

Top 10 SMB Financial Challenges

SMB Quick Reference Series

Overcoming Challenges for Small & Medium Business

In the rush of every day business, small and medium businesses often forget to consider key, important issues that affect their business future and success. We know this as we've been there and know the challenge to keep up with today's business and customer demands while keeping an eye on the future. To help you, we've assembled the top 10 financial challenges that small and medium business owners face:

1. **Starting Everything at Return on Investment:** Often small and medium businesspeople undertake initiatives or actions based upon what feels right or takes care of the issue/problem at the moment. Instead, focus on the 'return on investment' a product, service, market, technology, or customer bring to the business. Pay special attention to those that bring the greatest return on investment and driving out low ROI efforts.
2. **Understanding, Weighing, and Communicating Risk:** It seems that the pace of business gets faster and faster. Decisions come more quickly and more frequently. It is critically important to understand, evaluate/weigh, and communicate business risks associated with investments, markets, customers, partners and all efforts expended in the quest for growth.
3. **Choosing the Right Innovation to Help the Business:** Having the right tools to conduct and optimize business is a key to responsiveness, growth, and profitability. The choices are many. Having an advocate that knows the business advantages and disadvantages of various technology and operational choices is important. Making the right choices can propel your business to new levels.
4. **Adopting ERP (Enterprise Resource Planning) as a Backbone to the Business:** Enterprise Resource Planning solutions ensure small and medium business is on top of their planning, customers, revenues, costs, profitability, and decision making. Adopting such solutions creates new and vital advantage to outpace the competition and drive new levels of value to the market and your customer. Notwithstanding providing the platform for accountability and execution excellence.
5. **Being Tyrannized by the Urgent, to the Exclusion of the Important:** An age old problem that requires assiduous attention is focusing on the important issues that drive the business forward. Issues of growth, strategy, customers, revenues, products and services, and profits drive the business. Eliminating the 'noise' through automated business processes and systems returns substantial advantage by allowing you to focus on the important.
6. **Chasing the Deal Instead of Building Long-term Value:** In the search for the next deal, businesses often miss driving long-term, sustainable value. Your business is an asset that grows or declines in value over time. To create and grow long-term value the business owner/manager must have the ability to see 'beyond the deal' to necessary strategies and activities. Business decision support systems, designed for small and medium business, keep you focused on value over 'the deal.'
7. **Forgetting that the Customer Drives Business Success:** Business survives on profit. Profit fuels operations and the future. The key to profitability is 'mining' existing customers for new opportunity in the form of new business. Understanding customer purchase and payment history, your cost of selling, and customer characteristics enables you to identify new revenue opportunity to pursue.
8. **Focusing on Revenues Instead of Profitability:** All businesses, including small and medium, want to see all the numbers trends going 'up and to the right.' Unfortunately, growing revenues may not mean growing profitability. Having a view of the cost of doing business, down to the customer and individual product can go a long way toward understanding how to preserve profits while you focus on revenues.
9. **Maintaining the Status Quo Instead of Moving Forward:** A common perception is what made a business successful in the past is what will make it successful in the future. Unfortunately this isn't true because the market, the customer, and competition change the rules every day. It is imperative that small and medium businesses keep on top of the trends and their business, making required changes in underlying strategies, systems, and processes to stay ahead of the competition and to keep customers satisfied.
10. **Empowering People to Do Their Very Best Possible:** The employees of small and medium businesses are critical to the business success. Make sure employees have the best financial, collaboration and communication tools increases productivity, morale and customer satisfaction.

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