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Becoming an Entrepreneur: Five Critical Strategies for Strengthening Your Business

As a small business owner, you are playing a big role in driving our nation's economy. According to the U.S. Small Business Administration, small businesses create two out of every three net new jobs in the private sector. Currently, there are over 30.7 million small businesses in the U.S., accounting for 47.3% of all U.S. employees.¹

If you're like most entrepreneurs, you wear many hats, including overseeing the finances of your business. Each day, you face critical decisions that may have an enormous impact on the future success of your company. Questions about day-to-day cash flow, attracting and retaining talented employees and balancing finances at work and at home are just some of the challenges you must consider as you grow your business.

Every business is unique, but the five critical strategies for strengthening a business for long-term growth are the same, no matter what you sell:

1. Managing Cash Flow

Having an effective cash flow strategy can assist you in keeping your finger on the pulse of how quickly and effectively cash is moving in and out of your business, while also working to enhance the yield on your short-term assets. You'll also need skills and resources to address a broad range of credit structures.

2. Protecting Your Assets

Unforeseen events can jeopardize the value of your business. What if something happens to you, or another person who is critical to the success of the business? Or what if you get sued? Knowing what risks you face and how to avoid the loss they can cause can give you the freedom to run your business successfully. Some protection strategies to consider include business insurance, as well as a comprehensive asset protection plan.

3. Attracting and Retaining Talented Employees

The most valuable asset of any growing business is its employees. Rewarding and motivating key people with benefits such as a retirement plan is critical to the ongoing success of your business. In addition to helping to attract and keep good employees, there are potential tax benefits to offering a solid retirement plan. But what type of plan is the right fit for your business? Each plan has its advantages and disadvantages, so it's important that you understand all your options to determine which plan is most appropriate.

4. Optimizing Investment Decisions

Whether in business or on the personal front, you may be reluctant to shoulder the responsibilities associated with managing an investment portfolio. Discretionary accounts are ideal for busy business owners who don't have the time to connect with their Financial Advisor on every decision. The timeliness of transactions can make a significant difference not only by enabling portfolio trading when you are not contactable, but also when price sensitive announcements demand immediate portfolio action. This differs from non-discretionary accounts where clients must authorize trades for every decision.

5. Integrating Your Business Plan with Your Personal Plan

Your business is a critical component of your personal wealth plan, so your business plan and personal wealth plan need to work together to increase the value of both.

With so many responsibilities to juggle, you may not have the time—or the inclination—to tackle these five critical strategies on your own. Consider establishing a Wealth Advisory Team that includes a Financial Advisor, corporate attorney, estate attorney, accountant and investment banker or business valuation specialist to help you make informed decisions about your business and personal finances. Your Wealth Advisory Team can help you integrate your business plan with your overall wealth plan, freeing you to stay focused on what you do best—growing your business.

Footnotes

¹ U.S. Small Business Administration. 2019 Small Business Profile. Available at <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>. Accessed June 28, 2018.

Disclosures

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