EVERY BUSINESS DECISION IS A FINANCIAL DECISION

Small business owners seek help from SCORE to start a business as well as help for sustaining or growing their business. I asked a question recently in a group of business owners, If you could make a wish for your business today, what would it be? Without hesitation one of the group blurted out, “That’s easy. I would wish for booming sales, substantial customer demand and rapid growth? “

Fantastic I responded. But, be careful what you wish for. Many small business owners are unprepared for success. If you fail to forecast and prepare for growth, you may be unable to bridge the ever-widening financial gap between the money coming in and the money going out. In other words, by failing to manage your cash flow, good news often turns to bad.

At the same time, as is currently happening your business may be suddenly pummeled by a change in the economic climate, or by a string of bad luck. If you're not prepared with a "what if" financial plan for emergencies, even a temporary downturn can become a business-ending tailspin.

**Here are my words of business wisdom today.** Remember that every decision you make in your business, whether it's creating a website, investing in a marketing program, or hiring an employee, has a financial impact. And each business decision affects your cash flow.

My SCORE colleagues and I experience “lack of sufficient cash flow” as common problem for small businesses. This is where a SCORE mentor could be of great assistance to the business. For example they might focus on ways to maximize the business income and the speed with which you get paid. Or seek ways to minimize your expenses. In all of these situations a business owner needs to find ways to be prepared for times of cash flow problems and to know what funding options he or she might have to assist in pulling through these times.

Managing cash flow properly is the key to business survival. “Cash flow is really no different than a family budget," says SCORE Mentor and current Chapter Chair Milt Kuball. "If you know what your paycheck is and if you know what your expenses are, then you know whether or not you can afford to go out to dinner. That's basic cash flow, knowing when to spend and when not to spend money."

The axiom, Knowledge is King, is appropriate to this discussion. A business owner needs to have good information about the business to make good decisions. With good knowledge and a good understanding of financial management a business owner can weather the storms of cash flow. You can also head off cash flow dilemmas by running monthly reports-particularly an income statement and a statement of accounts receivable-on a regular basis. Once owners see the cash stream running *every* month, then they can prepare; they can start making changes. Because of the commonality of this issue, the local SCORE chapter is developing a special workshop on “Understanding your Financial Statements” for late fall.

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