

ROAD TO FINANCIAL HAPPINESS

FINANCIAL MOTIVES WITH MR R. MADORO

WHY DEBT IS IT GOOD OR BAD

In most cases many people consider borrowing money from MFIs as a best way to cover their financial problems. Problems are uncertain in the sense that you cannot predict death or accident on its exact particular date.

"THIS ARTICLE IS NOT DISCOURAGING PEOPLE FROM BORROWING MONEY, BUT IS THERE TO GIVE AN OVERVIEW ON BEST CAN YOU USE IT FOR"

Debt on its self is not a bad thing but what is important is to know the strategies or ways to repay it when it fall due. Below are the best principles on what to do with the borrowed money.

MORE THAN ANYTHING THE STUDY OF FINANCE WILL ENABLE YOUNG ENTREPRENEURS TO MANAGE THEIR OWN WEALTH PROPERLY.

BEST TWO PRINCIPLES TO DO WITH BORROWED MONEY

BORROW MONEY FOR INVESTMENT MOTIVES

This increase capital to the business, it then enable the business to grow. Good utilization of borrowed money increase inventory if the business is dealing with products and also increase quality and quantity of services. By doing all these the returns increase hence profitability is being maximized.

DO NOT BORROW TO SPEND

This principle is highlighted in red to shows that spending on its self is no much recommended when there is no investment to cover the amount used. Remember debt has an interest, meaning it need some extra money to top on the borrowed amount when it fall due. Example of spending including buying luxurious cars, unplanned purchases and many more cost which simply suck money from the account. Buying luxurious things can be considered as a liability and higher cost reduce returns hence profitability is being minimized. Borrow to invest not to spend because as young entrepreneur you have to maximize on investing not spending.

WHAT SHOULD YOU DO

GIVEN THAT YOU DO UNDERSTAND THE PROS AND CONS OF A DEBT AND IT IS NOW THE TIME TO CONSIDER YOUR DECISION CONCERNING YOUR FINANCIAL ISSUES.

THE BEST TWO PRINCIPLES ON DEBT WAS GIVEN. THE ONLY ONE THING LEFT IS THE STRATEGIES TO APPROACH THEM. MANY PEOPLE PREFER TO DO WHAT THEY WANT NOT CONSIDERING THE RESULTS.

A GOOD ENTREPRENEUR TRY MANY THINGS AND THEN COME UP WITH THE SUCCESSFUL OUTCOME THAT CAN BE USED TO PREDICT THE FUTURE.

TRY AND FAIL BUT DON'T FAIL TO TRY.

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WHY DO OUR BUSINESSES FAIL? ANSWER

THE TOPIC STARTS WITH A **QUESTION** MEANING THAT ALMOST EVERY BUSINESSMAN OR WOMAN EXPERIENCE THE FAILURE EVEN THOUGH SOME BUSINESSES DID NOT SHUT -DOWN.

THE REASON WHY THEY FAIL

Businesses fails due to many factors such as poor management, lack of capital, failing to earn more returns, poor business research, information asymmetry and other economic factors {PASTEL}. These factors cause business to fail. All these factors will lead to a business failing to meets its financial obligation.

HOW TO OVERCOME FAILURE

Research is one of the best aspect need to be considered when you need to start a business. This helps you to identify the potential risks and manage them before the business is being established. As an entrepreneurs you must be able to assess, identify and manage the potential risks. Risk management research are most a crucial elements when you want to establish a successful business.

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POOR MANAGEMENT

This one of the most crucial element which need to be looked upon whenever business is being run.

Good management increase profitability however poor management reduce sales hence the profitability of the business fall. This cause customer and employee retention because customers need good services or products while employees needs their salaries and want to work on a company with long survival.

SUMMARY

THE WHOLE ARTICLE WAS TRYING TO INFORM YOUNG ENTREPRENEURS ON THE BASIC THINGS THEY MUST TAKE NOTE OF WHEN THEY ARE TO START THEIR OWN BUSINESSES. THIS IS JUST A REMINDER TO ALL BUSINESS PEOPLE ESPECIALLY IN DEVELOPING ECONOMIES TO NOTE THAT SOMETIMES BUSINESS IS NOT ABOUT BUYING AND SELLING OR OFFERING SERVICES WITHOUT CONSIDERING OTHER THINGS LIKE RISKS. SOME RISKS MAY TAKE A LONG TIME BUT WHEN IT MANURE THE WHOLE ORGANISATION WILL COLLAPSE.

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THIS IS JUST A START OF THE MILE TO FINANCIAL HAPPYNESS, MORE MOTIVES ARE COMING.

TO BE CONTINUED.....