

Money Matters.....

Wise management of capital is key to business survival

More than half of all businesses fail in their first four years.

The reason is often cash flow - spending all initial capital before generating income.

Sales can be strong, but if inventory gets too high or customers stretch out payments on invoices, a company will soon be in trouble.

Here are a few suggestions to help avoid the same mistakes others have made:

1. Have a financial plan as

well as a business plan. Write a financial plan that will help you concentrate on cash and credit requirements over five years. Determine how and where growth in sales, personnel and space will affect your cash flow. By development a long-range plan you will be able to address the company's future needs.

2. Control cash tightly. Pay slow; collect fast. Insist on short terms with your customers. By accelerating receivables and stretching out payables, you can

buy time.

3. Lease instead of buying - not only copiers, computers and office space, but office furnishings as well. Renting office furniture is often a better option than purchasing. No down payment is required up front, so you save cash. Rental fees are treated as a direct monthly operating expense. This frees you from annual IRS depreciation schedules, and payments are usually tax deductible.

4. Consider part-time or temporary workers.

Perhaps you can staff-up for busy periods with temporary workers.

5. Maintain a quality image. Rental furniture also can give you a quality image, even when you are just starting up. A wide variety of furnishings and accessories are available from furniture rental companies.

6. Plan for growth. Growth, even in tough economic times, is important for business survival.

Recent statistics indicate that small businesses' chances of making it are more than 250 per cent higher if they add even one employee during their first two years.

7. Don't cut corners for short-term gain. Make decisions that allow for change. For instance, lease office space with an option to expand at the same rate. Sign furniture rental agreements that include buy-out options enabling you to apply rental payments toward a purchase.

MONEY CONCEPTS

The Money Management People



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Your Week Ahead Horoscope

- ARIES**
Mar. 21-Apr. 19
Your expertise in financial matters could be put to further use. This is a good time to consider a part-time job as a tax consultant.
- TAURUS**
Apr. 20-May 20
Change is inevitable. Don't be afraid to jump on the band wagon. You will have to make the transition sooner or later.
- GEMINI**
May 21-June 20
A business expansion could be the answer you are looking for, but don't jump at the first offer that comes along.
- CANCER**
June 21-July 22
Sharing important information with friends and family will make you feel better. Help will come from an unexpected source.
- LEO**
July 23-Aug. 22
Your dreams of love and romance could be fulfilled. Look behind an open door to find what you are looking for.
- VIRGO**
Aug. 23-Sept. 22
Postpone any business trips for at least two to three weeks. Stay close to home and family for the time being.
- LIBRA**
Sept. 23-Oct. 22
Sharing a secret with one you love will bring you closer than ever. Be honest with everyone, but especially with yourself.
- SCORPIO**
Oct. 23-Nov. 21
Your emotional health needs a little medication. Talk to a counselor if necessary; just don't keep problems bottled up.
- SAGITTARIUS**
Nov. 22-Dec. 21
Socialize with friends you haven't seen in a while. Renew old acquaintances and make new ones. Enjoy a new atmosphere.
- CAPRICORN**
Dec. 22-Jan. 19
Your investment decisions have shown promising results. Continue in this vein but don't become over-confident.
- AQUARIUS**
Jan. 20-Feb. 18
Mate agrees with you to keep the peace. This could cause problems down the road. Get problems out in the open.
- PISCES**
Feb. 19-Mar. 20
If you persist in having your own way, you may be taking the road alone. Listen carefully to friends, family and co-workers.



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