



6 CRUCIAL FINANCIAL MANAGEMENT SKILLS

to Drive Your Business Forward

DID YOU KNOW?

60% of small businesses fail in their first year of business and one of the main reasons is a lack of financial management and knowledge?

"Growth Challenges of SMEs, 2020"
ASEAN Entrepreneurship Journal (AEJ)

The art of business finance management can be tricky to master but you don't need a degree to build an empire! Here are the six financial management skills all successful SME business owners have.

Overseeing Budgets

Budgeting can be a great way to maintain a healthy cash flow by allocating funds for expenses and savings effectively. Create a comprehensive and objective financial record by identifying your revenue stream and categorising your expenses.

Bookkeeping

Whether you choose to self-manage your business accounts or hire a professional, bookkeeping is vital to understanding your business' long-term financial health. This includes recording, organising and tracking your business' transactions.

Understanding Financial Statements

Grasp the key financial statements of your business: income statement, balance sheet, and cash flow statement. Mastering and analysing these statements will reveal your business performance, liquidity, and stability that offers insightful business understanding.

Building Credit

Prioritise business credit alongside personal credit. A strong business credit reflects trustworthiness and unlocks financing options such as acquiring loans, essential for driving your business forward.

Managing Financial Risks

Safeguard your business from challenges like economic shifts and supply chain disruptions. Determine what are the key risks that could affect your business directly and set a protocol in place to minimise them.

Investing Strategically

Scaling up your business is every small business's dream. Harness the power of strategic investments – from research and development to market expansion – and supercharge your business for the long run.

Key takeaway

- Mastering these financial management skills is how you take proactive care of and take charge of your business.
- By honing your abilities in these areas, you empower yourself with the knowledge and tools to navigate complex financial challenges.

With a strong financial foundation, you can shape your business's financial road map and pave the way for a thriving future.



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