10 Financial Tips to Help Every Micro Business Owner

Whether you're a solopreneur, freelancer, side hustler, or small business owner, there are unique challenges you face and specific solutions you need to move your business forward. Here are 10 tips to help make sure it not only survives, but thrives.

Become creditworthy

Regardless of the bank you might choose for your business, becoming creditworthy is important for gaining access to capital. Keep in mind the 6 C's of lending: character, cash flow, credit, collateral, capacity, and conditions. And remember-lenders will want owners to contribute at least 25% of the capital and will usually need to see cash flow equal to 1.3x the debt.

Seek out alternate sources of funding



If you can't get-or don't want-a traditional bank loan, crowdfunding or getting a CDFI loan are two great options. CDFls (Community Development Financial Institutions) cater specifically to underserved entrepreneurs and low-income communities.

Manage cash flow



Managing how much money comes in versus how much goes out is essential for every business. To do this, it helps to forecast expenses and earnings, create a cash flow budget, and improve inventory management by keeping your record-keeping up to date.



Choose the right entity structure for your business



Choosing the right structure for your business is a critical decision that will affect many things. Whether you become a sole proprietorship, S or C-corporation, LLC, or partnership, the type of business entity should depend on three main factors: liability, taxation, and record-keeping requirements.

Separate your personal & business finances

While it may seem easier to keep your personal

and business funds in one account, it's much smarter to keep them apart. This allows you to easily track your cash flow, make your accounting more efficient, take advantage of tax deductions, and protect yourself from liability.

Stick to a low-cost marketing plan to attract customers

With social media marketing and other forms of digital advertising, micro business owners no longer need enterprise-level marketing budgets to promote their businesses. And most modern digital marketing tools are simple and intuitive to use.

Use digital tools to help complete tasks

Handling several jobs at once can often be difficult for a small team and nearly impossible for a single person. To automate and streamline many of these tasks, there are plenty of digital tools, including accounting software, project management platforms, and point-of-sale systems, with inventory management features.

8

Protect yourself and the business

As a micro business owner, your business often depends entirely on you. If things take an unexpected turn, it's good to ensure you and everyone who depends on you-family, employees, and customers-are covered. This is what life and disability insurance are for.



Know your ratios



There are a few ratios all micro business owners should be aware of: employees per sq. ft., sales per sq. ft., and revenue per employee. Learning these can help to streamline your business, assist with cash flow, and increase profits.

10

Get free small **business support services**



Micro business owners can get free support services offered by nonprofits and government agencies like SCORE, the nation's largest network of volunteer, expert business mentors. There, you can get access to business mentoring both in person and remotely.

Visit MassMutual.com/financial-wellness for more resources and helpful tools.



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