

SESSION 13: MANAGING YOUR MONEY

BUDGET, DON'T FUDGE IT!

Who uses financial information? Bankers, investors, governmental agencies, and your competitors, for starters. Financial statements are part of the standard language of the business world.

As the owner of your business, you need to be able to use financial information to get feedback about decisions you've made. Has your business performed as well as you hoped and planned? Do you need to plan for certain financial opportunities more effectively?

The only way you'll find out is to keep track of financial information through good bookkeeping and recordkeeping systems. Your books and records are the source of your business financial information. Develop the right mindset to keep them as complete and accurate as possible!

Preparing for Success Worksheet

Indicate which statements below are True (T) and which are False (F) by placing a T or F in front of each statement.

- _____ 1. There's no doubt that my business will be successful from the minute I open the doors. In fact, I plan to retire after the first three years in business.
- _____ 2. It's better to set goals that are realistic than to be disappointed by setting goals that are out of my reach.
- _____ 3. Even though my business might not be financially profitable at the end of the first year, I should be happy if I established good business contacts, got some business experience, and didn't have to spend or borrow large amounts of money.
- _____ 4. I don't have to report money I earn from my business to the IRS. I can just take it out in cash, and avoid paying taxes on it.
- _____ 5. Bookkeeping's a good idea, but only if I have time for it.
- _____ 6. If I can't make this business idea work within one year, it proves I'm a failure, and shouldn't ever try another business idea.
- _____ 7. Operating my business legally just means that I have to report any cash that I take out of the business for myself.

Recordkeeping Checklist Worksheet

As a microbusiness owner, you're very busy. You may not have enough hours in the day to perform all of the business tasks yourself. But remember, *someone* has to do them! You should be thinking about who can help you with daily bookkeeping and recordkeeping tasks *before* the burden gets too heavy. That's part of what good money management is about.

One of your goals is to produce the most complete and accurate sources of financial information possible. Thinking about which bookkeeping and recordkeeping chores must be done is a good first step. Then, you can figure out who can help you with those tasks, and how often they need to be done.

Use the worksheet on the following page to start thinking about this very important part of your business. Follow these four steps to fill out the chart.

Step 1: *Identify the activities of your business that require some recordkeeping.*

Several standard categories are listed on the following page, including accounts receivable, cash, accounts payable, and payroll. You may wish to add other activities.

Step 2: *Identify the recordkeeping tasks for each activity.*

List the tasks for each activity. Be as specific as you can. Some standard tasks are shown under the **Financial Activities and Other Tasks** column to get you started.

Step 3: *Determine how often each task must be done.*

Should this task be performed daily, weekly, monthly or quarterly? Place a checkmark in the appropriate box. You can also note a specific date or time requirement in the box, such as "by the 15th".

Step 4: *Determine who should perform the task.*

Write the person's name in the appropriate space.

You should review this checklist often to make sure it includes all your recordkeeping tasks, and to see if the person assigned is keeping up with the list.

There are some financial chores that have deadlines you *do not* want to miss. Depositing payroll taxes late, for example, can cost your business a tremendous amount in penalties. Skipping a payroll tax deposit entirely can put you out of business! Even if you assign certain recordkeeping tasks to someone else, you're still the one who's responsible for seeing that these business tasks get done correctly and on time!

Recordkeeping Checklist Worksheet—continued

Now that you know about some of the bookkeeping and recordkeeping tasks you need to perform, try to answer the following questions.

- 1. Who will be primarily responsible for the bookkeeping and recordkeeping activities in your business? Why did you choose this person?**

- 2. Will you use outside professional services to help with bookkeeping? Who will you use, and what will they do? What is their fee? How often will they work with you?**

- 3. Will your books and records be kept on a Cash or Accrual basis? Why did you choose that accounting method?**

- 4. Will you start out with a manual bookkeeping system or a computerized system? Describe which system you'll use, and why.**

- 5. What information will be most helpful to you in managing the financial affairs of your business?**

Business Forms Worksheet

Business forms are part of your bookkeeping and recordkeeping functions. Understanding which forms to use will make your accounting system more effective.

There are a lot of forms available. Some you can create yourself, and others you'll want to have professionally made.

You can use the following form to think about what forms you'll need to use, where you'll get them, and how much they'll cost.

Form Name	Purpose of the form	Already have	Can make myself	Need to have made	Cost per 100 (or per ____)	Supplier
Sales Order						
Purchase Order						
Price List						
Packing List						
Shipping Record						
Invoice						
Statement						
Time Sheet						
Payroll Sheet						
Accounting Ledgers						
Out-of-stock Memo						
Phone Message						
Mileage/Travel Log						
Accident Report						
Payroll Tax and Reporting Forms						
Business Entity Tax Forms						
Petty Cash Receipt/ Payment Book						
Other:						



Your Worksheets Assignment Due for Session 14

All the worksheets for this session were completed in class. If you need to research any costs on the *Business Forms Worksheet*, be sure to do that before the next session. Review the other worksheets that you worked on during Session 13 class time. Write down any questions you have, so we can discuss them at the start of Session 14.

If you didn't finish your *Cash Flow Projection Worksheet* from Session 12, this would be a great time to catch up on it!



Writing Your Business Plan

Use the information you've gathered, and the worksheets in this session, to write the following section of your business plan. Follow the headings and subheadings just as they appear below.

Section IV. Business Organization

C. Managing Books and Records

Review your Recordkeeping Checklist Worksheet and the answers to questions 1 through 5. Describe how you will keep track of your bookkeeping and recordkeeping activities. State who is responsible for the key activities, and how you as the owner/manager will follow up periodically. (You may want to include a copy of your Recordkeeping Checklist Worksheet in this section.)

Please Note: This written section is part of Section IV. Business Organization, since it deals with a management issue of the business.