



## Money Management Tips for Small Business Customers

by [Steve Brown](#)  [small business](#) [cash management](#)

**Summary:** Money management and forecasting are top concerns for small businesses. CFIs can help small business customers deal with those issues by offering regular feedback and suggestions for improvement, thus helping avert more serious problems later.

While the pandemic had an undeniably negative impact on small businesses, there was one unexpected small business surge: independent bookstores. Although these bookstores experienced financial hardship the same as many small businesses, many new bookstores opened: [over 300 in 2021 and 2022](#). The increase in business for the independent bookstore sector was likely due to the increase in retail spaces with reduced rents, as well as a growth in diverse bookstore ownership, cited Publishers Weekly.

For many small- and medium-sized businesses (SMBs), though, there wasn't a boom in sales or revenue during that same time period. Despite the many other economic challenges shaping up — inflation, rising interest rates, supply chain problems — the number one issue for SMBs today is none of those things.

### Cash Flow Woes

In one recent survey, SMBs said their top current issue [revolves around receiving money](#), which can be interpreted to mean that their top concern is cash management. In line with that, about 60% admitted their forecasting was inaccurate. This boils down to the very basics: managing cash flow and being able to reasonably predict revenues and expenditures. If SMBs can't get a handle on those two fundamental processes, it could mean trouble not just for them, but also for the financial institutions that lend to them. This is because most SMBs wait to ask for guidance from their community financial institution (CFI) until they're already experiencing a cash flow challenge. Yet, in some cases, unusual cash flow trends can be spotted and remedied in advance. For instance, [seasonal businesses can review options with their CFI to receive faster payments](#) or discover tools and strategies to help them manage their revenue streams, so they'll have better forecasting.

### Behind the Technological Times

While uncertain economic times have aggravated cash management issues, part of the problem is technological. Too many SMBs use antiquated accounting methods. About a third are still managing their accounts with cumbersome spreadsheets. Some are not even that sophisticated, relying on paper ledgers. In a world where money moves at digital speeds, trying to track and forecast transactions, and forecast outcomes with time-worn methods can be problematic.

### A Helping Hand

The challenges of cash management and forecasting are areas where CFIs could help SMB customers evaluate and improve their methods of tracking cash flow, payments, payrolls, and other money management areas.

The goal is to help SMBs transition to more modern accounting methods that can help them gain a better handle on cash flow and improve forecasting.

For example, a CFI can have regular meetings with SMBs to help evaluate cash flow and identify potential issues before they become problems. Bankers can help customers get paid faster, improve payroll and payments, suggest digital solutions, and generally work as a “knowledge advisor” to SMB clients.

CFIs that understand the importance of cash flow, forecasting, and can school themselves in solutions that might help SMBs perform better, can be a valuable resource to their SMB customers.

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## ECONOMY & RATES

Rates As Of: 11/02/2022 05:41AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	4.23	0.01	4.17
6M	4.58	0.01	4.39
1Y	4.73	0.10	4.34
2Y	4.53	0.05	3.80
5Y	4.24	0.01	2.98
10Y	4.04	-0.02	2.52
30Y	4.10	-0.07	2.19
FF Market	FF Disc		LOBB
3.08	3.25		3.15
SOFR	Prime		QBFR
3.05	6.25		3.06

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