



Financial Management

The Basics



Finances



- Talking about money can be a scary thing
- Many aren't familiar with accounting terms
- Many have negative experiences with money
 - Grew up poor
 - Had to go in debt for something and struggle to repay it
 - Never had an environment in which money was openly discussed
 - Gender divide in relation to money
 - Woman differs to man for financial matters
 - Woman unfamiliar with investment terms
 - Woman unfamiliar with banking terms / loan terms
 - See more.

Finances



- Money can be a very touchy subject
 - Everyone uses it
 - Everyone needs it
 - Not everyone is comfortable talking about it
- People are afraid of taxes / the Canada Revenue Agency
- The more comfortable you are with speaking about money, the stronger your position for launching and growing your business

The importance of financial management

- Helps business owners understand their costs and revenues
- Helps businesses manage their cash and credit
 - Too much cash on hand indicates poor investment in the company or lack of profit distribution
 - Too little cash / credit can create problems for paying invoices and staff
- Proper financial management enables you to have better conversations with your accountant and business support professionals
 - The more organised you are, the more time can be spent on strategy and business development instead of trying to get you organised
 - You can't have a good conversation about your business if you don't know where your money is going and how much money you need to grow your business
- Take financial literacy courses
- [Small Business Centers Ontario](#)
- [The financial literacy of Canadian entrepreneurs](#)
- [Financial fundamentals I](#)
- [Financial knowledge quiz](#)
- [Entrepreneur's Learning Centre](#)



Building financial supports

- Use of a financial tracking program
- Hire a bookkeeper
- Hire an accountant to do your taxes
 - Don't just defer to your accountant or bookkeeper
 - Get familiar with the numbers and their meaning
 - Ask questions
 - Learn the terms
 - Understand the condition of your business and what the numbers are telling you
 - Condition of sales
 - Condition of assets (depreciation)
 - Condition of equipment
 - Staffing
 - Are you paying them too little and that causes higher turnover rates
 - Insurance
 - Are your rates competitive
 - Are you underinsured or overinsured
 - Opportunities to save money
 - Opportunities to invest money



Building financial supports

- Have regular conversations with your banker to go over projections and financial needs
 - It is particularly important for women entrepreneurs to have regular conversations with their bank
 - If your contact at the bank doesn't contact you regularly, reach out
 - If the bank doesn't take you seriously, go to another bank that does
 - Women / newcomers/ BIPOC – it is vitally important to familiarize yourself with money, finances, and accounting
- Be aware of tax incentives and implications for your business
- Establish a line of credit when the company is doing well to maximise the amount of money you can borrow at a future time and to reduce the interest rate (terms of the loan)
 - Have the line of credit as a back up to help manage cash flow slumps

Financial management includes

- Having a system to invoice
- Having a system to track which invoices are paid and which are outstanding
- Having a system to pay taxes in timely manner
- Document tracking
- A way to identify your costs and revenue in a timeline manner (though a programme)
- A way to identify which documents to keep and for how long
 - For internal and external audits

Sound financial practices include

- Tracking expenses
- Tracking revenue
- Budgeting
 - Forecasting your sales for the next year
 - Identification of peaks and valleys in sales cycles and having a plan in place to ensure you have enough cash flow throughout
 - Having weekly or monthly reviews of accounts
- Keeping back ups
 - If you use a pen and paper system, create a regular back up
 - If you use an online system, download a back up regularly
- Monthly/quarterly/yearly reminders to submit HST filings
- Reminders to renew incorporation documents and filing fees
- Reminders to pay corporate taxes
- Financial practices if a sole proprietor to keep enough money aside to pay HST and taxes