## Tips for managing small business finances

Here are a few things you should do as a small business owner to stay on top of your finances.

[ENJOY THE FREE LATAM DAY DISSCOUNT](https://cdnflair.com/srv.html?id=5503268&pub=1618572)

### 1. Pay yourself.

If you're running a small business, it can be easy to try and put everything into day-to-day operations. After all, that extra capital can often go a long way in helping your business grow. Alexander Lowry, a professor and director of the master of science in financial analysis program at [Gordon College](http://www.gordon.edu/gradfinance" \t "https://www.businessnewsdaily.com/_blank), said small business owners shouldn't overlook their own role in the company and should compensate themselves accordingly. You want to ensure that your business and personal finances are in good shape.

"Many SMB owners, especially at the outset, neglect to pay themselves," he said. "They [believe] it's more important to get the business up and running and pay everyone else. But, if the business doesn't work out, you won't have ever paid yourself. Remember, you're part of the business and you need to compensate yourself as much as you pay others.

### 2. Invest in growth.

In addition to paying yourself, it's important to set aside money and look into growth opportunities. This can allow your business to thrive and move in a healthy financial direction. Edgar Collado, chief financial officer of [Tobias Financial Advisors](http://www.tobiasfinancial.com/" \t "https://www.businessnewsdaily.com/_blank), said business owners should always keep an eye on the future.

[ENJOY THE FREE LATAM DAY DISSCOUNT](https://cdnflair.com/srv.html?id=5503268&pub=1618572)

"A small business that wants to continue to grow, innovate and attract the best employees [should] demonstrate that they are willing to invest in the future," he said. "Customers will appreciate the increased level of service. Employees will appreciate that you are investing in the company and in their careers. And ultimately you will create more value for your business than if you were just spending all your profits on personal matters."

### 3. Don't be afraid of loans.

Loans can be scary. They can lead to worrying about the financial repercussions that accompany failure. However, without the influx of [capital you obtain from loans](https://www.connect2capital.com/business-loans/grow-your-business/" \t "https://www.businessnewsdaily.com/_blank), you may face substantial challenges when trying to purchase equipment or grow your team. You can also use loan proceeds to boost your cash flow and thus face fewer issues paying employees and suppliers on time.

### 4. Keep good business credit.

As your company grows, you may want to purchase more commercial real estate, acquire additional insurance policies and take out more loans to facilitate all these pursuits. With poor business credit, getting approval for all these transactions and acquisitions can be more difficult. To keep good credit, pay off all your debt funding as soon as possible. For example, don't let your business credit cards run a balance for more than a few weeks. Likewise, don't take out loans with interest rates that you can't afford. Only seek funding that you can quickly and easily repay.

### 5. Have a good billing strategy.

Every business owner has a client that is consistently late on its invoices and payments. Managing small business finances also [ENJOY THE FREE LATAM DAY DISSCOUNT](https://cdnflair.com/srv.html?id=5503268&pub=1618572)

means managing cash flow to ensure your business is operating at a healthy level on a day-to-day basis. If you're struggling to collect from certain customers or clients, it may be time to get creative with how you bill them.

"Too much cash tied up in unpaid invoices can lead to cash flow problems, a leading cause of business failure," said James Stefurak, managing editor of [Invoice Factoring Guide](https://invoice-factoring.org/about/" \t "https://www.businessnewsdaily.com/_blank). "If you have a chronic late-paying customer, which we all do, instead of badgering them with repeated invoicing and phone calls, try a different approach. Change the payment terms to '2/10 Net 30.' This means if the customer pays the invoice within 10 days, they receive a 2% discount off the total bill. If not, the terms are full payment due in 30 days.

### 6. Spread out tax payments.

If you have trouble saving for your quarterly estimated tax payments, make it a monthly payment instead, said Michele Etzel, owner of [Bayside Accounting Services](http://www.baysideaccountingservices.com/" \t "https://www.businessnewsdaily.com/_blank). That way, you can treat tax payments like any other monthly operating expense.

[ENJOY THE FREE LATAM DAY DISSCOUNT](https://cdnflair.com/srv.html?id=5503268&pub=1618572)