

Decisions and Money

Everyday there are decisions on whether you will buy this or pay for that. How do you make decisions such as, "should I rebuild my website," or "should I hire an assistant?" Is the answer based on fear of not having enough money or is it based on a clear vision of your business and a business plan that maps out how and what needs to happen to allow your business to grow? Small business owners are notorious for making decisions for their business based on cash flow.

One of my clients recently said, "It is all a risk. How do I know if this new idea is worth funding?" What's true is that if you didn't want any risk you would still have a job that pays you a steady and consistent paycheck. You would know exactly how much you would get every two weeks. In a small business it is different. In order to minimize the risk, you make projections based on a plan. The plan is based on a vision and a map of where you want to go and how you plan to get there. Once you know your plan, there are certain things you have to spend money on in order to make it happen. Hiring people to help you, setting up an e-commerce website or joining a networking group are all things that could help move your business forward if you do your homework and are willing to take the risk now for the benefit later.

A woman I worked with last year gave up her steady corporate paycheck, put out a shingle for her new consulting business and expected money to begin rolling in right away. She didn't want to borrow any money so the stress began around how to get more clients. Poor decisions then followed around spending money on her business. She didn't want to spend any money until she was earning more. It's the chicken or the egg thing. She decided to not join the chamber, not take a small business seminar and not build a better website. This is a trap that many self employed people fall into. It could be that the new website or seminar is exactly what she needed to help grow her business but her fear took over.

Answer these few questions as a self assessment. There are no right answers. It is only for self awareness.

1. Is your main focus on attracting more clients or is on setting up systems that will make your business more sustainable?
2. Are your money decisions based on cash flow or your business plan?
3. If you could instantly put more money into your business where would it go and why?

I have also seen many people begin a business and spend money incorrectly at first because of not having a clear plan and enough information. It is a fine balance but I have never heard of a successful new business that has not had to spend money first. Building your business is an investment whereas working for someone else is only a job.

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