

3 BUSINESS INVESTMENTS EVERY ENTREPRENEUR SHOULD MAKE

By Rieva Lesonsky





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If you're like most entrepreneurs, you may not be investing in your retirement (at least for now) because you're too busy putting every penny into your business. Good news for hard-working small business owners: A survey by **The Principal Financial Group** reports entrepreneurs are feeling more optimistic than they have in three years.

More than half (53 percent) of business owners say their company's financials have improved compared to last year; about the same number predict that their business financials will improve in the coming year; and almost nine in 10 (88 percent) say the financial health of their business is either stable or improving.

There's good reason for the optimism: Almost three-fourths (71 percent) of small business owners polled say they have surplus business capital on hand. That's up from 62 percent last year. Where are small business owners

planning to reinvest this extra capital? There are three smart places all entrepreneurs should be investing:

1. Invest in Your Business

Almost half (46 percent) of entrepreneurs in the survey will invest excess capital into their businesses, with 37 percent making purchases to improve their companies' technology and 36 percent taking steps to protect their businesses from loss. Since insurance and technology are places where many growing businesses fall short, this is good news.

2. Invest in Your Employees

You wouldn't have your business without your employees, so investing in them is important, too. Last year, 41 percent of business owners hired new staff, citing customer demand, high volume

of business and confidence in future growth as their top reasons for doing so. In the next 12 months, the same percentage will hire full-time employees.

Existing employees deserve an investment in their happiness, of course. Forty-three percent of business owners say retaining talented employees is a challenge for them. To help improve loyalty, 33 percent offer competitive benefits packages, and in the next 12 months, 33 percent of entrepreneurs plan to add more employee benefits, up from 16 percent last year.

3. Invest in Yourself

Last, but not least, don't forget to invest in yourself. Too often, business owners support the business by taking money out of their own salaries (or not taking a salary at all). Not only can this cause family strife and leave you without adequate retirement resources, it can also be a sign of a poor business model. This year, 75 percent of business owners say their personal

finances and household finances are healthy—up 4 percentage points from last year. That's really good news.

Investing in yourself has a psychological component as well. I'm happy to see that 48 percent of small business owners report either taking vacation time or using technology to work anywhere they want. In addition, 43 percent regularly make time for exercise, and 39 percent have enough staff so that they can leave work without worrying.

About the Author

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