



BARBADOS
INVESTMENT &
DEVELOPMENT
CORPORATION

BIDC SMALL BUSINESS GUIDE 02 |

Gearing for Success



Now that you've started your own business...

Here are some important things you need to know and do to ensure success:

Keeping Records

Irrespective of the size of your business, record-keeping is essential for good decision making and it could ultimately determine whether the business succeeds or fails.

The following is a list of some of the key records that you should maintain (please note that all of these records may not be relevant to your particular business).

ACCOUNTING RECORDS

- Cash Receipts
- Cash Disbursements (all cash payments by your business)
- Sales Transactions (i.e. cash and charge in voices; cash register reports)
- Expenses (all financial commitments necessary for the operation of the business e.g. rent transportation, advertising, etc.)
- Accounts Receivable (Debtors)
- Inventory (Stock)
- Accounts Payable (Creditors)
- Long-term Liabilities (e.g. bank loans)
- Fixed Assets (e.g. furniture, equipment building, etc.)
- Payroll (salaries, wages, etc.)
- Statutory Deductions (N.I.S., P.A.Y.E. and any levies imposed by Government from time to time)

PERSONNEL RECORDS

- Employee Attendance Register
- Employee Performance

Financial Management

The success of any business is very much dependent on how well its finances are managed. Below are some useful financial practices you should adopt.

BANKING PRACTICES

Establish and maintain a **good working relationship** with a **credit union representative** or a **banker** of your choice.

Have an account for the 'business' which is **separate** from your personal bank account.

All cash proceeds should be deposited with your bank **daily**.

Have an **overdraft facility** in place with your bank where practical.

CASH CONTROL

Where practicable, cash receipts and cash deposit records should **not be maintained by the same person**.

As far as possible, make all **payments by cheque**.

A **petty cash system** should however be main-tained to facilitate limited contingent cash purchases.

Where possible, obtain favourable **credit terms** from suppliers (this will help regulate the business' cash flow).

BUDGETING

Periodically prepare budget projections for **production, sales** and **cash flow**.

COSTING

As accurately as possible, determine the true cost of producing your product or providing your service. (i.e. ensure that all inputs relating to the product or service are identified and accounted for in your cost structure.)

PRICING

The pricing of your product/ service should be adequate to fully cover your direct cost, operating expenses and provide a profit margin. However, the particular pricing strategy you adopt should take into consideration the particular features of the market for your product or service.

Seek professional advice on the costing and pricing method most suited to the business.

Additional Tips Here are some other useful measures you should take and factors you should consider to increase the chances of success for the business.

- 1** Develop a distinctive **Corporate Image** (e.g. design an attractive logo for business cards, letterheads or any other stationery which the business may need).
- 2** Create and maintain a positive public image for the business.
- 3** Seek advice. Do not hesitate to seek professional advice in any area in which you might lack the appropriate knowledge or experience.
- 4** Engage the services of an Accountant.
- 5** Remember, **the customer should always be first and therefore customer satisfaction is essential.**
- 6** Develop and maintain a desirable working environment for employees. Satisfied workers are more efficient and productive.
- 7** Avoid expanding the business prematurely. Doing so could lead to financial difficulties in the medium-term.
- 8** Keep yourself as informed as you can about the market for your product/service.
- 9** Advertise and promote the product or service. There are a number of innovative ways to do this successfully.*
- 10** The business may be yours but you don't have to be a **Jack-Of-All-Trades**. Be willing to pay for the relevant expertise where you do not possess it.
- 11** Always be on the look-out for new market opportunities.

*See *Small Business Guide 3*

How can we Help You?

CONTACT US TODAY!

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