

sage Accounting

***THE SIX STAGES OF
SMARTER MONEY
MANAGEMENT:
BUSINESS OWNERS
REVEAL THEIR JOURNEY TO
FINANCIAL MASTERY***

Ever since you decided to venture into the unknown, armed with an idea and a big bag of ambition, every setback and success for your business has been a mile-marker on your journey. You've battled, imagined, risked, taken many leaps. Yet no matter how personal your business journey, there are others who are either walking a similar road or who have forged a path ahead of you.

You're not alone.

In fact, you're in the best of company. We've asked successful business owners from around the world. They told us what they do to win at small business finances during every stage of their journey, from when they were just getting started to achieving financial mastery.



Stage 1: Turning the lights on— **Managing cash flow**

Michael Winnecke wanted to be an entrepreneur early in life and thought “it would be cool to do video”. When he discovered YouTube, he found his niche and set up Vidforweb in Illinois in the United States with his co-founder Eric Oldham. Like many American business owners, cash flow is a big concern for Michael.

“Cash flow is really important in video production business because you’re paying for crews and equipment,” says Michael.

“When it comes right down to it, if we’re not making money we can’t stay in business.”

Michael uses his accounting solution to monitor everything that’s happening on the financial side of the business

and to keep track of his cash flow. Doing this gives him peace of mind.

“It allows me to spend more time with my family doing things that I want to do instead of spending more time in front of the computer doing the things that I have to do.”

Michael knows cash flow is the oxygen his business depends on for survival. He understands you need more money coming in than going out, and it must arrive in time for you to pay suppliers and purchase new stock.

Protecting your cash flow also gives you better buying and negotiating power, which could save you money long-term. If you know about a cash flow shortfall in advance, you can plan ahead and extend credit if needed.





7 practical tips for managing your cash flow

1. Keep a cash flow forecast:

First, set targets for the next six to 12 months to track your finances and avoid shortfalls. Then, note seasonal variations like heating bills increasing during the winter. Don't forget to factor in fixed and variable costs and be realistic about your forecasts.

2. Stay on top of payments:

Send out invoices to customers and clients promptly, and chase overdue bills. Be clear about your payment terms; 30 days is standard. Get to know your customer payment dates and don't ignore delays because a customer who hasn't paid up recently might be about to go out of business.

3. Control your stock: If you know what's in stock and what you need to reorder, you'll avoid tying up your cash in too much stock. To achieve

this, reconcile your stock records at the same time as your bank account – be it weekly or monthly.

4. Stay friendly with lenders:

Whether your business is new or expanding, you may need the occasional cash boost from a bank or lender in the form of an overdraft, credit agreement or revised payments terms. If you keep your bank and lenders updated about unforeseen outgoings or changes in forecasts, they'll trust you more. They'll also be more likely to treat you favourably should your business require financial assistance.

5. Access credit: If your business is growing rapidly seek access to a line of credit from a bank or financier, such as an overdraft or short-term loan. In many cases, banks are willing to lend to a business if they can see a draft service contract or

letter of intent. Once the client pays, you can pay your debt.

6. Tighten up your outgoings:

Assess how often you pay suppliers, tax bills, utilities and so on. Then, consider if you can pay in instalments or if you should seek more flexible payments terms. Also, review the smaller expenses and see which ones add up.

7. Anticipate problems before they happen:

Identify potential cash flow problems in advance by updating your cash flow forecasts and monitoring market conditions. You should also consider if your customers or suppliers are in financial trouble and take action if needed. If you're worried, talk to your accountant, investor or business mentor before a small problem becomes an urgent one.

Protecting your cash flow gives you better buying and negotiating power, which could save you money long-term. If you know about a shortfall in advance, you can also extend credit if needed.

Remember, smart American business owners like Michael take the time to review their cash flow because they know it's crucial to their business.

Stage 2: From a crawl to a walk— *Owning your time*

Time is the one thing you can keep pumping into your business that you will never have enough of, and you will never be able to earn it back if you spend it the wrong way.

If you're like many small business owners, you're probably torn between investing more of yourself into your business and balancing your work life with the rest of life.

If you're managing a larger business, you need to know your team is getting the most from the time it spends on your company's financials.

It doesn't help that managing your company's finances is a real

challenge, particularly if you are not an accountant.

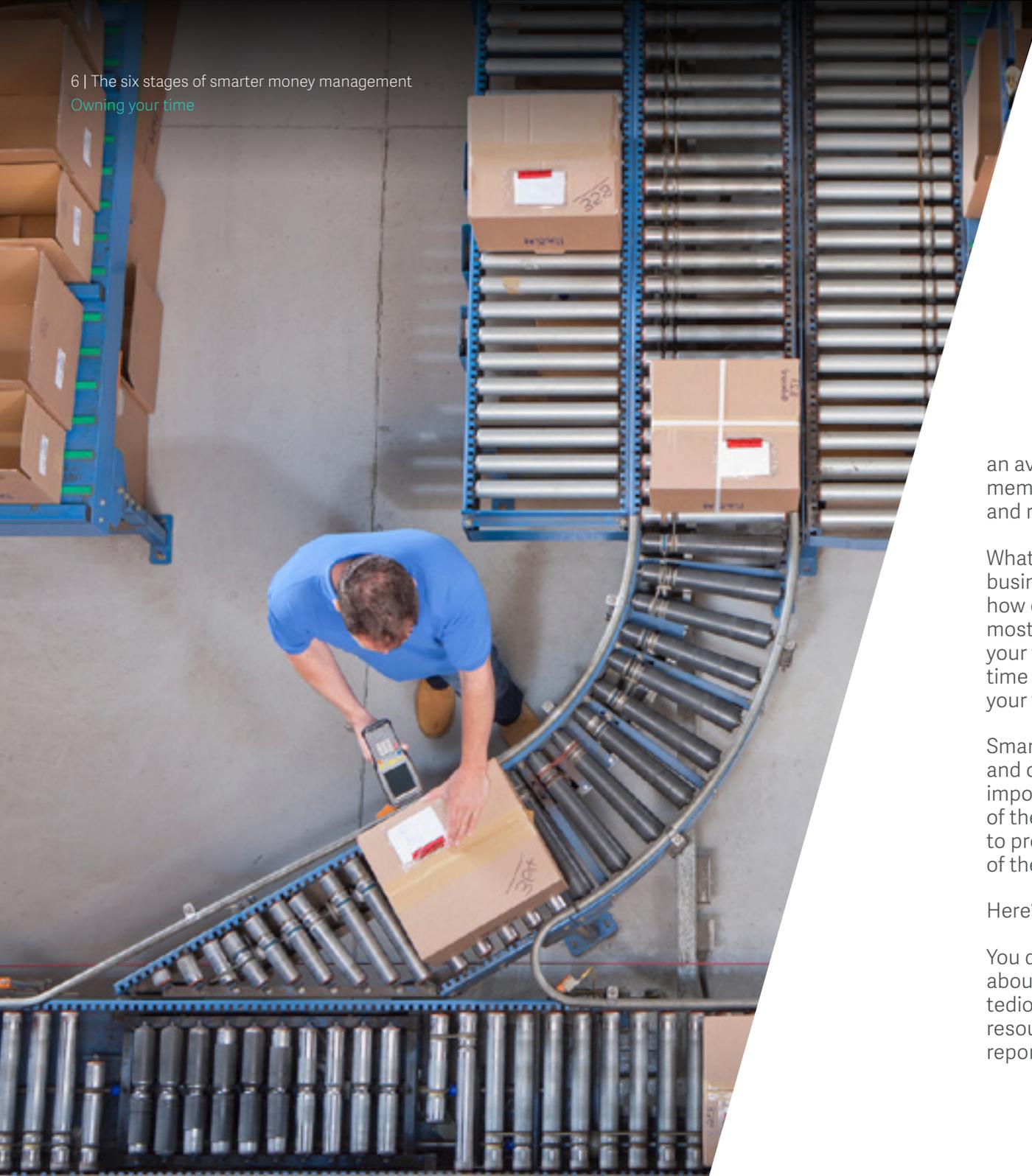
A 2014 global report by the American technology and services company the Aberdeen Group found the number one challenge facing growing businesses is that financial processes are too long and too resource intensive.

What's to love about spreadsheets, rifling through last month's receipts and searching for unpaid invoices?

There's more:

Our three-year global survey found that in small and mid-size businesses,





an average of 3.8 staff members work on accounts and related activities.

Whatever the size of your business, the big question is how can you claim back your most valuable asset and help your team get more from the time they spend working on your financials?

Smart business managers and owners know just how important it is to take charge of their finances if they want to protect the future growth of the business.

Here's the good news:

You don't have to worry about painful spreadsheets, tedious financial processes or resource intensive financial reporting.

Dan Perpeluk is the owner of Crossover Media, a Canadian creative agency. Several years ago, Dan was spending a significant amount of time on bookkeeping, on financial administration, and on keeping track of his income and expenses.

Technology doesn't help if it's the wrong technology for what your business needs. Dan had an accounting program, but it wasn't a program that really helped him save time – and it had its own time-consuming process. Dan also found it a challenge to get financial information to his bookkeeper.

"We really wanted to focus on being in the cloud and having accessibility to me, my staff and the accountants," he says.

Dan set out to improve his team's ability to access the company's financial information and asked his accountant and bookkeeper for help. Dan's bookkeeper listened to his struggle and sent him a link to trial a new accounting solution.

Dan started the trial and in 15 minutes he had uploaded his client list and all the financial information that went with it. This was a light bulb moment. It was almost like Dan could be everywhere at once.

"One of the biggest benefits I find is that I can micromanage my business but still be able to delegate and get the accountants to do what they need to do," he says.

The right accounting technology "has helped us to save about five hours a week in bookkeeping," he says.

"It saves us time and money and with it being in the cloud, it enables us to get information to the accountant and the bookkeeper much more efficiently and in a timely manner."

If you try to track your financial information using dozens of apps you are losing valuable working hours. You're spending time gathering information and preparing reports, which is time you could spend more productively if those reports were generated automatically.

Use an accounting solution like Dan uses now, and you can see as much or as little customer information as you need ahead of any meeting. And you don't need a salesperson or a member of your accounting team to tell you what is happening in your company.

A cloud-based accounting solution saves you time and enables you to set aside hours of your day that you can use to manage key projects and company-wide initiatives.

Assign a value to each of your key business tasks (payroll, updating accounts, meeting with customers, etc.) and track how much time you spend on each task. Then use these values to decide what to outsource, what to delegate and what to do more of.

Be sure you don't solve your time crunch with the wrong technology. Look at where you spend your hours now and where you want to spend your hours in the future. That will point you to the problems you need to solve and what kind of automation really matters to your business.

Stage 3: Keeping your obligations— ***Knowing who to pay (and when)***

Regardless of what business you run, it's almost certain you work with suppliers, contractors or employees who need to be paid.

You don't want to waste time struggling to use an unintuitive solution and then get phone calls from your suppliers or employees to say they've been paid the incorrect amount or not at all.

Instead, you must know who needs to be paid and when, and then have confidence in your solution of choice.

Jason Savage does.

He's a self-taught photographer from Montana in the United States. In 2013, Jason turned his hobby into a successful business and has since worked around the world.

He has photographed wildlife in the Arctic and Yellowstone National Park, and his images are featured in many high-profile publications including National Geographic Traveler and Time magazines.

Jason cites a reliable accounting solution as key to being able to work on the go:

"I hadn't found a solution that worked very well for my workflow, especially in times where less is more and being mobile is paramount," he says about life before finding an accounting solution he could count on.

"Now I can invoice my clients wherever I am... whether it's from my laptop or my smartphone."



For Jason, being able to share, store and collaborate on documents is essential to his business.

Knowing that his client invoices are automatically backed up to Google Drive from his accounting solution means Jason has peace of mind for his business transactions.

“Being able to quickly and easily share information and guidance via Google Drive with the people I work with has certainly reduced any possible confusion when operating in some pretty remote places,” he says.

Today, the freedom of being able to make a living from photography is something Jason finds immensely fulfilling:

“My journey as a photographer has been extremely rewarding,” he says. “Sharing with others my passion for nature and guiding enthusiastic and aspiring photographers all over the world.”

Frank, like Jason, works hard at his growing business. He founded his business, Frank Di Lusso Hair, in the suburbs of London in 2014.

Frank puts one thing above all else: delighting customers.

Since opening, Frank’s glamorous hair salon has won several prestigious local business awards and a client experience award.

He values knowing who he has to pay and when, and he typically takes care of payroll on Saturday evening after his salon has closed for the day. It turns out his accounting solution automatically handles payroll for his stylists.

“It helped me a lot,” says Frank. “It’s a five-minute job to pay my staff.”

Like Jason and Frank, once you overcome the challenge of knowing whom to pay and when, you’ll be free to focus on more important business tasks.

If paying suppliers is an issue, remember that paying them on time will strengthen your relationship with them and help you renegotiate how often you pay down the road.

Decide in advance if you want to pay employees weekly, bi-monthly or monthly and you won’t lose sleep over managing payroll.

Stage 4: From a walk to a run— *Being in control*

What would you do if a key member of your sales team left? Are you in control of the valuable customer and financial information that salesperson managed?

If you want to protect your business from the effects of employee turnover, it makes sense to handle customer, sales and financial information in a central, secure and accessible location like the cloud.

This way, you don't lose key information or have to reinvent the

wheel each time a rep, accountant or manager leaves. If your business is growing, members of your team will struggle if they have to piece together information if it lives in many different places.

One thing that has happened with accounting solutions moving into the cloud is that customer and financial information can be easily brought together. It ensures your notes and decisions are tied to numbers for a complete financial picture.





Controlling what matters in your business with **SMARTER** goals

It's difficult (and inadvisable) to attempt to control every area of your business, particularly if it's growing quickly. Instead, setting SMARTER business goals will help you control what matters, in the way that matters to your business. Here's how you can do it:

Specific: Rather than setting a general goal like "I want to grow my business," decide what exactly you want to achieve. For example, are you going to grow your business by increasing sales or by cutting costs? Doing both at the same time could prove problematic.

Measurable: If you want to increase sales or cut costs, set a financial target for your goal that you can track using financial information. For example, you may say, "We will cut costs by 10%" or "We will increase sales by 10%".

Attainable: You must have a means of achieving your goal. If you want to increase sales, consider if you can cross-sell or up-sell your products or services. Then, include this means in your goal. For example, "We will increase sales by 10% by up-selling X product to Y segment."

Realistic: Increasing sales by 10% may be ambitious but can your business achieve it? Remember, a stretch goal pushes your team beyond what's been done before while a realistic goal is based on past performances.

Time-framed: Set a deadline for your goals and work them into your business plan. Typically, quarterly business goals work as they're not so long away that they feel unachievable and you can track them alongside your financial reports. For example, "We will increase sales by 5% during the first quarter through up-selling X product to Y segment."

Evaluate: At the end of the quarter, review your SMARTER goals and consider how you're progressing against a financial target. You can do this using up-to-date financial information paired with business insights from your team.

Re-do: Once you've evaluated your progress, adjust your goal for the coming quarter by doubling down on what works and abandoning what doesn't.

Donal de Paor is the CEO of Veltig, a services company with offices in Orange County, Silicon Valley, Vancouver, and Chicago and customers including startups, SMBs and enterprises. Like most CEOs, Donal does many things and the growth of his business presented key challenges.

“The irony was the more successful we were getting, the harder it was to be successful,” he says.

So Donal set two big priorities: serving customers and finding smart people for growing the business.

“I do that by focusing on our customers and by giving our employees better tools to help them do their jobs,” he says.

Because Donal knows how to focus on what’s important, his business is growing rapidly.

“We’ve doubled the size of our team and increased revenues by 60%. I think we can do the same next year again. A key part of our strategy is to grow our practice and I think we’re going to be very successful.”

Being in control is really about knowing what you should be in control of, and that comes from knowing which aspects of your business will take you where you want to go.

Setting SMARTER goals will help you spot those critical aspects and keep your scope of control always focused on the right things.





Stage 5: Steady state— *Focussing on running your business*

Over the past ten years, mobile devices have radically changed the way modern managers and owners run their businesses.

Today, mobile devices offer great opportunities for building customer loyalty, engaging employees and running a business on the go.

According to a [2016 report](#)¹ by the Aberdeen Group, businesses with mobile solutions are 2.7 times more likely to have real-time visibility into the status of all their processes than those without.

"Employees are always on the move with so many expected to do their jobs outside of business hours and venues," the authors of the Aberdeen report found.

"Being forever tethered to a desk would be a substantial burden to this new reality. These reasons make mobile workflow solutions attractive to both business leaders as well as their employees."

Gina Mostert understands the value of mobile solutions for running her business.

She is the founder of a business coaching and consulting practice in South Africa. For the past ten plus years, she has coached business owners and organizations. Gina helps her clients plan strategically, focus on their goals and gain the leading edge in their businesses or markets.

"As a consultant and as a coach I often spend time out of my office and I move around, even out of the country from time to time," she says.

Since founding her company, Gina has transitioned from a traditional accounting solution to a mobile,

cloud-based accounting solution. She has also developed an agile and mobile way of working with her team.

Because Gina works as much outside the office as she does inside the office, she needs to be able to access information about her clients and also her business's financial information using her laptop, mobile and tablet.

"For any business to be serious about what you do, you need to know your numbers, and financial software is the one way to give you that kind of information," she says.

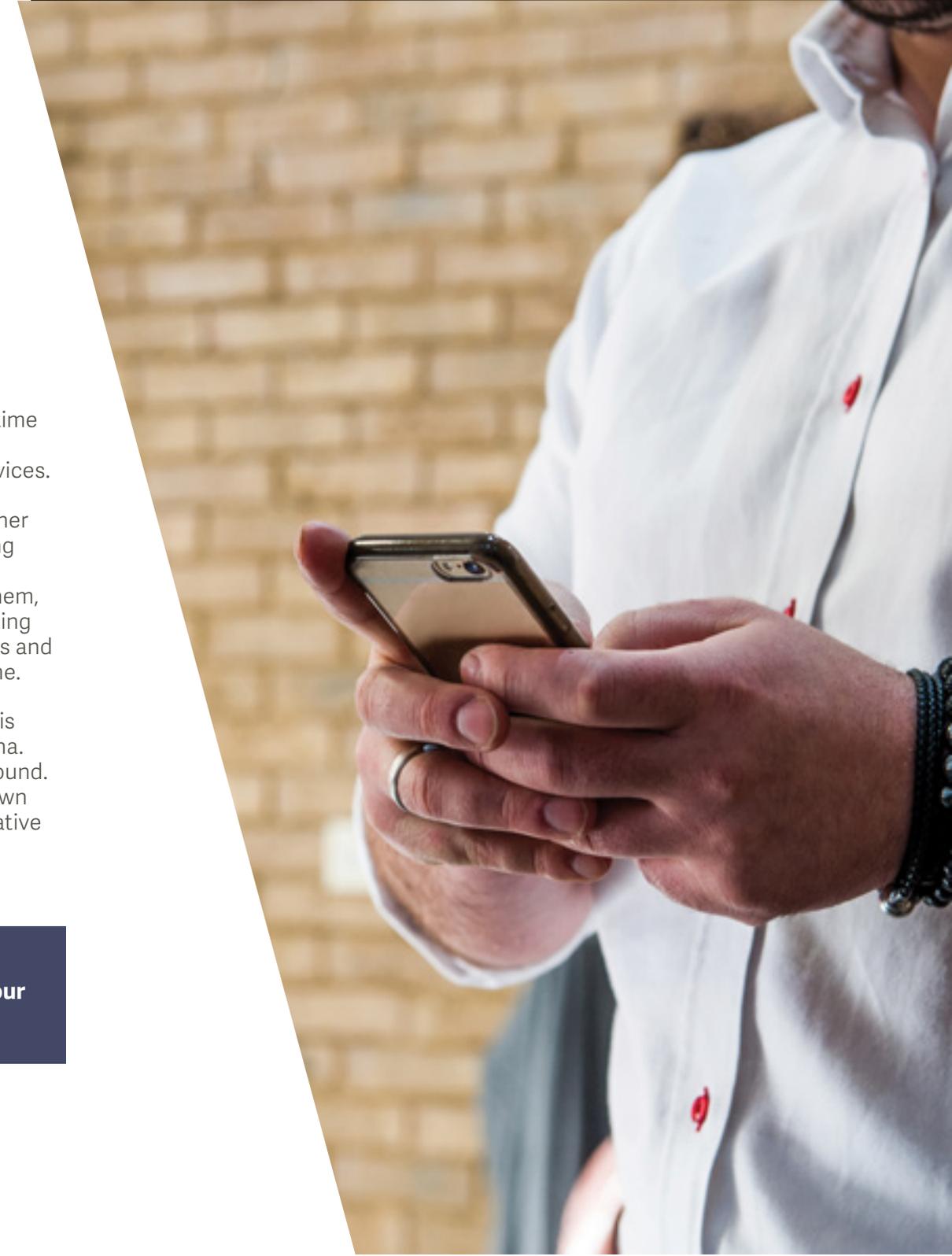
Gina is able to focus on business even when she's not sitting at a desk

because she has anywhere, anytime access to her business-critical information using her mobile devices.

Gina is, for example, able to use her iPhone to log in to her accounting solution, review outstanding quotations and take action on them, from anywhere. This way of working also enables Gina to serve clients and run her business at the same time.

"I have a financial assistant who is helping me in my office," says Gina. "She doesn't have to be office-bound. She can actually do it from her own working space or from an alternative working space."

If you or your team works on the go in the United States or abroad, using a mobile accounting solution will help you focus on running your business no matter where you do business.





Stage 6: Accelerate with vision— *Seeing the latest financial information*

According to our recent global survey, it takes small and medium businesses an average of an hour and thirty minutes to report on project expenses – and this is just one example of the many types of financial reporting businesses regularly complete.

Financial reporting becomes more complicated if your different teams can only access data from their part of the business or if they are reviewing inaccurate data.

As a manager, you may have faith in the reports your teams deliver at the end of week, month or quarter but you still need a way of understanding the logic and math that underpins their

financial reports.

After talking to our American and international customers, we also found that reports from multiple apps, products and yes, even spreadsheets provide a snapshot of a point in time and, if these reports aren't updated, they age fast.

Here's the simple truth:

Your team shouldn't have to spend hours preparing a report to see if revenue projections are on target and you should be able to review the financial health of your business at a glance.

So how can you increase the productivity and efficiency of your teams and protect the future growth of your business?

In 2014, the Aberdeen Group provided an answer in its landmark report: [Don't Sweat the Details](#).²

The author of that report concluded, "Those [businesses] that are more successful at managing their new financial challenges rely on business solutions that help them to stay organized, report accurately and manage their finances."

Kingpin Communications, from the United Kingdom, is doing all of the above.

The management team at this international B2B marketing agency depends on immediate access to its financial information to make informed decisions about the future of the business.

Co-founder and company director James Foulkes is expecting the company to grow by up to 20% this year. Although many business managers would relish this type of growth, Foulkes points out his team had to figure out a better way of working together to sustain such a strong growth rate. It wasn't about working faster or harder, but really working smarter.

"Working smarter is probably one of my greatest challenges," says Foulkes.

"At this moment in time, we're going through a period of growth and I want to forget about the hassle that comes with that and focus on the fun that comes with it, focusing on growing customers and growing clients."

Like many smart business people, Foulkes and his team value being able to manage their financial information, which they do with an accounting solution that fits what their business needs—something that would let all their teams collaborate in one place.

Even if you're a small business, a cloud-based accounting solution enables you to see as much or as little financial information as you need, and you won't have to wait until a member of your team collates a report for you.

If you're not experiencing rapid growth, a cloud-based accounting solution won't solve all of your business problems, but it will help you identify financial setbacks in advance so you can act faster.

Consider how your team works together and if everyone has the tools they need to collaborate on financial information in real-time, because when you and your team has a solution for managing financial information, your business can overcome many challenges.

2 | Don't Sweat the Details: Use Accounting Software and Focus on Growing Your Business. Castellina, Nick.

Your next step

When you walk out into the unknown, you don't need to be alone.
No matter the size of your business, help is here.

Using an easy and affordable accounting solution, you can give your teams the tools they need to work together, prioritize what's important and see what's happening in your business, in real-time.

DISCOVER THE PERFECT ACCOUNTING SOLUTION FOR YOUR BUSINESS >

