

10 Best Practices to Strengthen Your Business Finances This Year

7 min read



As we said our farewells to 2022, it's time for business leaders to look back on the previous year in order to reflect, evaluate, understand, and learn from its failures and successes.

Key Takeaways

- **Best Practices for Getting Your Small Business Finances Ready for 2023:** Whether January 1st is the beginning of a new fiscal year for your business, a new calendar year, or both, year-end is the time when you should be reviewing...
- **Strategizing for Growth:** Now is also the time to assess your existing business goals, both long and short-term. How successful was your previous year's strategy for achieving goals?
- **Support Your Small Business:** If your business's back office isn't keeping up with your growth or if it's keeping you from focusing on running your company, then it's time your small business upgraded...

Just as the start of the year is a time for reflecting and learning, it is also a time for planning, strategizing, and looking forward to everything the coming months will bring.

Now, is the time to ensure your small business is positioned for success and growth in 2023.

Best Practices for Getting Your Small Business Finances Ready for 2023

1. Reviewing Financial Reports and Forecasting

Whether January 1st is the beginning of a new fiscal year for your business, a new calendar year, or both, year-end is the time when you should be reviewing the previous 12 months of financial reports. Scour these reports, looking for trends and anomalies to understand your business's financial activity throughout the last year. Compare this year to previous years, keeping an eye out for patterns that could reveal seasonality in your business or other trends that could be of concern and deserving of your attention.

Use these reports and trends to identify actions that need to be taken and also to help you forecast your company's financial activities for the upcoming year.

2. Reviewing Your Budget

Next, look over your business's annual budget and compare it to your actual numbers. Where did you manage to stay on target? Where did you fall short? Where did you exceed expectations?

Were any of these outcomes a problem or should any of them inform how you budget in the coming year?

Read More: [The Value Of An \(Updated\) Budget: Getting Your Business on Track for Success](#)

3. Creating a New Budget

Taking into account everything you experienced and learned in the previous year, it is now time to look ahead to the next year by creating your [annual budget](#) for 2023. Consider whether you have any major upcoming expenses and be sure to plan for them. You should also look at your cash flow patterns to determine whether or not there might be any shortages experienced in the upcoming year that you should be planning to handle now.

If you have free cash on hand, determine how much you want to leave in the bank for a rainy day and how much you want to reinvest in your company or pay out to your shareholders.

4. Staying on Top of Financial Records

Sit down with your calendar now and pencil in a time slot for financial management every month. Whether you do this alone or in a meeting with the C suite or your board of directors, it should be done every month. This is a time for managing your financial reports, keeping records up to date, and assessing the financial health of your business.

Each month, you should be looking at your benchmarks and goals and determining whether or not you are on course to meet and achieve them. You should also be assessing your budget to determine whether or not you are staying on target and if any adjustments need to be made.

With routine financial management, your business will also benefit from being ready for an audit and tax filing at any time. Doing a little bit each month to keep your finances and financial records in order will significantly reduce the burden of auditing and tax filing when the time arrives.

From Breakeven To \$1 Million In Profits- How did this business do it in just one year?

The answer: Management Reporting. [Read The Full Story HERE](#)

5. Assessing Your Client Base and Market

Each year, you should take a close look at your existing client base and the market potential for growth. When evaluating your current clients, use unit economics to evaluate their profitability. Compare the most profitable clients with the least profitable and determine a typical profile of the most profitable clients. This will help you focus on attracting the right types of clients to your business in the new year to maximize profits.

6. Strategizing for Growth

Now is also the time to assess your existing business goals, both long and short-term. How successful was your [previous year's strategy](#) for achieving goals? Were you successful? Was the strategy effectively communicated to employees? Were employees motivated and able to meet benchmark goals?

Do your long-term goals still make sense? Are they still achievable in the market or do you need to consider a pivot? Are your short-term benchmarks effectively moving you toward achieving your long-term goals or do these need to be revised?

After considering all of these questions, revisit your business's growth strategy and make any necessary adjustments to improve results in the coming year.

7. Preparing for Growth

As you revise your business strategy for growth, you also need to plan for actually preparing your business to handle growth. Consider how quickly your business will grow in the coming year and whether or not that will result in the need for a larger workforce. If you'll need to hire new employees, forecast how soon you'll need them and how soon you'll need them operating at 100%.

Read More: [Lessons Learned From Building a \\$40M Growth Machine](#)

This type of consideration will help you time your hires right so that you have trained employees at the ready just as soon as (not before or after) your business is large enough to need them.

8. Strengthening Small Business Owners as CEOs

As a small business owner, you are likely an expert in your industry and field. However, you're most likely not an expert in business management, human resources, and business planning. This means you can improve your business by improving your own leadership skills in the new year.

Schedule time for your own personal development through reading, classes, and leadership workshops. This type of self-improvement will help you become a better business leader while developing your acumen for business management. As a result, your business will become stronger overall.

9. Strengthening Employees for Advancement and Career Development

Similarly, you can strengthen your business by strengthening your [employees](#). Offer opportunities for on-the-job training, education, and career development.

This will help you increase employee loyalty, decrease turnover rates, and increase your ROI on the investment you make in each of your greatest assets – your people.

10. Revisiting Your Workplace Culture

In 2023, workplace culture is of paramount importance. Employee turnover rates are still astronomically high across the board. As a result, employee retention and attracting new talent are major challenges.

Take a look at the overall culture in your company. What actual policies and procedures do you have in place to define and support your business's core values? What steps are you taking to create a positive and desirable workplace culture?

Read More: [How to Build a Successful Company Culture Committee](#)

Consider how much flexibility you offer, your benefits packages, your compensation policies, rewards, and recognition. Think about why an employee should want to work for you. If you aren't sure about these things, then survey your existing employees to take a temperature on your workplace culture and learn more about what you can do to improve the workplace you've created.

Support Your Small Business With a "Big Business" Back Office in the New Year

If your business's back office isn't keeping up with your growth or if it's keeping you from focusing on running your company, then it's time your small business upgraded its back office to achieve "big business" function.

No matter how small a business may be, the back office must be able to do the same amount of work as the bookkeeping and accounting department of a large corporation. Although you might not have as many employees, you still need to be tax and audit-ready at all times. You also need regular financial reports that are timely and reliable for assessing the financial health of your business.

If your back office isn't working for you, then 2023 is high time for it to start.

With outsourced accounting services, even small businesses can enjoy high-functioning back offices designed to support efficient operations, increased productivity, and maximized profits. Don't enter the new year with a back office that can't support your small business's best practices for achieving growth and success in 2023.

