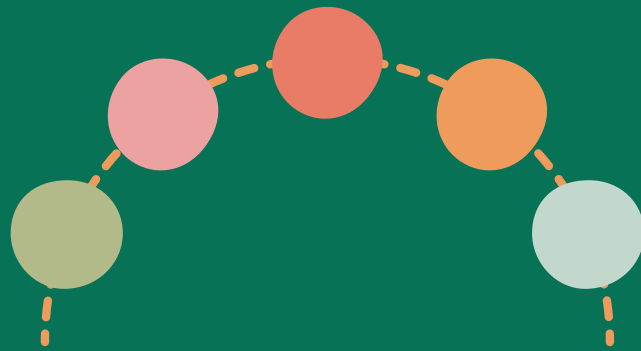




CARICHAM  
Centre of Excellence






# SMART MONEY HABITS EVERY BUSINESS OWNER SHOULD HAVE



This year is going to be your best financial year yet, you just have to figure out HOW to make that happen.

That's where money habits come in. There are five core money habits that every small business owner should adopt. If you keep up with these habits you'll totally have your financial dream life.

-  **Do Your Bookkeeping Weekly**
-  **Review Your Numbers Monthly**
-  **Save For Your Taxes Monthly**
-  **Pay Yourself Every Month**
-  **Clean Up Your Spending Every Year**



Habit  
Tracker

# Do Your Bookkeeping Weekly

## BENEFITS

- **It keeps your books up to date.**

You won't have to scramble during tax season trying to get your numbers together because you'll always have access to reliable numbers. When your numbers are organized, it's easier to collect and analyze them whenever you need to. Financial situations like applying for funding are 100 times easier when you have all your bookkeeping ready.

- **You'll catch errors early on.**

Bookkeeping builds off of itself. If you notice a problem week one, it will be much easier to work backwards and figure out what is wrong than it would be at week 10. Going back through weeks, and months, of bookkeeping mistakes, wastes time and energy and is stressful.

## HOW TO GET STARTED

Choose a day and time you can commit to your bookkeeping every week. The trick is to choose a day and time that will work for you. Do NOT choose a time when you are distracted or burned out.

If you are feeling down, overwhelmed, or tired, then you are not going to want to do your bookkeeping! It's all about creating a habit and setting yourself up for success to keep this money habit going.

## STICK WITH IT

Create a recurring appointment for your bookkeeping and keep it. Treat your finances like a client! You are going to meet with them every week on a consistent basis. You are going to prioritize your finances just like you would the most important meeting of your week.



# Review Your Numbers Monthly

## BENEFITS

- **You stay on top of your numbers.**

This is another way of saying that you know exactly what's going on in your financial system, which helps you spot any glaring problems in your business. You are actively thinking about your finances every month.

- **It connects your actions to your money.**

Reviewing your numbers consistently trains you to think about your money beyond just numbers on the screen. When you are engaged with your finances, you fine-tune your strategies for making more money.

## HOW TO GET STARTED

Here's what you are looking at:

Compare current revenue with the previous month's revenue. Ask yourself:

- Did I earn more or less?
- What income streams earned more or less?
- Why do I think that happened? (think critically about why your revenue was up or down)

Compare current total spending to the previous month. Ask yourself:

- Did I spend more or less than last month?
- What categories were my top spending categories?
- Why were they higher/lower than last month?
- Is there anything I can change to spend less in my business?

You can look at your numbers here and determine if you need to make any cuts or if you have flexibility to add on another necessary expense.

Look at your net income, which is everything that's left over after you subtract your expenses from your income. Ask yourself:

- Is my net income enough to cover my owner pay, tax savings, general savings, and debt payoff?
- Is my net income higher or lower than last month?
- Why was it higher or lower?



# ➤➤➤ Save For Your Taxes Monthly

## BENEFITS

- **It's easier for your cash flow.**

It makes paying your estimated taxes way more feasible because you are putting small amounts of money away at a time rather than pulling huge amounts of cash out of your business all at once.

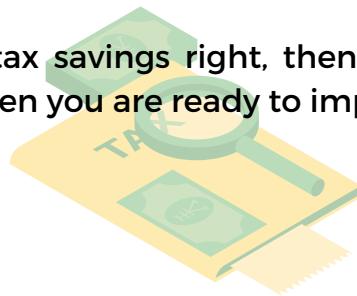
- **It protects you from a big tax bill.**

Estimated taxes are prepayments on your final tax bill. You will not know what that final bill is going to be until you file your taxes. These are estimated guesses about how much you will owe at the end of the year.

## HOW TO GET STARTED

Open a tax savings account. Think ahead on this one!

If you want to start your tax savings right, then you need to get a savings account. It will be there when you are ready to implement this money habit.



## STICK WITH IT

Add savings for your taxes to your weekly bookkeeping task list.

Again, this is one of those tasks that you will do the first week of the month and save for your taxes for the previous month. You can group this money habit with reviewing your Profit & Loss Report.

# Pay Yourself Every Month

## BENEFITS

- **It stabilizes your cash flow.**

This money habit stabilizes your cash flow because your business anticipates the withdrawal. It is difficult on a businesses cash flow to just take money away from it. When you take money out randomly, it will be difficult to plan for recurring bills or unexpected expenses.

- **It creates spending boundaries.**

When you pay yourself the same amount of money each month, it is easier to anticipate personal and business expenses. A lot of business owners neglect paying themselves because they would rather spend money on their business.

On the flip side, other business owners pay themselves too much, and then they don't have enough to cover business expenses or their personal spending shoots through the roof!

## HOW TO GET STARTED

Decide how much you will pay yourself and how often. Then you will decide how often you will pay yourself and when.

Be honest with yourself about what is going to work for you in terms of successfully managing your personal finances. Make these decisions before you start this habit so you are not sidetracked.

## STICK WITH IT

Create an automatic transfer for your owner pay.



If you are not comfortable with that, set up reminders in your calendar or phone and add it to your bookkeeping task list.

# ➤➤➤ Clean Up Your Spending Every Year

## BENEFITS

- **You'll stop wasting money.**

When you clean up your spending, you are spending less money. Which leaves you with more money to pay yourself with, save for your taxes or invest in your business.

- **You can reflect on your spending habits.**

It can be very, very difficult to reflect on your spending habits, but it can also be one of the best things that you will do. Ultimately, it will help you learn more about yourself. From here, you can work on setting goals for yourself or setting up new boundaries.

## HOW TO GET STARTED

- ✓ Set your goals
- ✓ Gather the information
- ✓ Write down recurring expenses
- ✓ Assign the expenses; essential, non-essential, not needed
- ✓ Decide on actions to take
- ✓ Schedule time to take action



## STICK WITH IT

Make your spending audit time a recurring yearly appointment. This one is a little different since it isn't a weekly or monthly task. When you set it up in your calendar this very first time, make it recurring so that you are reminded of the spending audit.

# FINANCIAL HABITS FOR A HEALTHY BUSINESS

## TASKS

- Do one thing daily for your money
- Schedule weekly time for bookkeeping
- Go through personal accounts & check for accidental business expenses
- Reconcile your books monthly
- Review profit & loss report monthly
- Make a business budget
- Check the budget before spending
- Review monthly budgets & make adjustments
- Pay yourself a set amount monthly
- Reassess your products & service rates annually
- Set yearly financial goals with monthly milestones

## RECEIPTS & PAPER CLUTTER

- Store receipts digitally or in a filing system
- Request invoices from all contractors
- Keep financial documents in a filing system
- Identify a dedicated storage space in bag for in store purchases

## GETTING PAID

- Add due dates & late fees to your invoices
- Set alerts for invoice due dates
- Send out late payment reminders every week
- Accept digital payments to increase cash flow

## DEBT & SAVINGS

- Make debt repayment a priority
- Save a reasonable percentage of what you make for rainy days
- Save for vacation and sick pay
- Open a retirement account & save monthly
- Create a debt management plan
- Reinvest profits into your business

## TAXES

- File taxes early and on time
- Make sure you fully understand your allowable deductions (and are not missing any)
- Remit payroll taxes & contributions
- Hire an Accountant