# Financial Literacy 101: The Beginnings Of Managing Your Money

By: Joanne Leu

Learning about finance will greatly impact your future, as an entrepreneur or business owner. Why? Because educating yourself on managing your money will benefit how you control your money. Entrepreneurs and business owners can take finance courses in universities and community colleges if offered. Even without classes, they can find resources to start with the basics of managing their money. For instance, they can find articles from their search browser, as well as watch videos from YouTube.

Alanna Ritchie's article "Investing in a Business," states that when starting a business, you should create a business plan. Having a plan will be "vital for achieving stability and success" and will "help you determine the size and scope of the business, from overseeing employees to choosing vendors" (Ritchie). Ritchie mentions that the Small Business Administration (also known as SBA) suggests that every business plan should include:

1. Executive summary
2. Market analysis
3. Company description
4. Structure
5. Description of product or service
6. Sales strategy
7. Pro forma/projected financial statements

Next, beginners should start earning money to start their new business. It can be from part-time, full-time jobs or help from friends and family. Ritchie has listed 12 tips on what to do:

1. Pay yourself during the transition from working part-time at another job to full-time at your business.
2. Bail yourself out when business savings run out.
3. Start repaying a business loan.
4. Increase cash flow to cover operating costs and pay vendors in a timely fashion.
5. Increase production of inventory as seasonal demand grows.
6. Cover payroll.
7. Cover periods of waiting for clients to pay the business for products or services.
8. Pay quarterly estimated taxes to the IRS and state taxing authorities.
9. Handle operational costs during slow periods.
10. Protect investments by avoiding selling shares.
11. Expand the business.
12. Avoid bankruptcy.

Next, young entrepreneurs and business owners should think about the structure of their business. Ritchie suggests these options:

1. Sole proprietorship
2. A cooperative
3. An incorporated company
4. A limited liability company (LLC)
5. A partnership
6. An S Corporation

Once a structure is chosen, entrepreneurs and businessowners should “register your business with the state and federal governments and secure an Employer Identification Number from the Internal Revenue Service. An EIN is business identification number — think Social Security number for businesses — that gives you tax advantages and instills credibility" (Ritchie). After that, they should consider how quickly their business will earn profit as there are factors implemented. These components are:

1. Total startup costs (including how much you borrow)
2. Number of people you employ
3. Expenses of maintaining the business, including vendor costs
4. Sales of product/service
5. Speed of business growth
6. Economic climate

After learning the basics of starting a business, entrepreneurs, and business owners should consider reading these articles:

1. 3 Key Business Finance Tips for First-Time Entrepreneurs
2. 7 money lessons from experienced entrepreneurs on better ways your small business can spend and save
3. 10 Tips for Managing Small Business Finances
4. Small business owners share their best advice for starting your own company

**Works Cited**

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3 Key Business Finance Tips for First-Time Entrepreneurs | Built In

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