

9 Finance Tips All Business Owners Should Follow

Business owners are experts at their industry. You know your products and services well – better than the competition. You know how to reach those customers, too. But, managing what’s behind the scene isn’t always as easy. With the right tools and resources, including a professional by your side, you can enhance the way you do business, reduce your spend, and increase your profit margins. To get started, you need some basic information on finance.

#1: Recognize the Importance of Your Books

Invoices, bank statements, and even some accounting work is commonly done through software programs today. However, it’s more than just accounting for your revenue and losses that’s important. In other words, you need to turn this data into usable information. Your figures can help you know how to grow profits even further if you know how to read them properly.

#2: Stop Putting It Off

It is much harder to manage that stack of papers at the end of the month than it is to spend a few minutes each day entering details. Having a pro to do this for you makes it even easier. If you are procrastinating, though, you’re hurting your short-term and long-term financial goals.

#3: Know Your Risks

A Headway Capital study found that 57% of business owners planned to grow this year. Most companies set out to grow for the year, but they often lack attention spent on minimizing risks. What’s the worst-case scenario? What’s your break-even point? Addressing risks as a part of your financial strategy really can streamline your finances should the year not go as you planned.

#4: You Really Didn’t Budget, Did You?

Some small to medium businesses lack the time it takes to budget. It’s understandable, but that doesn’t make it okay. Budgeting helps address those risks, but it also helps you to make better buying decisions. And, when you have tools in place to help you monitor inventory, expenses, and other unforeseen costs, you can create better budgets that allow you to do more with your profits.

#5: Tax Mistakes Are Common

Small to medium businesses suffer from some of the most complicated taxes. Without having a professional to monitor and guide your taxes throughout the year, your business could suffer significantly. The IRS says that, in 2014, \$1.2 billion in civil penalties were placed against small business income tax

filers. Most small businesses need reliable support to ensure tax filing and reporting isn't a secondary importance.

#6: Build from Your Strengths

You don't have to build your business on new products or start from scratch each time. It's best to simply build onto what you have. For example, you'll want to pinpoint where your biggest profit margins come from. Once you understand who your moneymakers are, target them within your business. By identifying and focusing on these areas, you can build your revenue and profits faster, therefore giving you the room to expand in other areas later.

#7: Building a Business Is More Than Hours Worked

It's very common for business owners to spend a lot of time and hard work building their business on their own. Are you putting in 80 hours a week? If so, you may be limiting your growth potential. Instead, empower professionals and employees to help you with delegated tasks. This can give you more time to spend on what's really making you money and help you to sleep at night.

#8: Focus on Lean Practices

Less really is more. As a business owner, you'll want to incorporate the lean philosophy of keeping less on hand so you reduce your overhead. You create more value for your customers with less.

#9: Access Capital When You Can, Not When You Need To

Having a steady stream of income on hand is important. Instead of waiting until you are desperate for funding, and having to show your investors that you are in that place, focus on planning ahead and minimizing the risk of a negative situation.

As a business owner, making wise financial decisions for your company is an ongoing process. But, you don't have to do it alone. Allow professionals to help you along the way to better manage your money and you could see it grow faster than you thought possible.