5 financial tips to avoid a disappointment when undertaking

When starting your business, take these tips into account to manage your finances. They will make it easier for you to break even!

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In the first phase of the **economy of a company** , the main concern in the mind of the entrepreneur is to be able to survive and find effective models to generate income. Despite the preparation that we may have from an academic point of view, there are certain areas where only experience can help to carry out the business.

Above all, you should always have realistic planning and expectations about the **financial projections** and times that your company needs to break even and then be profitable.

Next, we give you some tips with which you can avoid more than one disappointment when undertaking and will allow you to be more prepared for the reality of an SME:

Reserve funds

Your financial plan must be realistic. Every venture generates more expenses than income in the first months of operation and calculating a three-month treasury may be insufficient. You must consider the long term and avoid at all costs a financial drowning caused by debts or liabilities. It contemplates larger reserves, to be able to invest in a considerable

product catalog and manages the expectations in its sales time.

Payment terms

Always keep in mind the payment terms. Generally, large companies abuse dates of 30, 60 or 90 days to cancel an invoice, which can mean big problems for a company that is just starting. On the other hand, working together or for the Public Administration generates similar inconveniences, which are often accentuated by the bureaucracy.

Excess advertising spending

Every business that starts must control its expenses. Despite the fact that many outflows of money are more than justified, it is necessary to have an order, not to abuse the lines of credit and not to end the reserves. Although it is important to publicize your brand, in the beginning, excess advertising spending can be detrimental. Effort should be devoted to cost analysis and considering when the return on investment will be realized.

Therefore, it is recommended that in your beginnings you bet on lower cost means such as social networks and **digital marketing** tools in general. It is very important that you define your strategies well and define your return on investment.

Weekly reviews

Keeping the accounts up to date is always beneficial for any company. In many cases, a slight miscalculation can throw finances out of balance and alter the business plan. It is advisable to carry out weekly balances, which will allow you to have more precise control over expenses and income.

Delinquency

Having delinquent clients is a situation in which no entrepreneur wants to be. You should always ask yourself if the customer is dissatisfied or if they really have financial problems. Faced with disappointment by our products or services, it is recommended to act quickly, offer replacements or give a complementary service, which will leave you pleased and allow you to unblock the debt. In the event of a bad financial situation, you should consider all legal options to settle outstanding accounts.

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