**Common Finance Mistakes Small Businesses Should Avoid**

More small businesses fail than succeed. Some studies show that as much as 90% of small businesses fail in the first five years. Don't let yours be one of them. Avoid these common finance mistakes.

**Lack of Sufficient Start-up Funding**

Not having enough money is a major cause of failure. Unforeseen emergencies can eat up cash reserves. Establish a credit line or apply for a business loan before you need it. If your business doesn't qualify for a loan, apply for a credit card in your name and keep it for business use only. This credit reserve, or credit card, will allow you to take advantage of opportunities that may pop up, such as supplying a new major customer, product introduction, or media blitz.

**Underestimating Expenses**

Entrepreneurs have a tendency to underestimate expenses, especially expenses they're not familiar with. It can be a shock to find out that newspaper ad is going to cost three times what you expected or that the Pay Per Click (PPC) budget you though would last a week is used up in less than a day. When projecting expenses add in a contingency factor of 8% - 10%. Base your expenses on actual expenses. If you're not familiar with the type of expense do some research.

**Overestimating Revenues**

It's a double whammy. Expenses are more than you projected and revenues aren't nearly what you'd thought they would be. You've spent more money and you're getting less return. Be conservative when forecasting revenues. Use assumptions that are realistic and based on fact rather than hope.

**Confusing Profit for Cash**

Some entrepreneurs confuse being profitable with cash. You can take cash to the bank you can't do that with profits. A profit is sales/revenues minus expenses. If some of these sales are on credit, or on payment terms such as payable after 30/60/90 days, the cash won't be available when the sale is made, but the expenses will still have to be paid.

For example: Sales were $30,000 for the month of March. The sales were from an affiliate program that pays 60 days after the sale was made. Expenses for March were $20,000 so your profit would be $10,000, not bad. However, on a cash basis you won't see the $30,000 until June, but the expenses still have to be paid. If March was your first month of business you'd be in a cash deficit position of $20,000.

Don't let these common finance mistakes hurt your business.

**Achieve Your Financial Independence Day**

Are you tired of always worrying about how the bills will be paid, losing your job, or facing an emergency? Has your debt piled up around your ears and your savings dwindled to next to nothing? Here are a few tips for you to achieve your financial independence day.

Face the facts and bite the bullet. Find out how much you owe and to whom. It may not be pretty but at least you'll know what you have to do. Make a list of all your credit card balances, store accounts, medical bills, personal loans, and car loan balances. Take a deep breath and add them up. The total may shock you. You probably aren't alone. The average American family owes more than $10,000 in credit cards.

Now face reality. You can get rid of all that debt. Pay off the car loan, medical bills and personal loans. It won't happen overnight but it also won't consume the rest of your life. Take that $10,000 credit card balance: to pay it off in one year you would need to pay about $900 a month. Seem impossible? It's not.

There are two alternatives for coming up with $900 a month.

1. Spend Less
2. Earn More

Spend Less
Everyone has areas in their budget they can cut back on, sometimes easily and painlessly, sometimes with a lot of effort and sacrifice. Do you always have a gourmet coffee drink in the afternoon? At 5 bucks a pop that adds up to $150 a month. The average family eats out 7 times a week. That's right 1/3 of the meals are consumed outside the home. If you have a family of 4 and each person's meal costs $4.00 that's $16 every time you eat out, $112 a week or $448 a month.

There are other areas of the budget that you can probably trim back without facing a major lifestyle change.

More
There are lots of ways you can earn more, ask for a raise, get a part time job, or earn money on the Internet. The trick is to taking that additional income and applying it towards your debt, then building up your safety net of savings before improving your lifestyle.

Using that $900 a month goal translates to earning an extra $225 a week. A part time job at 15 hours a week at a pay rate of $15 an hour would do it. You could work in the evenings or weekends and reach your target. Or you could use those hours to set up an online business. Not one of those work 20 minutes and watch your bank account overflow with thousand dollar bills type of hype, but a real ongoing business. And the best part is you're working for yourself. Your efforts pay off for you and your family. There's no commute, no juggling your day job with your part time job, no boss.

There is no question that being free financially is a worthwhile goal. The problem is that you may not know how to do it. And that's where the next step comes in. It is as easy as it gets, all you have to do is go to my financial independence day.

**5 Reasons You Should Consider Work at Home Jobs**

If you've ever thought about work at home jobs here are five reasons why you should.

**Flexibility** - The Internet is open 24/7 which means you can work when you want to. You can work in the evenings, early morning, or on the weekends around your day job until your work at home job is doing well enough to support you. It's easy to procrastinate, so treat your business as a high priority. Schedule work time on a regular basis and stick to the schedule. Don't get trapped into thinking that working at home isn't really working. Make sure that others in the household understand that your job is a real job even if you don't have an office to go to. Work at your own pace, in most cases you're paid by the finished project not how many hours you've worked.

**Low or No Start-up Costs** - With all the get-rich-quick schemes out there you might think it takes a small fortune to get an online business started. If you already have a computer and Internet connection you can get your business started on a next to nothing budget.

Use the talents and resources you already have. If you have a knack for writing, start a ghostwriting business. Like to research? Start a virtual administrative assistance company. Are you always ahead of the crowd and know what's going to be hot and what's not? Start an eBay store. Working at home allows you to put your skills to work or learn a new one.

**Space Saving** - In most cases it's not necessary to rent an office, office equipment, or buy inventory for your Internet business. All you need is a desk and a few drawers for storage. Even if you decide to sell physical products online, those types of products can be sold as an affiliate, on a commission basis, where you're not responsible for handling or shipping the products.

**Times Saving** - When you're telecommuting to your job you don't waste time commuting. These days when people live an hour or more away from their job that can be a huge times savings. Even if your commute is only half an hour each way, that's still five hours a week. Put those hours to work earning even more money.

**Save Money** - Gas prices are hitting the stratosphere, if you don't have to commute to work you'll save money on gas. You'll also save wear and tear on the car. And in most cases if you cut down on the mileage you drive you'll save on insurance. But that's not all. A work at home job allows you to save on child care. You can work when the children are asleep, or on the week end, when they're occupied. You won't need to spend money on a "work wardrobe" either.

When you earn money from home you'll have more flexibility, save time, and money.