



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.

1. **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.

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2. **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.

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3. **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.

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4. **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.

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5. **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.

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6. **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.

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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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