

CAPITAL MANAGEMENT EBOOK



This e-book will show you the importance of capital management. From the profitability and cash flow to the e-procurement, these are the key elements of today's money management skills.

By following these notes, you will learn how to take care of your money better and completely on your own and fulfill all your trading dreams.

Why is Capital Management Important?

Capital management is essential for any successful business. Especially for startups, financial control is the only thing to keep them afloat and functioning on the market. Just like for businesses, capital management is important for individuals, too. The most important terms are the same - pay your dues in time, make sure to control your expenses each step of the way, and observe your progress.



Over time, you will be able to detect more detailed tricks that work for you as an individual. However, there are several terms of capital management that work for everyone. They are in accordance with today's market and its many fluctuations, as well as the economy of the country and the ups and downs it experiences.

Checking Your Profitability

This is an important step not only in the beginning, but each step on your trading path. Coming back to it regularly will make your trading life so much easier, as well as keep your funds in check.



You need to make sure that your cash flow is at a certain standard, so you can plan your moves on the market accordingly.

To make sure your profitability is satisfying, you should check if each product or service is pulling its weight. In other words, they should have appropriate prices, so the inefficiencies are eliminated.

Cash Flow Projection

This is the next logical step in your capital management, and it is quite important. Namely, you need to make a projection for the year ahead, so you can have a safety net if things do not go as planned.



By creating the cash flow projection, you will be able to anticipate the slower periods and plan what to do about them in advance. Experts advise checking this projection once a week or once a month, depending on your preferences.

Buy Big to Earn Big

This doesn't mean you should ignore the two steps above and spend at your will. Rather, it can be quite helpful to make big buys sporadically, instead of draining cash. Namely, the most common mistake of many traders is to buy a big long-term asset, instead of getting financing first.



This may seem like a good idea, in theory, however, it can drain your money much faster.

Instead, it would be better to use your cash flow projection to plan those buys ahead, and not to rush them in the time of crisis in hopes it will keep you afloat.

Speed Things Up!

When it comes to your cash flow, speeding it up can be quite useful. And don't just think big, as we advised in the previous step. Rather, be detail-oriented. For example, you can speed up the payments if you send out invoices more quickly or set up an electronic charging system.



If that doesn't work and you need a quick cash infusion, there are several options in this case. First, you can approach your bank for help. Then, you can check your assets and see which you can give away to get some cash for it.

E-procurement is Your Best Friend

E-procurement, otherwise known as the supplier exchange, is the process of purchasing and selling online. It involves supplies, work or services, as well as information and networking systems.



This can significantly reduce your costs while speeding the process up even more. Also, the e-procurement implies a rigorous authorization process, which means greater security for you and your assets.