

SMARTBIZ BW

MONEY MANAGEMENT FOR ENTREPRENEURS

A practical guide for Botswana small businesses

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Your business does not only need sales. It needs a clear plan for where its money comes from, where it goes, and what should happen next.

Who this guide is for: sole traders, informal businesses, start-ups, side hustles and small enterprises that want to build better money habits.

Inside: budgeting, separating business and personal money, pricing, cash flow, saving, debt, record-keeping and a simple weekly money routine.

Start here: know your numbers

You do not need to be an accountant to manage your business money better. Start by recording a few key numbers consistently. Use a notebook, spreadsheet or a simple digital tool. The important thing is to keep the records accurate and update them regularly.

Four numbers to track: sales received • business expenses paid • money customers still owe you • money your business owes others.

1. Understand sales, costs and profit

Sales or revenue is the value of goods or services sold. **Expenses** are the costs of running the business. **Profit** is what remains after the relevant costs are deducted. Sales are not the same as profit, and profit is not always the same as cash in your bank or wallet.

Example: a small catering business records P15,000 in sales for a period. Ingredients, transport, packaging, helpers and other business costs total P9,000. The simple amount left is P6,000 before any additional costs, taxes or obligations that apply.

Example calculation	Amount
Sales / revenue	P15,000
Less: recorded business costs	P9,000
Amount left before other applicable costs	P6,000

Remember: if a customer has not paid yet, you may have made a sale without receiving the cash. If you owe suppliers, that cash may already have a job to do.

2. Separate business and personal money

When business money and household money are mixed together, it becomes difficult to tell whether the business is doing well. If possible, use a separate bank account or mobile-money arrangement for business transactions. If that is not practical, keep a separate cashbook and record every transfer.

- Record all money received from customers.
- Record every business payment, including small cash purchases.
- Decide on a planned owner's draw or wage that the business can reasonably afford.
- When you use business funds for a personal need, record it as an owner withdrawal rather than hiding it as a business expense.
- Keep receipts, invoices and proof of electronic payments together.

3. Make a simple business budget

A budget is a plan for how you expect to receive and spend money over a chosen period. Prepare a monthly budget, then compare it with what actually happened. Use realistic estimates rather than assuming every day or month will be busy.

Monthly plan	Planned (P)	Actual (P)
Sales collected	_____	_____
Stock / materials	_____	_____
Transport / delivery	_____	_____
Rent / utilities	_____	_____
Phone / internet / marketing	_____	_____
Wages / contractors	_____	_____
Loan repayments / fees	_____	_____
Other business costs	_____	_____
Amount left after listed costs	_____	_____

4. Manage cash flow—not just profit

Cash flow is the movement of money into and out of the business. A business can show a profit on paper but still struggle to pay rent, buy stock or pay suppliers if customers pay late or expenses arrive before cash comes in.

- Ask customers to agree to payment dates and follow up politely on overdue invoices.
- Plan large purchases ahead of time and compare supplier prices.
- Avoid promising money to several people before checking upcoming bills.
- Keep a short cash-flow forecast: what money is likely to arrive, what must be paid, and when.
- Review slow-paying customers and products that tie up too much cash in stock.

Weekly cash check: Cash available today + expected money in – payments due = estimated cash remaining. This is a planning estimate, not a guarantee.

5. Price products and services carefully

A price should cover the costs of delivering the product or service and leave enough to support the business. Do not set a price only by copying a competitor. Work out the direct costs, a fair share of overheads, and the profit you need—then compare the result with what customers are willing and able to pay.

Example: if materials cost P40 and packaging and delivery allocated to one item cost P10, the direct cost is P50. Selling at P50 leaves nothing to contribute toward rent, equipment, your time or profit. A selling price needs to consider those other costs too.

6. Build a business reserve

A reserve helps the business handle quiet periods, repairs, delayed customer payments or urgent stock needs. Start with a realistic small amount and build the reserve consistently. The right target depends on how predictable your sales are and how quickly you need to pay expenses.

- Set a reserve target based on essential operating costs.
- Move a planned amount into the reserve when money comes in and the business can afford it.
- Keep reserve money separate from everyday spending where possible.
- Use it for genuine business needs, then make a plan to rebuild it.

7. Use borrowing carefully

Borrowing may help a business buy equipment, stock or other assets, but repayments can put pressure on cash flow. Before accepting a loan or credit offer, understand the total amount repayable, interest, fees, repayment dates, penalties, collateral requirements and what happens if sales fall.

- Estimate whether the business can make repayments during a slower month.
- Compare the full cost and terms of available offers—not only the advertised rate.
- Avoid borrowing to cover repeated losses without first understanding their cause.
- Do not sign documents you do not understand; seek qualified help if needed.

8. Keep useful records

Good records help you see patterns, prepare budgets, follow up payments, understand profitability and provide information when a lender, accountant or relevant authority asks for it. Keep records securely and follow the legal and tax requirements that apply to your business.

Record	What to keep
Sales	Date, customer, item/service, amount, payment status
Expenses	Date, supplier, purpose, amount, receipt or proof
Debts owed to you	Customer, amount, due date, follow-up status
Debts you owe	Supplier/lender, balance, due date, terms
Stock	Items received, items sold or used, remaining quantity

9. Think before investing business money

Before spending business funds on expansion or an outside investment, compare the purpose, risk, time horizon and access to cash. Reinvesting in stock, tools, training or marketing may support the business, but it should be based on evidence—not pressure or excitement. Outside investments can rise or fall in value, and some are difficult to sell quickly.

- First protect money needed for near-term business bills and agreed repayments.
- Ask what problem the investment solves and how you will measure the result.
- Understand fees, risks, withdrawal restrictions and whether the provider is appropriately authorised.
- Be suspicious of guaranteed high returns, urgency, secret methods or pressure to recruit others.

- Do not invest money you cannot afford to lose in high-risk products.

Important: this guide is general financial education, not personalised financial, investment, accounting or tax advice. Verify current Botswana-specific rules and product details with relevant official sources or qualified professionals.

10. A simple 20-minute weekly money routine

Time	Action
5 minutes	Record sales received and expenses paid this week.
5 minutes	Check unpaid customer invoices and upcoming bills.
5 minutes	Compare actual spending with your budget; note any surprises.
5 minutes	Choose one action for next week: follow up a payment, reduce a cost, build reserves or review a price.

Your one-page money check

Complete this once a week. Estimates are useful, but replace them with actual figures as soon as you have them.

Question	My answer
How much business cash is available today?	P _____
How much money do customers owe me?	P _____
What bills must be paid in the next 7 days?	P _____
What payments do I expect in the next 7 days?	P _____
What is one cost I can review?	_____
What is one action to improve cash flow?	_____

Quick knowledge check

1. Your business records P10,000 in sales and P6,000 in recorded costs. What is left before other applicable costs?

A. P4,000 B. P6,000 C. P16,000

2. Why can a profitable business still run short of cash?

- A. Profit and cash flow are different; customers may pay late while bills are due.
- B. A business should never keep records.
- C. Sales always arrive before expenses.

3. What is a warning sign of an investment scam?

- A. Clear written terms and time to consider.
- B. A promise of unusually high guaranteed returns and pressure to act quickly.
- C. A clear explanation of risks.

Answers: 1—A; 2—A; 3—B. If you missed any, revisit the relevant section and discuss uncertain decisions with a qualified professional.

Your next step

Choose one habit to start today. You might record every expense, separate personal spending, follow up one overdue invoice or prepare your first monthly budget. Consistency matters more than complexity.

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