



# Money Management Tips Every Small Business Owner Should Know

Owning a small business comes with satisfying rewards (being your own boss? Check. Deciding what days you wear real pants? Check.) With the benefits comes the responsibility of money management. From tracking cash flow to tax prep, these best practices have a big impact when it comes to the success and sustainability of your business.

**1. Build a Budget:** To lessen the risk of overspending, map out your expenses, including fixed costs like rent and utilities, variable expenses such as supplies, and one-time expenditures like equipment purchases. Remember to account for taxes and an emergency fund for the unexpected (we'll get to that!).

Unsure where to start? [Expense management software](#) can do the heavy lifting to ensure your budgeting efforts are precise and strategic. Gain insight into your business' financial health and use features to:

- **Monitor Cash Flow:** Track incoming and outgoing cash to ensure you have enough liquidity to cover expenses. Implement efficient invoicing and payment collection

processes to minimize delays in receiving payments.

- **Automate Bill Payment:** The last thing you want is mounting late fees or debt that can hurt your credit score or good standing with creditors and vendors. Automate, when possible, to save yourself time and calendar reminders.
- **Stay on Top of Taxes:** Thorough records of income, expenses, and deductions throughout the year will streamline tax prep and make it easier to meet filing deadlines and avoid penalties. Some software includes tax prep guidance; however, you might consider consulting with a professional to optimize deductions.

**2. Separate Accounts:** Operating from your personal account is a quick route to financial instability. Open separate bank accounts and credit cards for your business to stay organized. This will simplify accounting and tax preparation, as well as safeguards your personal assets if you're faced with legal issues or bankruptcy. Make it a habit to only use business funds for business expenses.

**3. Manage Debt Wisely:** Applying for loans may be necessary to finance operations or expansion, however high-interest rates can erode profits and damage your credit. Evaluate financing options thoughtfully, choosing the most cost-effective solution that meets your needs. Aim to keep debt levels manageable (to avoid over leveraging your business) and consider debt consolidation to streamline repayment.

**4. Plan for Emergencies:** Recessions happen. Vendors change. Supply costs increase. Whatever the event, building an emergency fund provides a buffer during difficult times and allows you to weather temporary setbacks. A good goal? Set aside three to six months' worth of operating expenses in a dedicated savings account. Treat your emergency fund as a non-negotiable expense and grow it over time.

**5. Evaluate for Finances Regularly:** Ongoing financial check-ins will help you refine your budget as your business evolves. In addition to the money management practices listed above, you also have the option of enlisting professional guidance from financial advisors or accountants who can identify potential pitfalls and provide recommendations that align with your goals.

**Pro Tip**

Your business' financial health begins with your personal financial health. Our trusted partners at GreenPath Financial Wellness can help you eliminate debt, review your credit report, and take advantage of free financial courses on your preferred schedule.

*(This content does not constitute tax or financial advice. It is advisable to seek guidance from a licensed professional tailored to your individual circumstances.)*



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