

## **Small Businesses Must Track Their Dollars**

Most small-business owners are not excited about handling the financial recordkeeping for the business, which should come as no surprise.

Instead, business owners often put it off until later and, quite often, the “later” means tax time.

“Not keeping good financial records can result in a multitude of problems,” says Glenn Muske, the North Dakota State University Extension Service’s rural and agribusiness enterprise development specialist. “At best, you may not maximize your return on investment. But the worst thing might be having to close the business and owing money to family, friends and even governmental agencies.”

Letting all of the other requirements of your business eat up your time is easy to do. You know you have to keep the shelves filled. Working with customers is a priority. And you must make time for marketing efforts. Plus, you must take family and personal time into account.

All of these time demands means that recordkeeping and accounting are pushed aside to be done later, at best, or not at all.

“Letting the financial details of your company slide must be avoided,” says (Insert name and title) of (Insert county). “Keeping the company on track means staying on top of the financial details, just as you do for all of the other parts of the business.”

Good financial tracking and recordkeeping helps:

- Protect against fraud
- Make sure bills are paid on time
- Keep accounts receivables from getting out of hand
- Maximize your return on invest
- Ensure that you make estimated withholding, Social Security and other required deposits
- Monitor expenses to keep costs under control
- Estimate cash flow so you can use excess cash the best way possible but also know when you might need a short-term loan
- Control costs

“If you are going to do your own financial records, the best way is to set aside a time each week to devote to the task,” says Muske. “Then develop a system for what tasks need to be done at what time.”

With technology, some of the tasks can be made very easy. However, a tendency is to assume that with technology in place, mistakes and safety also are covered. This is a fallacy. Even with technology, the owner must remain diligent regarding the financial situation of the company.

Another route many owners take is to get professional help in this area. This can be a great option, but again, the owner must stay alert and monitor what is going on. This means that you

must understand the general process to know when something looks wrong. Ask questions and do some spot checking on your own.

Small-business owners often report that two key elements help them keep track of the finances. First, the small financial details quite often are what get a company into trouble. Second, keep it simple. You can have an incredibly complex system, but if it keeps you from keeping up, you are perhaps worse off than before.

Finances are as important as customers coming in the door. Make sure you take care of your finances.

For help in developing your recordkeeping and financial controls, locate an accountant who understands you and your business. Check with your local Extension Service office at [insert phone number and email address] for help as well. Also visit NDSU's small-business support website at [www.ag.ndsu.edu/smallbusiness](http://www.ag.ndsu.edu/smallbusiness) and sign up for the monthly newsletter. Or check out Facebook at [www.facebook.com/NDSUextsmallbiz](http://www.facebook.com/NDSUextsmallbiz) or Twitter at @gmuske.

Other resources include <http://powerofbusiness.net> and [www.eXtension.org/entrepreneurship](http://www.eXtension.org/entrepreneurship). The Small Business Administration and its related organizations, such as the Small Business Development Centers and SCORE, also can be valuable resources.

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