



## Mississippi Small Business Development Center

*Helping to Transform Mississippi  
One Small Business at a Time*

### August 2016 Client Newsletter



### ***How to Immediately Become a More Credit Savvy Business Owner***

Credit plays an important role in your personal and business life. It impacts your purchasing power,

the interest rates you'll pay, and the terms of repayment. The more insight you have about credit, the easier it is to succeed in business.

Successful business owners appear to have a firm and knowledgeable grasp regarding finance and credit. Others, however, become credit savvy through years of experience and trial and error. Regardless of a business owner's background, becoming more credit savvy is possible by adopting certain qualities and personality traits.

Here are some of those key character traits of credit-savvy business owners.

**They are upfront and on the level** - Being straightforward and honest with yourself about your personal and company finances enables you to pinpoint past mistakes and deal with budget issues or bad spending habits. It's key to identify your company's financial needs and identify the most appropriate sources of financing based on your honest financial assessment.

**They are forward thinking** –The time period when a business needs money the most is when it's hardest to obtain: during the startup phase. Planning ahead, being clear on how much you need, and researching what lenders look for is essential to securing the funding your company needs. For starters, obtain a credit report on yourself and your business well in advance of searching for funding.

**They are detail oriented** – Credit savvy business owners know the details of their financial status, from their personal credit ratings to the most recent profit and loss statement of the business. The fact is that numbers tell the real story of a business. Other factors that impact your bottom line are your fixed and variable expenses. Pay close attention to details like this so you can determine the health of your business and make appropriate adjustments if necessary.

**They are disciplined** – Business owners who are knowledgeable about credit and finance have a great deal of self-control. They conserve cash flow, follow budgets, use and manage credit responsibly, and keep their credit utilization ratio at or below 30%. According to the Corporation for Enterprise Development (CFED) which surveyed 930 small business owners; discovered that the ability to manage a company's cash flow effectively was their secret to small business success.

**They know their priorities** – Savvy business owners put their priorities in check and know what areas of their personal and/or business credit demands their attention. They pay their invoices on time and keep debt at a manageable level. They learn from their past mistakes and recognize them as learning opportunities.

**They educate themselves** – Business owners well versed in credit and finance invest in their ongoing education. They learn, study and research personal and business finance, including information about funding programs, credit products, and credit scores. It's difficult to make wise decisions about credit without a clear understanding of all the factors involved in the decision making process.

If it's true that you can become a credit savvy business owner by emulating one, this article gives you the roadmap for success. Whether it's gaining more knowledge about credit, knowing your numbers, or planning ahead, there's a lot to be learned from credit savvy business owners. Take a close look at your personal and business finances to determine what steps you can take to improve. It may be just what you need to take your personal and business finances to the next level.

By **Marco Carbajo**

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<https://www.sba.gov/blogs/>

## JavaWerks - Hattiesburg, MS



Now completing their third year in business, JavaWerks continues to delight their regular clientele and warmly welcome NEW students and customers to their unique coffee house. As confident and community-integrated favorites, the Potenzas take much-deserved pride in the 7-day-a-week total family commitment their business requires. In return for their innovative adoption of events like "Coffee with a Cop" and "Super-Hero Saturday", along with frequent special interest lectures and local meetings, Cesar and Marbelis have created a powerful neighborhood inclusive niche for their thriving café, known for coffee, pastry, a panini, dinner or as an oasis from stress.



Cesar and Marbelis are from Venezuela and are accomplished at toggling from Spanish to English seamlessly. Their multi-cultural and work ethic orientation helped them integrate both family AND the relentless hours of work necessary for their small business to succeed and grow. Their language barrier virtually evaporated when their customers saw -and felt- how much they cared about serving them sincerely and cheerfully. As a result, they have scores of regulars, and constant drop-ins, as well.

Every day, they earn their tag-line promise:  
Best Coffee in Town!



Their hurdles were abundant- They had frustrating language and mixed reporting issues with suppliers. Also, the previous owners had overstated the café's volume substantially. They also discovered that their prospective business had begun a palpable decline as their negotiations to buy the café were in process. Gradually, their wary customers warmed up, and they adjusted to their sales levels and their inventory address, with their MS SBDC counselor's help and common sense approach. Their customers and their devoted family of staff gently paved the way to have better, more consistent results.

Cesar and Marbelis credit their counselor, Gary Suddith, by his insisting on planning more realistic volume figures, for their cautiousness and for helping their business survive the first year.

"When we began our small business journey, one of our most useful tour guides was JCJC SBDC counselor, Gary Suddith. He spoke with us personally, addressed our needs to develop a Business Plan and 3-year Financial projection, as well as providing valuable demographics, cafe' industry information and baseline financial planning to aid in our plans. We still reference this important data for our business, 3 years later. Though we certainly had some interesting surprises starting up, as most ventures do, our guidance from Gary greatly helped us begin and grow. Now, three years later, as we add more menu items, services and more community outreach, we have confidence that USM SBDC Counselor Rita Mitchell is as close as the phone or an email as support."

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We offer workshops on Starting a Business, How to Develop a Business Plan, and more!

And like all of our services, workshops are FREE! Sign up for one today!

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