Financial Decision-Making Framework

Small Business Financial Literacy Guide

Provided by Clarity Impact Finance

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Systematic approaches to financial decisions lead to better outcomes and fewer costly mistakes.

Evaluating Investment Opportunities

* Payback period: How quickly will the investment return its cost?
* Return on investment (ROI): What percentage return can be expected?
* Net present value (NPV): Is the investment worth more than its cost?
* Strategic alignment: Does it advance your business goals?
* Opportunity cost: What else could you do with these resources?
* Risk assessment: What could go wrong and how likely is it?

Action Steps

* Create a standard evaluation template for all major investments
* Implement a decision-making hierarchy based on financial impact
* Document decisions and outcomes to improve future choices
* Develop a list of common financial pitfalls and how to avoid them