



July 2016

## *Self-Employment Money Matters*

When it comes to succeeding in self-employment, money matters. Yet, managing money well can often be a challenge for VR Customers who may have little to no experience in this area. Fret not! Here are 6 tips to facilitating healthy money management habits for VR Customers choosing self-employment:

1. **Distinguish between personal funds and business funds** | Before spending a penny on the business, set up a separate bank account for the business. It is also important to note that building business credit is separate and just as important as building personal credit.
2. **Can I sell?** | Whenever possible, never start a business without first testing out whether someone will buy what you have to offer. Just as we used to play house as kids, play “business” before jumping into the full deal!
3. **How much can I sell?** | Once you know that someone will buy what you're offering (...and that you can sell it - also important), think about how much you can repeat the process over a 12-month period. This is called forecasting and there is an easy-to-use [spreadsheet](#) that does a lot of the work for you.
4. **What are my costs?** | Depending upon what you sell, there will be costs associated with each sale (variable costs), along with routine operational costs (fixed costs). Use the 12-month forecasting spreadsheet introduced above to include these costs as well.
5. **Can I make more than I spend?** | The goal of any size business, small or large, is to make more money than you spend. Once you complete the forecasting tool, go back and play around with your assumptions. Can you really sell that much? Can you sell more? Can you cut costs? The more you know the answers to these questions, the more likely you will make more money than you spend (...and have fun doing it!).
6. **How will I know if it's working?** | While it is important to project in advance whether you can make more money than you spend, it is just as important to track and compare actual performance once you launch the business. This is where solid bookkeeping skills come in to play. Whether you do it yourself, or hire someone else, success will rely on how well you track, measure, understand and refine performance to ensure that you make more money that you spend.

### **ADDITIONAL RESOURCES** |

For more, check out our SMLS [Cash Flow](#) and [Forecasting](#) booklets

Whether self-employed or traditionally employed, money matters. With a little bit of common sense, self-discipline and the right tools, we can all enjoy the outcomes associated with making more money than we spend!

For more information, visit: <http://www.buzvr.org/>

*Knowledge Institute specializes in helping individuals to start, grow and succeed in business through innovative training systems used by [individuals](#) and small business assistance [agencies](#), as well as content marketing services for [B2B corporations](#).*

Join Our Mailing List!