Using Experts...

People running small businesses generally are not experts in producing their products or services plus business management, bookkeeping, tax laws and all the other specialties that big firms hire experts to look after.

So, you need to get to know some experts, and you need to find simple, efficient ways to manage your business.

Your experts will include your banker, lawyer, insurance agent and accountant.

RECORDKEEPING

If you feel very unsure about finances, consider taking a bookkeeping class at your community college or through adult education.

The truth about bookkeeping is that many business people see it as a necessary evil and devote as little time to it as possible. That's fine — as long as you end up with the basic information you need to know whether your business is thriving or about to go down the drain. If you don't know whether you're making money, your record keeping system isn't doing its job.

At minimum, your record system should:

• Give you sufficient information to complete the necessary income tax forms.
• Give you information on the profitability and condition of your business.
• Give you a means of checking for accuracy.

For most small businesses operating on a cash basis, standard forms for keeping records are available from an office supply store or a company that specializes in business forms.

In the beginning, your bookkeeping records can be very simple. Most entrepreneurs use a common single-entry system where income and outgo are recorded on the same sheet of paper. This is much like balancing a checkbook.

One such system combines your checks and disbursements journal and deposit records into one operation. Let's look at how such a system operates.
GET ORGANIZED

Setting aside a certain time for working with papers, and bunching tasks — writing several checks at once, sending out orders, logging in supplies, writing several letters, filing a month’s worth of job tickets at a time — make for more efficient use of your time.

(Thanks to McBee One-Write Bookkeeping Systems for allowing us to use their system as an example.)

Figure 1
Checks are attached to a folder that contains several ledger headings:
- Data
- To the order of
- Description
- Check number
- Check amount

The check has a carbonized stripe on the back, so that, as you write, the check is automatically recorded in the journal.

Figure 2
Additional columns are available for:
- Bank balance
- Deposits
- Descriptions of deposits

Figure 3
"Costs of Goods Sold" is another set of columns that are necessary for filing taxes if you handle merchandise.

NETWORKING

Networking is a current term being used to mean helping people find others who share similar concerns and needs. Small home business people often find that one of the disadvantages of running a business by themselves is a certain feeling of isolation. Finding a group can change all that. We have always had networking groups like the Chamber of Commerce or service organizations. Most of these, however, were mostly for larger businesses and many times all male. Today the theme is small business, and though some are oriented specifically to women, most are open to any small business person.

List of organizations, p.4.
Figure 4
The following columns represent the deductions allowable on the Schedule C form of the federal income tax forms for self-proprietors. If you keep track of expenses in these categories, you will have complete records at the end of the year for filing your taxes.

<table>
<thead>
<tr>
<th>DEDUCTIONS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 5
Totals appear at the bottom of each sheet. This allows you to add together sheets if you write more checks for a time period. There’s also a “total to date” column.

Though these systems do an excellent job in your disbursements, you certainly would also want to keep a more detailed record of your sales (deposits). If you sell both wholesale and retail, you may wish to break the system down by merchandise categories. Or you may wish to describe each sale more fully. You will design your system with the detail that gives you the information you need to analyze your sales for projections into the future.

A windowed envelope is also available, which saves time in addressing envelopes at check-writing time. Systems are also available that combine payroll and disbursements into one journal.

Companies that offer the one-step recordkeeping systems include:
- McBee
- NEBS (New England Business Systems)
- Peg Master
- Safeguard
- Shaw Walker

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1. Michigan State Entrepreneurs Association
   4026 S. Westnedge
   Kalamazoo, MI 49008
   (616) 345-9108

   Bi-monthly newsletter, membership directory, availability of business correspondence courses that have a certificate of completion from Small Business Administration (SBA), SBA publications, workshops and seminars.

   Speaker bureau

2. Small Business Association of Michigan
   P.O. Box 1105
   490 West South St.
   Kalamazoo, MI 49005
   800-362-5461

   Services: Group medical insurance, monthly journal, state lobby organization, small business political action committee, small business resource center

3. National Association for the Cottage Industry
   P.O. Box 14850
   Chicago, IL 60614
   (312) 472-8116

   Founded by Coralee Kern, a home business owner, this association was designed to provide support and information to members of the cottage industry. Membership includes meetings, the 'Cottage Connection' newsletter, and educational workshops and conferences held by local chapters. The group also lobbies for legislation that affects home businesses and offers Blue Cross/Blue Shield of Greater New York coverage. They are planning a Center for the Study of Cottage Industry.

4. National Alliance of Home-Based Business Women
   P.O. Box 306
   Midland Park, NJ 07432
   (201) 423-1026

   This is a national, non-profit organization with chapters around the country. Members lobby for legislation on issues pertaining to home businesses, such as zoning and labor policy. Meetings, seminars and the "Alliance" newsletter are included with membership.

   Local Chapters:
   Southeast Michigan Chapter
   Arden Carpenter
   1073 Morrish Road North
   Flint, MI 48504
   (313) 659-2752

   West Michigan Chapter
   Catherine Bloom
   1832 Lonsdale NE
   Grand Rapids, MI 49503
   (616) 451-3326

5. National Association of Women Business Owners (NAWBO)
   c/o Botsford Inn
   Suite 24
   28000 Grand River
   Farmington, MI 48024
   (313) 471-9181

   NAWBO national newsletter, monthly meetings in Detroit area, statewide conferences and directory of Michigan and national members.