

Financial Management 101: The Prerequisite for Business Success

Of all of the new businesses that are formed each year, approximately 80% fail within the first ten years. Records show that over 90% of business failures are attributable to faulty management – more precisely, poor financial management. Here are a few of the financial killers:

- Failure to monitor financial position
- Failure to understand the relationship between price, volume and cost
- Failure to manage cash flow
- Failure to manage growth
- Failure to borrow properly

If you're a business owner, you have undoubtedly come to the realization that you have many roles – or “hats” to wear if you are to be successful. There's the production/operations manager (making it), there's the sales/marketing manager (selling it) and finally there's the financial manager (keeping score and financing growth).

Unfortunately, most business owners have not been trained professionally in accounting and finance; but given the uncertain nature of business and economic cycles combined with an increasingly rapid rate of technological change, monitoring your financial condition and making sound financial decisions has never been more important.

You may have taken the position that I'll leave the financial side to my CPA. But even if you were properly utilizing your CPA to help coach you and assist you in managing the financial affairs of your business (and I've seen very few owners

who are doing this), you still need to have a basic understanding of financial concepts. Without some basic skills you will not be able to properly control the future of your company. If you're not willing to take the time to at least learn the basics, I suggest you budget a large sum of money to hire someone you trust to oversee this critical area. If you don't, no matter how successful you are in "making it" and "selling it", you'll be running the risk of financial failure.

Call us to receive copies of the following articles on the basics of financial management:

- **Accounting the Language of Business** - Help non-financial managers understand how accounting can help you manage more effectively
- **Understanding Financial Statements** - Help develop a comfort level with financial terminology, financial statements and accounting processes
- **Analyzing Financial Statements** - Help explain how the use of management information can lead to better decision making and improved results

Call and request our free business growth guide,

“What You Can Do to Improve the Profitability of Your Business”

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