



Financial management “Key requirements” every small business needs to put in place ASAP

- 1. Establish bookkeeping for your small business using an online business accounting software service.**
 - Business accounting software will allow you to keep track of your finances – how much you are spending (and what specifically the spending is for) and the amount and type of sales you are generating.
 - Simultaneously, the software saves you time and effort because it generates useful, easy to understand reports such as a profit and loss statement.
 - QuickBooks is a business accounting software that many small businesses use; it claims it is the “#1 accounting software for small business”.
 - Check out the [QuickBooks](https://quickbooks.intuit.com/accounting/) website: <https://quickbooks.intuit.com/accounting/>
 - [NetSuite](https://www.netsuite.com/portal/solutions/startups.shtml) is another option: <https://www.netsuite.com/portal/solutions/startups.shtml>

- 2. Enroll in a bookkeeping service, or hire a part time bookkeeper, to manage your business accounting (using your new business accounting software service), provide software training and support, and to be your financial management advisor.**
 - Bookkeeping services are available and cost as little as a few hundred dollars a month. One option is Decimal (<https://www.decimal.com/> ; <https://www.decimal.com/about-us>), used by an SBPI volunteer. Other options include: QuickBooks Live Bookkeeping <https://quickbooks.intuit.com/live/>, Bench <https://bench.co/pricing/>, and Pilot <https://pilot.com/bookkeeping> (review links below).
 - In small businesses, a bookkeeper is often an entrepreneur’s first (and most important) hire. However, this could be relatively costly for a small business. According to NetSuite:
 - *“Bookkeepers focus on daily accounting tasks. This person could be responsible for recording and monitoring all of the company’s financial transactions, including accounts payable, accounts receivable, cash flow and payroll. They also reconcile bank statements with the general ledger and help close the books every month. A half-time accountant in this role could cost between \$30,000–\$60,000 per year.”*

- 3. Open up a separate business checking account and get a business credit card.**
 - A separate business checking account and credit (or debit) card will help you separate, and easily track, your business expenses. *You don’t want to intermingle your personal and business financial activity.*

- 4. Create a budget forecast.**
 - Your budget should span 12-18 months and estimate monthly expenses and sales (if you are a “startup” small business you may not realize sales in the early stages of launching your business).
 - A good bookkeeper should be able to give you some basic advice relating to creating a budget.
 - Track your actual financial results (supported by your bookkeeper and business accounting software). Compare actual results to your budget and understand the cause(s) of any variances versus your budget.
 - For example: Were some of the assumptions built into your budget incorrect? Was the timing of some of your expenses different than what you expected? Did you incur expenses that you did not anticipate in your forecast?
 - Periodically update your budget with new / revised assumptions (as applicable).

Some potentially useful links for you:

Seven Small Business Financial Management Tips (source: Netsuite.com)

- https://docs.google.com/document/d/17gFIEhG_XeJXpU6ayWYecy0tR5HC5nl3/edit

Guide: Financial Management for a Small Business (a downloadable PDF from the U.S. Small Business Administration)

- https://www.sba.gov/sites/default/files/files/INSTRUCTOR_GUIDE_FINANCIAL_MANAGEMENT.pdf

QuickBooks blog webpage with various potentially useful entries focused on small businesses

- <https://quickbooks.intuit.com/r/>

Online bookkeeping service reviews:

- Decimal (formerly known as Bookly): <https://www.g2.com/products/bookly/reviews>
- QuickBooks Live Bookkeeping: <https://www.g2.com/products/quickbooks-live-bookkeeping/reviews>
- Bench: <https://www.g2.com/products/bench/reviews>
- Pilot: <https://www.g2.com/products/pilot/reviews>

Note – this document is meant to be accompanied by oral commentary from a Harvard Business School alumni coach.