

Financial Management for Startups

“Money in the bank is like toothpaste in the tube. Easy to take out, hard to put back.” Earl Wilson

Startups tend to overlook the significance of how their money is managed. The success of a new company is not based solely on revenue generation.

It is imperative to know how the money is being spent in your company. Creating cash flow reports and budgets will help you pinpoint how much cash will be available in the near future. These funds may not yet be accessible, but it is crucial to know whether you are making or losing money. Keeping an eye on your financial reports will prevent financial issues from sneaking up on you.

Know Where Your Money is Going

You must have a solid business plan and a budget that supports those plans. A budget is a guideline that can be used as a powerful resource for your cash management. Without it, you are flying blind.

There is no set approach to allocating a certain budget to each department within a company. This will depend on the type of business and how you are planning to grow. Some companies may invest their money in their marketing departments, whereas, others prefer to invest first in product development.

The point of planning and reporting is you should be aware where your cash is going and why. Review the performance of each department and consider whether you need to start allocating your resources elsewhere. Track revenues and expenditures; designate funds to the spending accounts you feel are most beneficial to your business evolution.

Spend Your Money Wisely

Once your business is more stable and matured, a critical area to focus on is saving money. Whether you're cutting back on expenses or stashing the profits away, it is important to properly manage your assets.

As an example, try to cut any unnecessary expenses by outsourcing certain functions to reduce payroll costs or purchasing used equipment or furniture. Evaluate if it makes sense to invest profits back in the business, save funds for unexpected costs or show healthy profits to investors and bankers. Your strategy will differ depending on whether you want to focus on growth, borrow money or sell your business.

Outsourcing can be Your Most Profitable Solution

Pacific Crest Group

Back Office Solutions for Bay Area Businesses

<http://www.pcg-services.com>

How are most businesses created? It starts with an innovative idea that is transformed into a profitable asset. Oftentimes, you may feel it is necessary for you to complete every project yourself. This can be detrimental to your company's growth and financial success.

Wearing too many hats may seem like the easiest way to reduce expenses; however, how you invest your time is the most important decision you will make regarding the growth of your organization.

Evaluate the functions you handle and analyze what it would cost to outsource each specific task. This will allow you to identify the best way to invest your time and energy in more valuable objectives and achieving the greatest return on your investment.

Outsourcing can be best seen as a strategy, that enables you, the business owner, to dedicate your time to growing your enterprise.

How We Can Help You

[Pacific Crest Group \(PCG\)](#) provides professional services that keep your business focused on your critical objectives. We provide strategic Accounting and Human Resource (HR) services created specifically to help you meet your goals. Through exemplary customer service, clearly defined policies and procedures as well as a forward-looking perspective, we provide the outsourced solutions your business needs to grow. A PCG professional is happy to meet with you to discuss solutions for your unique requirements designed to maximize all of your business opportunities.