improve their success rate and alleviate money-management fear by aligning with a business professional who has their best interest in mind, now and in the future.

Key Takeaway:

Your business is a great story, but money management is commonly the chapter that threatens small business success.

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