



**Life is good for Canadian  
small business owners.**

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Canadian entrepreneurship is on the rise. Small businesses now account for **98%** of Canada's employer businesses, and increasingly diverse companies are starting up all over the country. More and more people are seeking autonomy in their professional lives, and the majority of Canadians who have branched out on their own say they're happier and more confident about their financial futures.

With startups being the engines of the country's economy, Canada is home to a growing network of SBO support, including financing **organizations** and innovation hubs, such as **MaRS**, **Communitech**, and the **DMZ at Ryerson University**, that are committed to championing and strengthening the entrepreneurship movement.

The Canadian financing ecosystem is better than many of its global counterparts, and the Government of Canada is enthusiastic about providing a business-friendly environment and helping SBOs **find financial support**.



While long hours, early mornings and weekends spent working can be challenging, life is good overall for Canada's entrepreneurs. They're happier, have greater independence and flexibility, and feel better about their financial futures since taking the leap.

In fact, **65%** of Canada's small business owners say they're less stressed now that they're running their own businesses, more than half feel their work-life balance has improved, and only **11%** would ever consider working for someone else again.

Canadian entrepreneurs aren't in it for the money – only **13%** of Canadian SBOs started their own businesses because they wanted to increase their earnings, and only **10%** feel additional income is the primary payoff of being an SBO.

Nearly **87%** of Canadians chose to start a small business out of passion and a desire to be their own boss, but the one thing they don't anticipate is the countless hours of bookkeeping and the restlessness that comes with being uncertain of where their money is tied up at any given time.

**In other words,  
they have some serious cash flow concerns.**

# 1/3 of small business owners say cash flow keeps them up at night.

## What is cash flow?

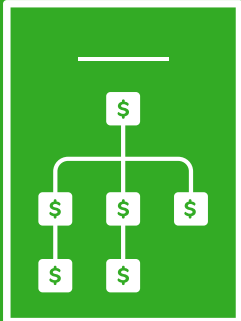
By definition, cash flow sounds like a simple thing: it's the process or anticipation of money moving in and out of a business. Cash inflow is typically received as payment – such as from customers, or by way of loans, investors or interest – and cash outflow is spent on the array of things that are necessary to make a business run.

For SBOs, cash flow is king. It's the lifeblood of the business and, when positive, means operations are running smoothly. Negative cash flow, however, means there's more money being paid out of the business than coming in, which can easily become an entrepreneur's number one stressor.

Not knowing how to properly manage cash flow can feel like a nightmare. Being unsure of when your customers will pay you or when you'll be able to pay your vendors is one thing, but not understanding how to maintain a positive revenue stream can lead to disaster. Having a firm grasp of how to thrive here is critical.



# Five tips to better understand and manage your cash flow:



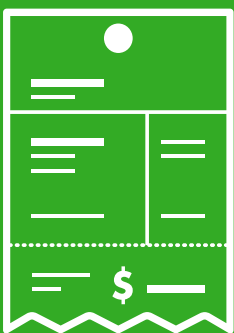
## 1. Focus on cash flow – not profit – and make a plan

There are countless ways startups can fail, but improper cash flow management is one of the most common reasons why they shutter before year five. A cash flow plan is a strategic document SBOs make to forecast effectively, but it has been estimated that 90% of small-medium sized enterprises start without a cash flow plan from day one – even though they forecast profit margins for upcoming years.

Though profit margins may be good, they do not adequately represent your business' overall financial health. While your company may seem lucrative on paper, it's entirely possible that you do not have enough money to replenish your inventory or pay your immediate operating expenses.

To build an effective cash flow plan, start by articulating your financial stretch goals. Visualize where you'd like to be within a few years and then put it in writing to keep yourself honest. With your goals in place, take stock of your income versus your expenses, and minimize your costs wherever you can by understanding your potential to save. Central to this will be your ability to budget. Enlist a financial advisor who can help you clarify your financial position and, most importantly, make sure you're working together to pay yourself first. If you can't cover your day-to-day expenses, you'll always scramble to stay profitable. Don't know where to start? Check out [Futurpreneur's two-year cash flow planning template](#).

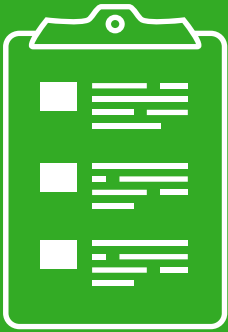
Of course, it's important to work with reliable clients who pay you on time and pay vendors quickly to maintain healthy business relationships. To sum it up, when your cash flow is in order, so too will be your profits.



## 2. Bill quickly

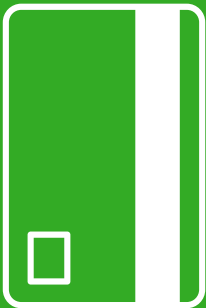
Small business owners can help keep their cash flow in order by rigidly tracking their invoices and sending reminders when payment deadlines approach. Although it's customary to give customers payment extensions in many industries, doing so can put a huge strain on operations and make it difficult for a company to uphold its own financial obligations. Because of this, it's crucial for businesses that offer extensions to bill their clients immediately and to accelerate those payments.

To make things even easier, consider using an accounting app that works directly with your existing accounting software, like [InvoiceSherpa](#), to make getting paid faster a little easier. In a few clicks you will be able to monitor your accounts receivable and automatically follow up on your invoices until they get paid.



### 3. Manage expectations and set timely payment policies

Along with a rapid billing process, small business owners need to set and enforce strict payment policies with clients, and pay vendors on time. Make payments when they're due and never get into the habit of paying bills early in order to properly manage cash flow, as you risk straining vendor relationships if you're low on cash due to outstanding client payments. It's also a good idea to manage business transactions digitally, so you can expedite payments and easily keep track of what is coming into and leaving your business accounts.



### 4. Finance large purchases instead of draining cash

Even if you're flush with cash at the moment, there's a reasonable chance you'll experience a sudden dip in revenue or rapid growth. It's best to plan large purchases in advance and seek financing instead of draining your liquid cash.

When a business finds it has some disposal cash, financial management should seek discounts for cash payments from its vendors rather than purchasing on credit. This offer often entices sellers. This payment tactic can also be offered on the other end to the business' customers, which can be especially prudent for customers if the purchase is large, where discounts are more meaningful.



### 5. Stagger bill payments

While paying all of your bills at one time sounds like a good idea, it can be risky. One bad month or a sudden decline in business could result in your payments bouncing back across the board. While it's smart to establish routine payment schedules with your vendors, ensure you schedule payments at staggered intervals to avoid cash flow catastrophes.

## Cash flow can be complex, but the right tools make it simple to manage and allow you to get back to focusing on what matters.

While there are many reasons why small business owners can get flustered by cash flow issues, there's no need to put up with unnecessary frustrations brought on by the use of basic and often inaccurate spreadsheets.

The evolution of the entrepreneurial experience highlights the value of cloud-based software. With the right tools, small business owners can accept mobile payments, check inventory, manage their finances, invoice customers and make business decisions in real time. Cloud-based software can help the **32%** of small business owners kept up at night by cash flow rest easily.



# Here are the top five reasons it makes sense to make the switch to financial management software:



## 1. Get started quickly and confidently

Spreadsheets can seemingly have no beginning or end. Financial management software often provides a clean and simple dashboard that makes it easy to get started and guides you through the bookkeeping process. By quickly gaining insights into the financial side of your business, you get a clear view of the bigger picture that can set you up for success in the future.



## 2. Drastic increase in data accuracy

There's a reason why lengthy spreadsheets tend to be inaccurate: human error. Financial management software like QuickBooks Online removes the guesswork and gives you back the countless hours you've spent trying to figure out where a spreadsheet formula went awry. With less data to enter manually, there are far fewer opportunities for mistakes with QuickBooks Online. It also keeps all of your important business information in one secure place instead of scattered across numerous tabs or pages of confusing spreadsheets.



## 3. Real-time insights

Having access to accurate, up-to-the-minute reports makes it easier to attract potential business investors and to make time-sensitive business decisions. When tax season rolls around, you'll be able to share your figures with an accountant or bookkeeper with a screen tap or mouse click.





#### **4. Connectivity with other business apps**

When you're using online financial management software, you can easily sync financial data across a variety of business applications. By integrating apps that handle payments, inventory management, invoices, and payroll, you'll be able to have an instant 360-degree view of everything happening in your business – and make the most informed decisions possible.



#### **5. Anytime, anywhere access to the core of your business**

Keeping your data in the cloud enables you to access your most important business information anytime, from any device. Cloud-based financial management software can also increase collaboration by allowing you to grant advisors, accountants, colleagues, and/or employees access to view business data, which can drastically improve efficiency and productivity.

# Tools to Help You Manage and Track Your Cash Flow



Have an online store? Accept ecommerce payments that automatically flow into QuickBooks Online, improving accuracy & eliminating the need for manual data entry.

Seamless integration enables you to automatically update & transfer your business financials.



Track your income and expenses, monitor current cash flow, project future cash flow, and generate reports that visualizes your cash flow over time.

Run reports by category and company, and keep your coworkers, partners and investors updated by giving them access to your account.



Process customer payments on the go using your mobile device.

With this app, all sales-related transactions, including payments, refunds & fees are automatically imported into QuickBooks Online and matched against your bank statement – for free.



Manage your accounts payable/receivable with ease and get paid faster.

Seamless integration with QuickBooks Online and all major Canadian banks allows for quick and easy payments and automatic reconciliation.

# Here are a few resources to help you better manage your cash flow:



## Intuit ProAdvisor Program

Get the most out of your financial management software by working with an accounting professional. Intuit can help you find a QuickBooks ProAdvisor who can help you manage your books and provide strategic business counsel.

[Learn More](#)



## Startup Finance Bootcamps

Boost your financial literacy with these three-hour workshops held over an afternoon or evening. Along with 50 -150 entrepreneurs with expert facilitators, these programs offer education with local startup finance ecosystem stakeholders as mentors.

[Learn More](#)



## QuickBooks Online

QuickBooks Online allows you to spend less time doing manual work and more time focusing on higher-level operations. Its automated system offers up real-time, accurate insights into your business that can make bookkeeping both simple and effective.

[Learn More](#)

## Our Partnership with Startup Canada

Fostering the growth of the Canadian entrepreneurial community is at the heart of what we do at Intuit, which is why we chose to partner with Startup Canada, the most recognized entrepreneurship organization in the country.

Together we work with community leaders to ensure they have access to the programming, tools and professional experts required to improve financial literacy and fuel entrepreneurial success. Understanding cash flow is central to this, and our advisors make it a priority to ensure SBOs have the information they need to remain afloat and then flourish.

Our collective aim is to help entrepreneurs build vibrant communities from coast to coast, and last year Intuit was presented the Startup Canada Award for Entrepreneurship Support in Ontario. With stronger and more resilient companies driving our economy, we will successfully drive job creation and economic growth.



