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Self-Employment: 4 Tips to Money Management

Smart money management is a responsibility that every business owner must deal with, large or small. At the same time, many of us have been socialized to view money management as elusive and stressful. The good news is that it does not have to be. With a bit of a paradigm shift and the right tools, you can develop a healthy money mind set and a healthier bottom line. Here are four tips to start with:

1. **Make More Than You Spend** | Though those pre-approved credit cards in the mail may be tempting, you never want to spend more money than you make. This is the ultimate rule of money management! What may start as \$1 or \$2 dollars over budget one month, can quickly snowball into hundreds of dollars in the red. If you want your business to survive, set goals that are attainable and sustainable.
2. **Know Your Needs from Your Wants** | Every business has a list of must have expenses, and sometimes a few non-essentials make their way into the shopping cart. Every once in a while, if your business is doing well, this is okay. In fact, it can be a positive thing to reward yourself for your hard work! However, it's important that you recognize what is a need versus a want. If this line starts to blur, re-assess your monthly spending. If it is not essential to keeping the lights on so-to-speak, consider cutting it from your expenses. Being in business requires discipline, particularly when it comes to spending.
3. **Create a Budget** | If you haven't created a budget for your business yet, it needs to be the next things on your to-do list! Budgets are an important planning and tracking tool. They give you an idea of how much you need to sell to meet your income goals, and they serve as a benchmark as you move through the year. You can create your own forecast using an [Excel spreadsheet](#) or you can use one of the many accounting apps available today specifically designed for small business owners, such as *QuickBooks* or *Xero*. Some very small businesses have even had success using the personal budgeting app *Mint*.
4. **Don't Lose Track** | Set an alarm. Tie a string to your finger. Do whatever it takes. Just don't forget to [track your cash flow](#)! Otherwise that awesome budget you spent all that time creating is useless. Tracking is an essential part of many aspects of a business. By making it a daily, weekly and monthly routine, you will know exactly how money moves in and out of your business. This information will help you to improve decision making as well, such as recognizing when it's time to hire an employee, when to expand or decrease your offerings, and where to cut costs. Knowledge is power. Tracking your cash flow means that more will likely flow in versus out.

As long as we live in a society that is currency-based, money is not the root of all evil. It is an important resource to be well managed. The better you manage it, the less it manages you.

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

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