

1. WHO IS THIS GUIDE FOR?

If you own or manage a small business this guide is for you. It aims to introduce a brief range of financial tools which can help small businesses. These tools are used throughout Europe and beyond and their value has been proved by millions of businesses. They are ways of using basic financial information to help your company survive, make more profit and grow.

Small businesses cover a range of activities; some are retail businesses like shops or people who sell goods at a market. Others provide services which can include computer services or garages which repair cars. Other small businesses make things such as metal goods, clothes or shoes. Farms are also small businesses as they produce products which have to be sold or exchanged at a profit. Throughout the world it is small and medium sized enterprises (SMEs) which generate most jobs in local economies.

All businesses, large or small, need to make a profit if they are to survive and grow. And to make a profit they need to sell their goods or services for more than it costs to produce them. This in turn means dealing effectively with money:

- Ensuring your company has enough cash to survive,
- Pricing products properly,
- Working out whether you are making a profit and;
- Analyzing costs and profits.

This booklet outlines a number of these financial concepts so that those involved in small businesses can have a better understanding of them. Many small businesses fail despite a lot of effort from those who set them up. This happens throughout the world and research has shown that by paying more attention to simple financial procedures many of these businesses could have survived.