



Smart moves for business success **SAVE TO SUPPORT YOUR BUSINESS**

Extra business savings from your profits can help you in future. You may have an unexpected cost increase or find a new opportunity. If you have savings, you will be able to deal with the unexpected. *Savings is the smart way to preserve and grow your business.*

BUILD A RESERVE WITH SAVINGS

Use savings to build a reserve that you can use when business is difficult. Some businesses have to close because they do not have enough savings to pay their expenses. By saving up for your business you can survive for longer. Only use your savings reserve when you absolutely have to.

Cash flow shortages

Cash flow shortages may be the result of low demand, late customer payments, high operating expenses, unexpected costs (such as inflation, and increases in water and electricity or transport costs), and too much stock that doesn't sell well or fast. Economic downturns and increased competition can also cause cash flow shortages. If you have a loan, an increase in the interest rate will also reduce your profits as you pay back more on the loan.

Supplier costs

If your supplier has difficulties and raises its costs, you will earn less. You may also need to find new suppliers which can temporarily reduce your ability to earn a profit and cover your costs. Savings will assist you.

Input cost increases

Your business has costs for inputs not directly related to buying, selling and providing services. These can include water and electricity, transport costs, rent and replacing technology (fridges, computers and mobile phones, for instance).

Avoiding retrenchments

If you have employees, they rely on you for their salaries. You can use savings to cover their salaries if your business is experiencing difficulties.

OTHER USES FOR SAVINGS

Less need for loans

There are many times when a small business may need loans. When you repay loans, the amount you repays reduce your income and savings. In addition you will pay extra interest. Arranging a loan may be complicated and time-consuming which takes away time that you may need to do business. If you have extra savings, you will have less need for loans.



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MICRO ENTERPRISES & SIDE HUSTLES**

Collateral

If you take a loan, you can give many lenders a security interest in your savings account, reducing the lender's risk. If you cannot repay, the lender can use the savings to recover the outstanding debt, providing a safeguard for both of you. Availability of savings as collateral may also be used to reduce the interest rate.

Expansion

You may have the opportunity to grow your business. Using savings to expand is a good way to fuel growth with lower risk. It Savings will allow you to buy inventory, or equipment without needing to take a loan or repay extra loan interest. It is important to ensure that the your business has a growth plan and that enough savings are kept aside for emergencies.

Starting or buying a new business

You may have the opportunity to start a new small business or

buy one. If you have savings you may not need a loan or may be able to borrow less.

BUDGET FOR SAVINGS

Budget for a salary.

Make a budget for your small business that includes your salary. Use the budget as your target and don't draw extra money from your business for personal use. Make a plan to save a certain amount of money every month and stick to it for your own financial safety.

Tax

If you register a microenterprise you will need to pay tax. Before you can save you will need to budget to pay tax. Keep the tax amounts in a savings account to earn extra interest until you have to pay, but do not classify them as business savings.

FREE SOFTWARE TO HELP YOU

Office productivity suites for PCs & laptops

Includes spreadsheets & word processing

- www.libreoffice.org
- www.officesuite.com

Office productivity for Android phones & tablets (Play Store)

- Google Docs (word processing)
- Google Sheets (spreadsheet)
- Office Suite (spreadsheet & word processing)

Gmail account

If you have a Gmail account, you can use:

- Google Drive (15 GB free online storage)
- Google Calendar

Canva

Use Canva (free version) to design social media posts, announcements and posters. www.canva.com (online)

ADVERTISING ON FACEBOOK & INSTAGRAM

Open a page for your small business.

Invite friends to like your page.

Open an advertising account on Facebook to advertise on Facebook, Instagram and even Messenger. (Use your personal account.)

You use the settings to advertise (boost posts):

1. On Facebook and / Instagram
2. In a very small area (by town)
3. To friends of friends (more people will see it)
4. By age and gender

You will need a debit card to pay for the posts you boost.

This type of advertising is very affordable.

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