

Keep Your Business Finances in Order With These 6 Tips



[Thomas Smale](#)

Contributor

Founder of FE International

November 4, 2015 6 min read

Opinions expressed by *Entrepreneur* contributors are their own.

Do you find managing your business finances to be a pain? Although it may appear to be, and often is, tedious, keeping your finances in order is extremely important.

It helps you to project where your business is headed, and when you know exactly how your revenue and expenses are stacking up, you can begin to make more informed decisions for your business. Maintaining your financial records also makes tax reporting and payments a lot more manageable.

Don't try to do it all alone. Leverage the talent and the tools that are available to you. Here are six tips to help you keep your business finances in order:

1. Keep your personal and business finances separate.

Mixing your personal and business finances will inevitably result in confusion. It might seem convenient to charge everything to a single card, but ultimately this will make tracking your spending far more complicated than it needs to be.

Begin by opening separate bank and credit card accounts for your business. For the ongoing tracking and measuring of your finances, and for tax purposes, this practice will take a major headache out of sorting your transactions every quarter, or every year as the case may be.

This will also take the guesswork out of the equation. If you want to be successful in business, you need to be able to monitor and track your key performance indicators. You need to know the score, and some of the most important elements include cash flow, expenses, revenue, profit and so on.

2. Choose accounting software that makes sense for your business.

When it comes to accounting software, there are a variety of different solutions. Think of [Xero](#), QuickBooks and Freshbooks. The [best online accounting software](#) depends on your business, and it's worth considering several options before making a decision.

If you haven't moved your financial data from desktop software to the cloud yet, that should be your first order of business. Cloud-based tools allow you to view real-time insights, and they can be accessed from anywhere at any time. The ability to keep an eye on your finances on the fly gives you a great deal of flexibility as a business owner.

If you've already picked out an online solution, ensure that it's the right one for you and your business. Today more than ever, there are a myriad of options to choose from, and if you aren't satisfied with your current service, you can always make the switch to another platform that better matches your needs.

3. Consider hiring a professional bookkeeper.

Most people aren't numbers people, and will never be excited about them as much as accountants or bookkeepers are. If managing your own finances is starting to get on your nerves, it's time to look into hiring a qualified bookkeeper.

Many entrepreneurs have a tendency to try to handle everything themselves. But as with legal matters, the granular elements of small-business accounting aren't usually within a business owner's wheelhouse.

Although it's easy to balk at the expense of working with a bookkeeper, they will be able to help you save money over the long haul. You'll be freed up to work on high value tasks that keep the business moving forward, while your bookkeeper handles the tedium of number crunching.

4. Stay organized and plan ahead.

The aforementioned tips should help with keeping your finances organized. Moreover, monitoring your finances and projecting future revenue and expenses will enable you to make better long-term decisions for your business.

Without this information, planning ahead can prove challenging. If you aren't looking at the future of your business, you could be taken by surprise. If you want to get ahead and stay ahead of the competition, you should plan as much as 10 years in advance.

You'll be able to mitigate unwanted surprises if you stay ahead of the ball. Even if unexpected expenses do rise, if you've been practicing conservatism in your spending, you shouldn't run into any major problems.

5. Make a budget.

Part of staying organized and planning ahead should include creating a budget. Many business owners view this step as dull and unnecessary, but the importance of a budget could be equated with the value of a well-formed business plan.

A budget is not a tool for planning out how every penny should be spent. Rather, it's a framework that you can use to help you make clear-headed decisions, whether it's increasing your marketing spend, or cutting expansion costs to keep your profits on track.

Make a budget and use it as your guide. Don't allow it to force you into decisions you don't want to make, but use it to make adjustments when and where necessary.

6. Find a trusted credit union in your locality.

Credit unions are invaluable to small-business owners, especially since they are often willing to provide loans at competitive rates. Make it a point to seek out the best one in your locality, and make sure they understand your business needs. The partnership could prove immensely beneficial.

Some of the other advantages of credit unions include fewer transaction fees and account service charges, as well as flexible, customized services.

Since credit unions are not answerable to shareholders, they are empowered to put your interests at the forefront. Credit unions also keep profits within the community, and help budding entrepreneurs get their dream businesses off the ground.

Final thoughts

The reality is that many business owners do not keep track of their finances. Whether you know it or not, this could mean missing out on opportunities to minimize your expenses and maximize your profits.

[Preparing online business accounts](#) can take time, but the end result is worth the effort. Even if you don't consider finances to be the most important part of your business, streamlining your process will allow you to develop a straightforward step-by-step process as opposed to a search-and-find initiative.

Make the effort to simplify the organization of your business finances moving forward. This will allow for long-term stability and sustainability.