

35 Keys To Micro-Business Money Management



**A free report on ways to save money
and increase profits in your micro-business
or independent professional practice.**

This free report was written and produced by Vanessa Shelton

Provided courtesy of

[Vanessa's Desk](#)

Writing, Marketing and Website Development Services



And

Tracia Roberts, MBA

[Virtue Business Consulting, LLC](#)



<http://www.virtueconsulting.net>

35 Keys To Micro-Business Money Management

Profit. It's the goal of all business. Without it your business is just a hobby. So, how do you maximize profits and grow your business? One way is to properly manage costs and expenses so that you're not losing any of your hard-earned profits due to lax operating procedures.

In today's competitive environment, information is power! Especially your financial information. When you know where your money is and where it goes, you can use this information to better plan the success of your business. We all want to find ways to make or save more money. If you are a small business owner this is even more important as you work to grow your business.

Divided into the areas where micro-business owners tend to spend the most money, this free report offers tips to cut some of the costs of doing business. It also contains ways to eliminate waste, which will make your operation more successful, and more profitable.

Marketing & Advertising

Ask any group of micro-business owners what their biggest concern is and most will tell you that it's being consistently able to find enough customers to remain profitable. Many business owners make the mistake of cutting or eliminating their marketing budget when times are tight or sales are slow.

But how will sales pick up without marketing? What you need are cost-effective and efficient methods for ensuring a steady flow of customers, and making sure your business stays top of mind for your most important prospects.

1. Keep track of sales figures and inventory if you sell products. Know how much time it takes you to deliver a service. There's no need to waste money buying or time creating something that doesn't sell.
2. Don't guess about pricing. Know exactly how much it costs to produce a sales unit so that you can determine prices based on a fair profit margin.
3. Some things are easy to sell; others aren't. Some sales are more profitable than others. You need to know which is which by both measures. If your easy-to-sell offering has the highest profit margin, congratulate yourself for having a great business. Concentrate on selling the most profitable items instead of the easy ones. The exception to this would be if you can sell a large

enough number of the easy sellers in a short enough period of time to make up the long term difference.

4. There's another good reason to know the profitability of each item or unit you sell. When you know it is easy to determine which lines to expand, and which ones to drop because they are generating low or no profits.
5. Find and promote profitable cross-selling opportunities. This means finding or creating products or services that compliment what you are already offering. You may be surprised at how easy it can be to increase each sale with just the right offer.
6. You may want to also consider cutting back on your offerings when necessary. Having an economy package or do-some-of-it-yourself solution can help you keep a customer who needs to cut back. It may also help gain new customers during difficult economic periods.
7. Widen your customer base by narrowing your niche. This may seem counter intuitive, but concentrating your efforts actually accomplishes several things. The most important of these is that when you have a more specific focus it becomes much easier to find, learn about and tailor your message to your target market. When the net you throw out isn't huge, you may reel in less prospects overall, but the ones you get will be good ones and more likely to buy.

8. Join or create a cooperative advertising group with like-minded nearby businesses to share promotion coverage and costs.
9. Provide the highest level of customer service. Word of mouth is the best and most cost effective advertising. Know when and how to ask for referrals and testimonials from your satisfied customers.
10. Market your business by getting involved. Teach a class related to your business. Give presentations to community or school groups. Volunteer activities are a great way to give back and gain publicity.

Finance & Capital

Home based MLM's, shoestring start-ups, established service providers and small manufacturers all have at least one thing in common: They all require working capital to operate. Many businesses fail because they don't have enough capital to keep afloat until the business becomes profitable. Others struggle when capital expenses burn up cash flow too quickly.

1. Have and stick to a regular schedule for billing. Send out customer statements on time so you can get paid as soon as possible.
2. Keeping organized with a good bookkeeping system will save you money, time and frustration. When you can see what

payments are due, and when, you can quickly resolve the issue of slow paying customers before they get too far behind.

3. Learn how to say no. If a customer isn't paying their bills, do not continue to do business with them until they pay.
4. Service providers should keep careful track of income and expenses during each project. Calculate your costs for labor and supplies both before and during the job so you can know whether it is profitable or not. Bill promptly according to your contract, policy or agreement, and stop work on jobs when payments fall behind. You must make sure you get paid for the work you do.
5. Manufacturers and sellers of retail products also need to keep track of income and expenses. You should know exactly how much it costs for labor and materials to produce each item you sell, or how much it costs to purchase each unit for resale. Your sales price must cover these costs in order for you to make a profit. You should also know how much and what percentage of profit you make on each item.

Many small and home based businesses combine products and services in their offerings. The same rules apply. To be profitable, you have to count the cost of your service time in the price for your products, and you have to include the cost of extra products when you charge for services.

6. Make sure you have a late payment policy. Accurately calculate interest and/or late fees; and make sure to add it to, and collect it from overdue accounts.
7. Know when money is coming in and when it has to go out. You can reduce the need to borrow if you can plan your cash flow.
8. A checking account isn't a good place for lots of money. Your money should work as hard for you as you work for it. Know when you have excess cash so you can put it to work for you earning interest or by re-investing in your business.
9. Closely monitor all of your expenses in detail so you will know when they are creeping up as well as which ones to cut and when to cut them.
10. Keep an eye on your credit report and make sure you pay your bills on time. Even utilities and small local accounts can have an impact on your credit score. When you do need to borrow, your costs will be lower if you maintain a good credit rating.
11. Have a scheduled time to go over bank statements, invoices and receipts every month. Make sure that all of your payments and deposits are properly and promptly credited to your accounts so that you can avoid late fees and insufficient funds service charges.

Business Operations and Customer Service

Customers are the lifeblood of all businesses. Treat them right and not only will they keep coming back for more, but they'll tell their friends about you as well. Treat them badly and all your efforts will crumble.

1. Keep track of inventory and sales figures. Don't lose sales because you're out of stock on popular items.
2. An angry customer can damage your business in many ways, and for a long time. Never risk angering or losing a customer because you didn't record their payments properly.
3. During brief busy periods use interns or subcontractors. This can reduce the cost of hiring and paying regular employees during slow periods if you only need help periodically.
4. Take advantage of the internet for marketing and other communications needs. Email, instant messaging and conferencing services are all easy to use and very inexpensive, or sometimes free.
5. Don't let an accident or a mistake cost you. Take care of complaints so they don't become expensive legal problems. Often an apology and a sincere effort can repair the relationship.
6. Train employees and representatives in customer relations. It cost more to get a new client than to keep the ones you already

have. Keeping your customers happy will not only save money; it also increases the bottom line.

Office Space and Supplies

Every business needs a certain amount of things and space, but these are the expenses that can quickly suck away all of your profits if you're not careful - especially in the beginning phases of your business.

1. Consult your accountant early and regularly about tax planning. To get maximum deductions you must know and keep track of which business expenses are allowed, and for how much. Your accountant is also the one to turn to for news and changes in the tax laws that affect your business.
2. Everything doesn't have to be brand new to function well. Consider used or recycled furniture and supplies. You'll help the earth and your checkbook.
3. Turn to the internet for a source of low cost and free software, forms and professional advice. If you're willing to spend a little time finding and learning, this can save tremendous amounts of capital.
4. If you have a friend or neighbor who owns a similar or complimentary business, you can make arrangements to share some larger equipment. You also might be able to pool your resources to buy some supplies in bulk, saving you both. This

might take some serious negotiations, but if you can create the right situation it could benefit you both.

5. If yours is a young operation, find out if your area has a business incubator. These are often set up by colleges or community service groups to help new entrepreneurs start and grow their businesses. Many of them offer office or retail space, clerical services, mentoring and marketing help and advice all for very low cost.
6. Consider a kiosk, office sharing or mobile shop instead of expensive retail space when you have a high volume product to share. These arrangements are usually not only much less expensive, but often offer more flexible lease terms and lengths.
7. Get multiple bids and check several suppliers for all your business purchases. This step is not just for office furniture, ink pens and mouse pads. Ask your regular suppliers or manufacturer's rep to meet the competitors' price if it's lower. Reducing the cost of producing your goods means you have more profit to work with. Bargaining and bargain hunting can pay off in substantial savings, and can be a lot of fun.
8. Keep track of your inventory of supplies kept on-hand, especially if you have employees or frequent visitors. Almost everybody takes an occasional pen or notepad, but this can become quite expensive over time. Have and enforce a firm policy about what is and isn't okay - and how many of an item you're willing to part with. You could also consider having your supplies branded with

your logo and slogan so that the items that leave also do marketing duty.

About the author: **Vanessa Shelton** is a web designer, marketing consultant and copywriter with over 20 years experience. She uses "The Right Words - The Right Way" to turn your vision and ideas into reality. With newsletters, article marketing, "the website refresh" and more in her arsenal, Vanessa is ready to help small business owners and independent professionals get attention, and get results. Visit her at <http://www.vanessadesk.com> today to find out how Vanessa can help your business.

About the sponsor: **Tracia Roberts**, MBA has worked in the finance industry for over 18 years. Her company, Virtue Business Consulting, LLC specializes in providing first class service in Accounting, Tax Preparation and Business Services. Tracia has helped individuals start their own business and helped small businesses grow to compete. Visit Tracia at www.virtueconsulting.net.