

How to make a make a financial plan for your business? You must!

60 % of female business owners do not make a financial plan.

It is therefore not a surprise that 35 % of female entrepreneurs have less than 25.000 euro turnover. You cannot call that a business!

In 2016 I studied female entrepreneurship because there was so little to be found on the internet about women in business, in my country Holland. I questioned nearly 400 self-employed entrepreneurs and business owners.

Some of the results shocked me. (if you are interested in the total report, you can download it for free here). <http://powerfulbusinessacademy.com/download-free-report-how-women-do-business/>

I remember very well that I was well on my way as a business owner when I made my first financial plan. It was only after 15 years that I decided I needed to make one.

So you don't need to tell me that it is possible to run a business without one and my business was making a profit. Although that always was a lucky surprise to me. But I can also tell you how stupid it is not to make one. Only when I started making a financial plan I realized how much it helped me to gain control over my business.

It gave me more confidence, I had a tool which I could monitor. I now felt like a real business owner.

Why did I not make a financial plan earlier?

Maybe you recognize some of my reasons as some of your own?

- In the beginning, I did not even know that as a business owner you were supposed to make a financial plan.
- I had no idea how to do it?
- I postponed it and told myself I had no time and I was making a profit so why bother.
- I did not want to admit to other business owners I did not do it and that I did not know how to do it.
- I felt stupid for not making one. I seemed that all the other business owners I spoke to did make a financial plan.

The biggest mistake many entrepreneurs make

They outsource their finances, which is totally fine. But this is also the reason why, often, they have no clue how they are doing financially.

I am a firm advocate of outsourcing whatever you are not good at or what you don't like to do.

But you need to know your numbers.

Usually, a bookkeeper does what you ask them to do. So you need to know what to ask.

Most female entrepreneurs

- Do not know how to read their annual financial report

- Get their financial report far too late, when the next year is well on the way. Sometimes even as late as November!!
- Do not understand that when they make a profit, how it is possible that they can still have too little money to pay the bills.
- Don't make a financial plan.
- Have no idea how much their fixed monthly expenses are.
- Don't know what their turnover was last year if I ask them in January or February.

For me, this is so weird and this needs to change!

Overall women are naturally not very good at finances. Now you cannot be good in everything but finances are an essential part of business.

Although I know many women want to argue with me about this. Most of the time these are exactly the women who do not have a thriving business. Often it is easier to say that money is not that important than to have a good look in the mirror and acknowledge that they are being ignorant.

Yes, you need a very good service or product and yes you need to give a lot of value. But money makes doing all of this possible. Your business cannot grow without money and it all starts with knowing your numbers.

Only then you can see which actions you need to take.

For example:

- Investing
- Expanding
- Cutting down on expenses
- More marketing
- More sales
- More staff
- etc.

Here are the basics of making your first financial plan

- First of all, you need to know the turnover of last year.
- Next, you need to know how much you want to increase your turnover next year.
- You need to know all the expenses you have. The fixed ones, production expenses and the incidental ones.
- Fixed expenses: expenses you have regardless of producing your product or service.
 - rent of office space
 - interest
 - office supplies
 - cars
 - depreciation
 - machinery that is not producing
 - etc.
- Producing expenses: expenses you have to produce your product and/or service
 - launch expenses to launch a new product or service

- the making of your product or service
- etc.

- Incidental expenses: expenses that are not regular
 - celebration event
 - investing in equipment
 - etc.

- Next thing you need to know is; what are the categories that your expenses will be allocated to. Some examples:
 - Marketing
 - PR
 - Salaries
 - Rent
 - Internet
 - Travel
 - Cars
 - etc.

How do you know how much you did spend for each category?

Most of the time your bookkeeper will do this without even asking you. You just ask for this overview. This is a very good exercise to do because then you will see immediately how much you spend on each category. And often you can see very easily where you can cut expenses if you need or want to do this.

If you have different products and services you can allocate how much you want to make per product or service. See what it was like last year. Think of which promotions you want to do and then predict how you want it to be for this year.

If you want to grow your business; usually this can be done by increasing the marketing and or sales activities, both online and offline. If you want to grow substantially you need to allocate more money to salaries, because you will need to employ or hire more staff.

Now you know how much you want to grow and what all your expenses are. Your expenses should be less than your turnover. The difference is your profit.

How do you set a target?

Next, you need to look at when are your productive months. Every business has month's that are destined to be better than others. Due to seasonal influences, holidays or other issues.

How many productive months do you have? If this is 10, you divide your total turnover by 10 and that will be your monthly target.

So every month you need to make a minimum of this amount to stay on track with your financial plan. This means you need to stay on top of your sales. It is good to check this once a month, but better to do this every week. If you are behind you know you need to start making some phone-calls, or increase the advertising budget or see what else you can do to get more clients.

You can either allocate the moment that you confirm the sale to your monthly target, or the month that you can send the invoice. That is up to you. I did the latter. It is especially important to know this by the end of the year.

It is easier than you might think

All of this might seem like a lot of work. The first time I made my financial plan, took me half a day, so that is not so bad.

And guess what. It became so much easier for me to make money. Every month I knew whether I was on track or not. I felt a lot more relaxed, at ease and in control. Also, I knew when we needed to step up a little more and take some more action.

So start making your financial plan now!

And I think it is important to say that together with your financial planning you also need to make your year planning for all aspects of your business i.e. marketing, training etc. Once you have allocated budget to the various categories, what actions are you going to take to spend this money and by when and with who?

If you want to know more about how women do business?

Buy my book. Maximum Business Growth for Women
<http://www.MaximumBusinessGrowthForWomen.com>

If you do business internationally, have a look at my website:
<http://www.PowerfulBusinessWomen'sNetwork.com>

Have a look at my website <http://www.PowerfulBusinessAcademy.com>
Unfortunately out of the air (1st of July 2018, we will rebuild it)

Or apply for a free next level consultation of half an hour.
<http://powerfulbusinessacademy.com/next-level-consultation/>

To your success.

Tineke Rensen

Tineke Rensen has been in business for 28 years. She built an international Outdoor and Survival business from scratch and sold this after 22 years.

She was a national whitewater kayaking champion.

She now is one of the most all-round business accelerators you can find. There are very few topics she cannot help you with in your business. Many people find it hard to believe how much she can help with. How much do you think you know about a topic if you live it day and night for 28 years?

She works with female business owners to grow them to their full business potential. She uses her own system the “Blueprint for a Successful Business Makeover”.

This what people say about her <http://powerfulbusinessacademy.com/testimonials/>

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