

# NEW MEXICO BROADBAND PROGRAM

## INTERNET TOOLS FOR SMALL BUSINESS SUCCESS – MODULE 3 HANDOUT

### Terminology and resources

**Accounting** is the systematic recording reporting, and analysis of the financial transactions of a business.

**Bookkeeping** refers to the record keeping tasks that track what is bought, sold, owed, and owned; what money comes in, what goes out, and what is left.

**Start-up capital** refers to the resources needed to launch a business.

**Break-even** refers the point at which revenues equal costs.

**Cash flow** refers to the movement of money in and out of your business.

**Profit and Loss Statement** is created by adding the revenues and subtracting the operating expenses, leaving the profits. A profit and loss statement measures the results of operations over a given period of time.

Online tools for accounting can be helpful since you are always working with software that is current, your data will be automatically backed up, and you will be able to access the information from numerous locations and devices.

### Tools for online accounting:

#### Simple

- Electronic check book
  - [www.quicken.com](http://www.quicken.com)
  - [www.outright.com](http://www.outright.com)
  - <http://www.youtube.com/watch?v=By6Zhk5IGoA>

#### Basic

- Payroll, receivables, basic inventory system
  - [www.quickbooksonline.com](http://www.quickbooksonline.com)

#### Standard

- Audit trail, multiple users
  - [www.Peachtree.com](http://www.Peachtree.com), [www.quickbooksonline.com](http://www.quickbooksonline.com) (Quick Books Pro)

#### Advanced

- Purchased in modules, financial reporting, job costing
  - [www.greatplains.com](http://www.greatplains.com)

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**Finance** is a discipline concerned with determining value and making decisions.

## Local and Regional organizations that can help:

- [www.accionnm.org](http://www.accionnm.org)
- [www.west.org](http://www.west.org)
- [www.financenewmexico.org](http://www.financenewmexico.org)
- [www.nmsbdc.org](http://www.nmsbdc.org)

## Calculating business start-up costs

### One-Time Start-Up Costs

1. Purchase price or downpayment if buying a business
2. Office furniture
3. Computer hardware and software
4. Setup, installation and consulting fees
5. Business cards and stationery
6. Decorating and remodeling
7. Fixtures, counters, equipment & Installation
8. Starting inventory, raw materials, tools, etc.
9. Deposits with public utilities
10. Legal and other professional fees
11. Business licenses and permits
12. Advertising and promotion for opening
13. Signage
14. Rent & security deposit (often equals 3 months rent)
15. Operating Cash
16. Other

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## Ongoing Monthly Expenses

17. Salary of owner-manager (amount you need to pay yourself)
18. All other salaries, wages, & commissions
19. Payroll taxes or self-employment tax
20. Rent
21. Equipment lease payments
22. Advertising (print, broadcast and Internet)
23. Postage & shipping costs
24. Supplies (inks, toners, labels, paper goods, etc.)
25. Telephone
26. Utilities
27. Internet connection
28. Website hosting and maintenance
29. General business insurance
30. Business vehicle insurance
31. Health insurance
32. Interest & principal on loans & credit cards
33. Inventory, raw materials, parts
34. Legal and other professional fees
35. Franchise fee
36. Miscellaneous

Use Excel to create a spreadsheet that lists estimates for these costs. Calculate totals for total start-up estimate.