



zenbusiness academy

Bookkeeping & Payment

ZENBUSINESS.COM

Managing Your Financials Once You Make a Sale

Bookkeeping is an essential part of your daily routine as a business owner, but it can be daunting. We want to make sure you feel comfortable and confident, with all the information and tools you need to get started.

To begin, let's first go over what bookkeeping *is* and is *not*. [Bookkeeping](#) is a way to record **day-to-day transactions** within your business. Bookkeeping transactions include activities like sales, incoming and outgoing payments, purchases, cash withdrawals and deposits, paid wages, and even bank fees.

Bookkeeping is sometimes confused with [accounting](#). You can think of accounting as a wide-lens view of all of your bookkeeping transactions. These insights can be used to make business decisions and plans.

Bookkeeping

Gathers data.

Accounting

Analyzes data and translates it into financial statements

Bookkeeping Software

Bookkeeping used to be a pen-and-paper task. Now, business owners have access to a variety of easy-to-use **bookkeeping software** options that are more accurate than manual methods.

Bookkeeping software, also called income and expense tracking software, allows you to quickly see expected cash flow from receivables. It will also track spending by category, which helps you identify areas for cutting costs, and organizes income data so you can see which sources of revenue are the most profitable and consistent.

Staying organized and proactive is critical to efficient bookkeeping. Bookkeeping tools allow you to **record transactions in real time**, rather than scrambling to catch up on records after a busy period. ZenBusiness has tools to assist with your [income and expense tracking](#) software needs.

Chart of Accounts

All bookkeeping methods are based around a list called the “chart of accounts.” The chart of accounts is a numbering system that helps you **categorize the money you make and the money you spend**.

Each transaction in your business, from a product sale to the purchase of new materials and beyond, will either add to or subtract from the accounts in your chart of accounts.



Chart of Accounts

The chart of accounts consists of three main accounts, with subcategories to give you a more detailed understanding of your business transactions.

The assets category includes accounts for checking, savings, inventory, and equipment.


The expenses category includes accounts like supplies, advertising, rent, and utilities.

The liabilities account includes accounts payable, for unpaid invoices, and other debts like loan balances.

The chart of accounts provides you with an accurate understanding of all your business transactions. For example, the **assets** show how much your business is making and where the money is coming from. **Liabilities** show how much money your business owes. **Cost of goods sold** shows how much it costs to produce your products or provide the services you offer. Lastly, your **expenses** account shows where and how your business is spending money.

However, your software won't be as helpful without proper bookkeeping procedures. This includes **balancing your books** each month to assess the financial health of your business.

Using the info provided by your bookkeeping tools, calculate your equity. This is done by subtracting your liabilities from your assets.


$$\text{Assets} - \text{Liabilities} = \text{Equity}$$

Ask any seasoned business owner and they'll tell you that nothing is more satisfying than perfectly balanced books. With the right tools from ZenBusiness, you'll be bookkeeping like a pro. Be sure to check out our next lesson, which covers the basics of getting paid for your goods and services.

How to Get Paid Quickly

Continuing with our series on bookkeeping and payment, this lesson will focus on one of the best parts of running a business: getting paid! We'll walk you through the basics, including invoicing methods and common pitfalls to avoid.

For most businesses, getting paid is not as simple as just putting cash in the register. From construction contractors to cake decorators, every business owner needs a plan to get paid.

Three Methods for Getting Paid

There are three main methods of collecting payments. The first is called **point of sale**. It's pretty much what it sounds like — you make a sale and collect your payment on-site.

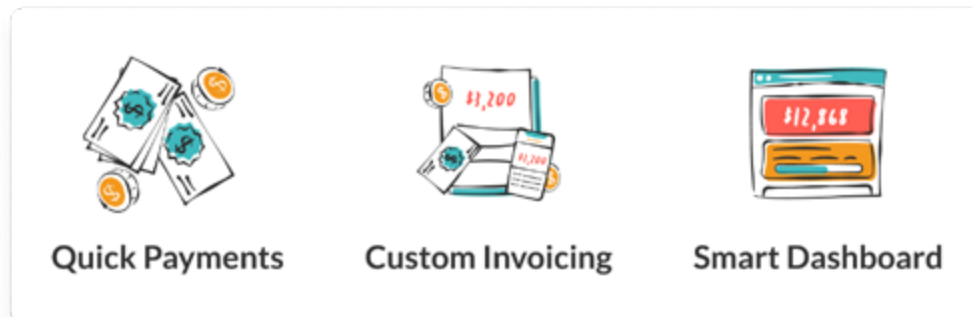
Next is **online payment collection**. Peer-to-peer solutions such as PayPal, Venmo, and Zelle are useful tools to enable easy online payments.

The third payment collection method is **invoicing**. An invoice is a document that details the goods or services provided to the client and establishes the client's obligation to pay you.

All About Invoicing

Invoices can be created with spreadsheets, often using pre-made templates. Another option is to use your bookkeeping or accounting software.

One convenient payment collection tool is the [ZenBusiness Money](#) app. The app is a **small business payment application** that simplifies merchant services and helps ensure that users are paid quickly.



It allows you to easily accept payments by credit card and bank transfer (ACH); create invoices, send estimates, and schedule reminders; and helps you manage your invoices, payments, and clients from your dashboard. It can help give you peace of mind when it comes to your payment processing.

Invoicing Best Practices

No matter which tool you use for invoicing, be sure to stick to the best practices.

Here are some expert tips on creating and sending invoices:

- Be detailed and explicit about payment terms. Your customers should be able to easily understand where, when, and how their payment should be sent.
- Be sure to invoice on a regular schedule. This is especially important for repeat customers.
- Follow up diligently on unpaid invoices. It's not uncommon for clients to lose or forget invoices, so it's wise to check in if you don't receive a payment according to the terms on the invoice.

You can take steps to design thorough, accurate invoices. First, include the correct **client contact information**. Next, label each invoice with a **unique number**.

Your Company Name

Invoice

BILL TO

Rovie Barker
 5511 Parkcrest Dr.
 Suite 103
 Austin, TX
 78731

QTY	PRODUCT DESCRIPTION	PRICE	TOTAL
QTY	PRODUCT DESCRIPTION	PRICE	TOTAL
QTY	PRODUCT DESCRIPTION	PRICE	TOTAL
QTY	PRODUCT DESCRIPTION	PRICE	TOTAL
QTY	PRODUCT DESCRIPTION	PRICE	TOTAL
QTY	PRODUCT DESCRIPTION	PRICE	TOTAL

Subtotal **TOTAL**

Tax **TOTAL**

THANK YOU FOR YOUR BUSINESS
TOTAL
TOTAL

The main section of your invoice should list the services and/or products you provided to the client. Include brief descriptions and itemized costs.

Make sure the **final amount due** is easy to spot. Add **payment terms** with a clear due date and information about what might happen if the payment is not made on time.

With that invoice on the way to the customer, you're one step closer to payday! Don't forget to check out our [ZenBusiness Money](#) tools and resources. Our next ZenBusiness Academy course will cover accounting and taxes for small business owners, freelancers, and consultants.

Glossary of Terms

Accounting

The practice of recording, analyzing, and reporting your business's performance and financial status.

Bookkeeping

A way to record day-to-day transactions within your business. Bookkeeping transactions include activities like sales, incoming and outgoing payments, purchases, cash withdrawals and deposits, paid wages, and bank fees.

Chart of accounts

A numbering system that helps you categorize the money you make and the money you spend.

Cost of goods sold

How much it costs to produce your products or provide the services you offer.

Equity

The amount you have left after subtracting your liabilities from your assets.

Invoice

A document that details the goods or services provided to the client and establishes the client's obligation to pay you.

Point of Sale

This refers to where retail transactions are made, as when you make a sale and collect your payment on-site.