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## 7 Innovative Financial Management Tips For Creative Entrepreneurs

Our Friends · Wednesday, October 2nd, 2024

As a creative professional, managing finances can feel like a chore, but once you take the plunge into entrepreneurship, dealing with and keeping your books in order is indispensable.

Moreover, financial management need not be dull or overwhelming, and with a few clever strategies even managers with not an iota of financial knowledge can make this their strong suit while staying true to their creative sides.

In this article, we lay out seven clever tips to better manage your finances, and not let it ruin the day for you, or ruin your prized creative spark in the process.

### 1. Embrace Budgeting, But Make It Creative

Budgeting is not about restricting yourself, far from it. It is rather about giving each and every cent and dollar a purpose. This is what 'Zero-Based Budgeting' which has gained a lot of traction off-late, and is particularly useful for creatives, is all about.

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Here again, there are plenty of tools that can come to your aid, with YNAB or You Need A Budget being a popular choice.

### 2. Automate Your Finances With Smart Apps

Automation has been a game-changer for businesses of all sizes, particularly when it comes to activities such as accounting, reporting, and financial management. Apps like QuickBooks, FreshBooks, and Wave do a great job of helping small businesses, freelancers, and creatives better manage their finances.

They help you keep everything in order, without having to keep your head buried in spreadsheets for hours at a stretch. From invoicing to expense tracking, with automated reminders and alerts to keep your cash flows steady, these are complete financial suites that you can access for just \$16 to \$30 a month.

You can also find several tools focused on particular verticals, with features aimed at particular industries, such as CRMs for creatives, or **customer management software for alarm companies**, among others.

### 3. Separate Personal & Business Finances

A lot of artists and creatives make the mistake of keeping their personal and **business finances** entangled, which results in a great deal of problems and complications down the road.

It is recommended to keep a separate business bank account, along with a credit card to handle all of your business transactions, keeping it separate from personal finances. This makes it a lot easier to track expenses, determine profitability, claim deductions, and manage cash flow.

Even as a solo creative, treating your finances with the professionalism of a larger business can make a huge difference in the long run.

### 4. Leverage Micro-Investments to Grow Your Cash

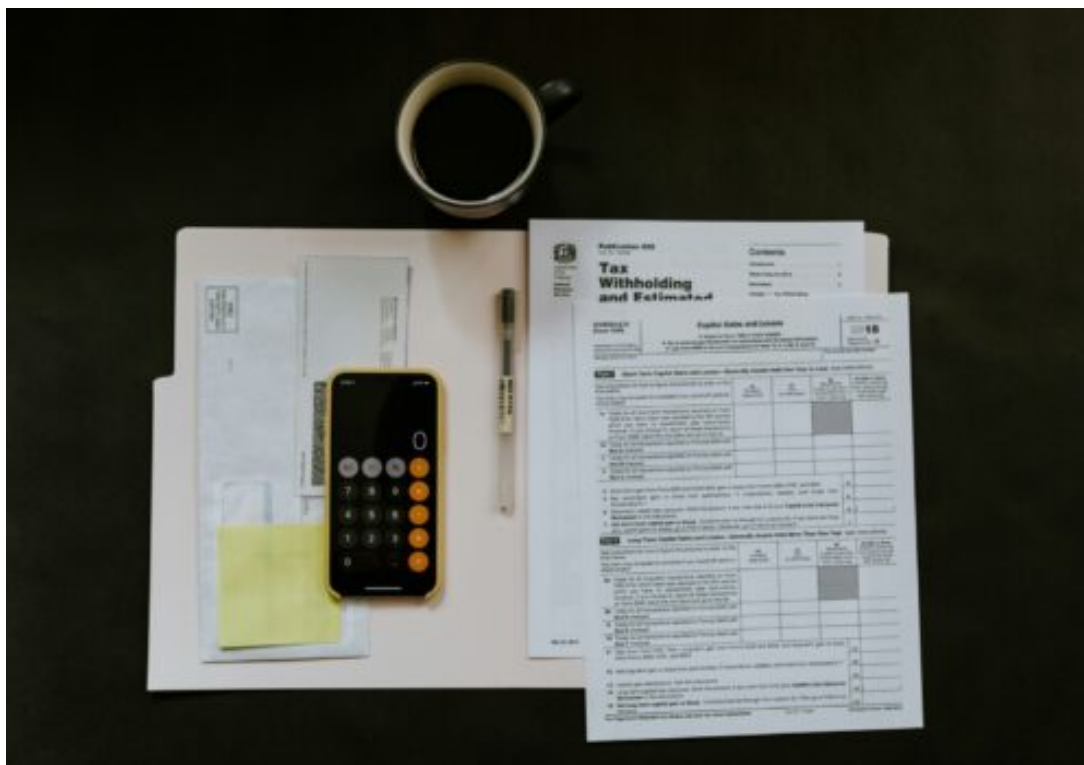
Investing doesn't have to be intimidating or reserved for those with deep pockets. **Micro-investing** platforms like Acorns, Robinhood, and Stash make it easy to start investing small amounts regularly.

Over time, these little investments can grow significantly and provide a financial cushion or fund future creative ventures. It's a great way to let your money work behind the scenes while you focus on your art.

### 5. Get Smart With Taxes

As a creative entrepreneur, you can deduct a wide range of expenses, from software subscriptions to part of your home rent if you have a dedicated workspace. Keeping track of these expenses can save you a lot at tax time.

Using digital tools like Expensify to organize your receipts and categorize your expenses throughout the year helps simplify the tax process and ensures you don't miss out on potential savings.



### 6. Diversify Your Income Streams

Relying on one source of income is risky, especially when work can be unpredictable. Diversifying income streams, like selling digital products, offering online courses, or licensing your work, can stabilize your finances.

Platforms like Etsy, Gumroad, and Patreon offer accessible ways to monetize your skills and creativity beyond client work, helping you build a more resilient and profitable business model.

### **7. Plan For The Future With Small But Regular Savings**

Savings aren't just about preparing for emergencies, they're also about seizing opportunities when they arise. Regularly setting aside a portion of your income into a separate savings account, especially one that earns interest like a high-yield savings account, can make a significant difference over time.

This "opportunity fund" can help you make bold moves, like investing in new equipment or taking time off to focus on a major project, without the stress of financial insecurity.

### **Final Thoughts**

Financial management doesn't have to be a burden, it can be a part of your creative process. By using these innovative tips, you can set up a financial system that supports your work, keeps stress in check, and empowers you to take on new challenges.

Embrace the right tools, keep your money organized, and give yourself the financial freedom to explore your next big idea.

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