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Business Tools Empower Owners to Shape Financial Future

By Julianna Silva, Albuquerque Regional Director, WESST

Entrepreneurs are naturally passionate about providing a service or product, but many avoid digging into the financial aspects of running a small business — perhaps because they don't have simple tools that can help them understand their finances.

This avoidance can cost a business dearly, because financial success requires that the owner understand the target customer, how to price a product or service and how to keep track of cash flowing in and out of the business.



It all begins with understanding who — if anyone — wants the product or service the business is selling.



“Businesses can't take a shotgun approach to marketing,” said Kim Blueher, vice president of lending at WESST — a nonprofit lender and small-business development and training organization with six offices in New Mexico. A marketing strategy needs to be based on “a realistic picture of how many people want their product.”

At WESST, Kim and Amy Lahti teach business clients how to identify that customer. They also introduce clients to simple spreadsheets that help them compute how many products or services the business needs to sell to cover expenses and make a profit.

This break-even analysis requires business owners to consider every possible cost involved in making a product or selling a service — including costs that seem so minor that they're not as obvious — so they know when they're truly profitable.

“We help them understand what they need to make to be able to pay themselves,” Kim said. “That gives them a great goal to shoot for.”

Business owners can use the break-even analysis to build a 12-month cash flow projection that ensures they have enough money coming in to cover money spent on expenses. Understanding this balance can make or break a business, as it tells an owner how much money he or she needs to save or borrow to survive revenue droughts.

This is especially important for startups, Kim said, but even established businesses go through stretches when sales are lower than expected. Or they're seasonal ventures that need savings or lines of credit to sustain them during the off-season.

Once business owners get comfortable with the tools, she said, they learn that business math doesn't have to be tedious — especially with tools that are so easy to use and empower them to control their financial destiny.

Kim and Amy will be teaching these skills in a nine-week Business Plan Toolkit workshop starting May 27 and continuing Wednesday nights through July 22. The classes are for people new to business and for seasoned entrepreneurs who might have launched a company without ever writing a business plan.

The group setting allows participants to learn from one another and apply their new knowledge to the creation of a business plan.

Classes begin at 5:30 p.m. at the WESST Enterprise Center in Albuquerque, 609 Broadway Blvd. N.E. For a description of the series or to register (\$139 in advance; \$159 at the door), visit www.wesst.org or call Lorena at 505-246-6939.

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