

Rx For Small Business Financial Health

(NAPSA)—Everyday financial tasks such as paying bills and managing expenses are likely to be the last items on the “to-do” lists of small business owners. Most would rather focus their energy on growing their business, not poring over paperwork. However, business payments are an everyday reality for the 26.8 million people who the Small Business Administration estimates own small businesses in the U.S. According to the Visa Commercial Consumption Expenditure index, nonpayroll spending by the nation’s small businesses reached almost \$5 trillion in 2006. By following a few simple financial and cash management practices, small business owners can potentially save time, money and effort—allowing them to concentrate on what they do best: running their business.

Streamline Payments and Simplify Expense Tracking.

While checks are still the primary form of payment for small businesses, business card usage has increased in recent years as small business owners have seen how they can help streamline their payment practices. According to a recent survey by Synergestics, more than seven in 10 small business owners or employees use a credit or charge card for business expenditures—up from less than two-thirds in 2004. Raghav Lal, Senior Vice President, Small Business, at Visa Inc., notes that “by switching from paper to plastic, small business owners can reduce the time it takes to manage paperwork and write checks. Payment cards can also provide small business owners with details on every payment, so they can easily track and manage their spending against forecasts and budgets.” Additionally, some payment cards offer other benefits such as rewards and discounts, which are



By using credit and debit cards, small businesses may streamline paperwork and receive payment more quickly.

tailored to small businesses’ needs such as office supplies.

Prepare Forecasts of Cash Flow and Expenses Early and Often. Cash flow is king—and a good discipline for any small business is the preparation of forecasts for short- and long-term cash flow requirements. For instance, business owners should create an annual estimate based on regular expenditures for travel, rent, office expenses and taxes, then keep accurate records of when those expenses actually occur. This practice helps enable small business owners to more effectively manage working capital for day-to-day operations as well as to plan financing strategies for larger capital expenditures. Another key aspect of planning for unexpected financing needs is to ensure that you are carefully managing your credit. For more information on this topic, go to the Resource Center on www.visa.com/smallbusiness and access the 8 Steps to Managing Your Money podcast series.

Automate Bill Payment Procedures. Utilities, phone service and materials are essential for any small business. However, it is easy for these bills to fall through the cracks, leaving small busi-

nesses with late fees or, worse, no service for a period of time. Most bills can now be paid directly from a small business checking, debit or credit card account. By signing up for automated bill payment options with their bank, small businesses can consolidate and track payments on a single statement and ensure that all bills are paid on time.

Accept Credit/Debit Cards for Payment. By accepting payment cards for goods and services, small businesses may reduce the number of paper invoices they need to process and may get paid more quickly. With payment cards, you may receive payment within days, versus the 30-60 days it could take for remitting checks and invoices.

Get Advice from the Experts. There is a wealth of information available online and through local organizations and groups. Organizations such as SCORE (www.score.org) and the National Federation of Independent Business (www.nfib.org) provide valuable support and advice to help small businesses survive and thrive. Small businesses can get free and confidential advice on topics such as cash versus accrual accounting methods, managing profit and loss statements, budgeting and preparing for growth. Visa also provides information and services tailored especially for small businesses (www.visa.com/smallbusiness).

Good financial management is what puts small business owners at the controls for long-term success. In addition to the above, a few other commonsense tips can help small businesses stay on track for good financial health, such as clearly separating personal expenditures from business ones, building and maintaining a good credit score and, just as with personal finances, spending within one’s means.