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ENTREPRENEUR FINANCIAL PATTERNS FOR SMES AND STARTUPS

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Abstract

Purpose of this study is to understand and know entrepreneurial financial patterns. So it is not impossible that MSMEs will become economic drivers in a region or in a country. The research method chosen was descriptive analysis. The type of research in this research is the literature which is done through various reading materials such as books, journals, documents and materials related to this research. Financial start-up is actually not much different from the finances of other companies which include financial statements, capital budgeting, investment, lending, and others. While MSME finance tends to be smaller in scope than companies. the financial patterns of start-up entrepreneurs and MSMEs have some similarities. It's just that in practice, MSMEs as the name suggests are small and medium-sized micro enterprises, meaning they have several characteristics, namely having a relatively small market, managed by the owner or part owner privately, and not through a formal, independent management structure, because it does not form part from large companies and the economic contribution of small companies.

Keywords: Finance, Entrepreneurship, Start-up, UMKM

INTRODUCTION

The existence of UMKM and start-up cannot be eliminated or avoided from the current nation's society. Because its existence is very useful in terms of the distribution of community income. It is also able to create creativity in line with efforts to maintain and develop elements of the traditions and culture of the local community. On the other hand, MSMEs and start-ups are able to absorb labor on a large scale given the large population of Indonesia so that this can reduce the unemployment rate. From this it can be seen that the existence of MSMEs that are labor-intensive, using simple and easily understood technology can become a forum for the community to work (Anggraeni et al, 2019)

The development and success of MSMEs and start-up businesses can be seen from the internal factors of the business they manage., such as marketing, human resources, finance, and operations. In the operational part, if not managed properly will cause an increase in operational costs so that it can reduce the benefits they get. The human resource department, if not managed properly will also cause a decrease in employee performance which will also have an impact on the company. The marketing department is one of the most important elements of a company's development and success. If the marketing division is not biased to attract the interest and attention of customers who are the goals of the company, it will cause the income earned by the company to decrease and even experience a loss. Therefore, the marketing division must be able and always innovate so that it can always attract the attention of customers, and make customers loyal to the products and services offered by the company.

Finance is one of the important things in business management, in addition to operating and marketing a business. The need for recording financial transactions will increase as more transactions are made. Although currently the development of information technology has increasingly developed, but there are still many companies and organizations that carry out their company's financial statements manually. Plus for novice business people who sometimes still do not understand to make financial management planned. This certainly makes financial management ineffective and inefficient, and will complicate the process of finding transaction data and financial reports. In addition, the process of making transaction and financial reports that are made manually will often experience errors so that the report becomes inaccurate if there is a change in the format of the financial statements.

An understanding of financial management is not just how to manage cash, but also how to manage finances in order to make a profit. Because in reality, entrepreneurs tend to be more interested in discussing business ideas and innovations, production, sales targets, and marketing strategies compared to discussing financial management. They view that financial management is an activity that will just flow without control. That is what makes most of the businesses and businesses that have been established get less income than before, some are even bankrupt. That is because they do not understand, and do not have the knowledge and skills to manage their finances properly. Therefore, in this paper we will discuss financial patterns in MSMEs, and business start-ups, including capital and loans that can be used by entrepreneurs who want to open their businesses, so that they can manage their businesses well.

RESEARCH METHOD

The chosen research method is descriptive analysis, while the understanding of analytical descriptive method according to (Sugiono: 2009; 29) is a method that serves to describe or give a description of the object under study through data or samples that have been collected as they are without analyzing and make general conclusions.

This type of research in this study is library research conducted through various reading materials. Reading material is obtained from library materials such as books, journals, documents and materials related to this research. The method used is the study of documents, namely studies by studying data in the form of books, research reports, seminar papers, expert writings, and regulations relating to research material.

DISCUSSION

1. Entrepreneurial Financial for New and Emerging Businesses

a. Understanding of a newly developing company and how to set up an

Emerging firms is a company that is trying to grow and develop from the initial stage to a bigger company. Many of the developing companies are already included in the category of "middle-market" companies. However, developing companies and middle-market companies are not always the same, because basically some of these middle-market companies are not interested in developing their companies. In every company, finance is very important in managing their business, especially for companies that are just starting their business and growing. Of course they need good books and accountants to grow and maintain their company.

Starting a start-up is a very difficult task and must be done with a hard and earnest effort, this is because along with the company that you founded there will be tensions that make many important decisions, work with strangers, and pressure on your personal finances (Alamsyah, 2011). There are four elements that must be considered in starting a start-up, namely the basic idea, the key person or management team, the private placement memorandum, and the venture capital.

First, the basic idea is the basic idea to establish a company, such as in what field the company was founded, and what products or services you want to offer to customers. In determining the basic idea, there are 7 criteria that must be considered, namely the form of organization, basic profitability, market size, capital intensity, single product company, repetition of orders vs. single sales, the ability to "get out", simple products, out of vogue, and agreement that can be understood.

Second, individuals and teams within the company can also influence the management of the company. Every person has a different personality. This will certainly affect his career and future. Similarly, in the case of running a company. The success of a company can be seen from the personality and how to lead its leaders.

Third, the private placement memorandum or can also be called a business plan. A business plan is one of the important things that must be considered before establishing a company. This is done so that entrepreneurs can manage their business properly and in accordance with the plans that have been made and determined previously. In making a business plan, of course there are outlines that must be considered, such as the introduction and description of the company and products, products or services, marketing, individual or team, as well as financial summary

The final element that must be considered in conducting start-up is venture capital. Business capital is capital that is used to buy goods or capital used to build a company. The venture capital can be divided into four types, namely seed money, angel round money, venture capital, and second-stage financing. Seed money is capital that comes from personal finance, family or friends, Angel round money is capital obtained from agreements made by other parties, while second-stage financing is capital that is obtained from third parties, such as banks, investors, etc. other.

b. Financial Start-Up

Every company is very important to be able to manage the company's finances well, therefore every company needs effective and efficient financial management and management for every transaction it does. There are many ways to do transaction reports, such as a hypothetical company, percentage of completion methods, completed contract methods, and the installment method. The financial statements are also divided into 3 types, namely the compiled statement, the reviewed statement, and the (audited) certified statement. The compiled statement is a report that is often used in the United States. The report is what company management wants to say, and the report is completely independent of accounting rules (GAAP). The reviewed statement is a report prepared in accordance with GAAP, and has been approved by CPA independent of the accounting system that will be used by the company. Whereas the (audited) certified statement is

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a report used to provide accounting guarantees, and can show the quality and reputation of a company. Even so, the financial statements are not the responsibility of CPA members, but the responsibility of the company's management, because it allows the management of the company to create results using appropriate accounting rules and wants.

In addition to financial statements, it is also important for entrepreneurs to pay attention to the cash flows that occur within the company. That is because many entrepreneurs only focus on the income statement but do not pay attention to changes in the balance sheet that can cause changes in cash flow, so they fail to overcome it. Cash flow or cash flow is divided into four types, namely operations, priority outflows, discretionary outflows, and financial flows. Operating cash flow is divided into two types, namely operating cash inflow and operating cash outflow. Operating cash inflow is a calculation of net income which is calculated from gross sales obtained after returns and benefits, while operating cash outflow is a calculation of cost of goods sold, which is reduced by depreciation or depreciation. That's because operating cash outflows only include cash items in their cash flow statements. Priority outflows are calculations of interest and debt payments. Discretionary outflows are flows used to calculate capital expenditures, profits, development costs, preferred stock dividends, and common stock dividends. Whereas financial flows are calculations between debt instruments, stock securities, and term loans.

Developing a company means closing the income gap between what the company expects to get and what it wants to get. To fill the income gap, there are two ways that can be done by entrepreneurs, namely by using internal and external facilities. The internal facilities consist of share repurchases, and capital budgeting, while external facilities consist of mergers and acquisitions. There are two reasons why someone wants to develop the business and the company he founded, namely economic reasons and personal reasons. These economic reasons include power and position in the market, reduction of resource dependency, horizontal expansion, more efficient use of resources, and survival, while personal reasons include providing greater opportunities for employees so that they take the initiative to work harder and settled in his company.

c. Financial Management and Start-Up Receivables

Cash is the most unproductive asset a company has, except for psychological reasons, such as impressing readers of the company's financial statements, excess cash must be used in the company in a productive way, rather than lying or just making rates money market prices. Companies must use cash to produce higher returns. In short, leaving cash in a cash account means incurring opportunity costs - the amount of money you are losing by not taking an alternative approach with this amount of money. The secret to determining whether a company is carrying too much cash is an examination of daily changes in cash accounts using random variables. This will show the optimal daily opening cash balance. If the company carries more than that, they can synchronize in a cash account. By paying more attention to the quick delivery of accounts receivable bills, companies can reduce unwanted synchronized. The use of a new "zero balance" account and similar accounts are aimed at helping the company manage its cash.

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Meanwhile, accounts receivable management can be done by checking the elasticity of demand and variables. Managers need to be aware of elasticities such as cash discounts for sales and credit to sales periods. If sales are relatively inelastic to a variable, this can allow the transfer of parameters (for example, reducing cash discounts and thereby increasing income before tax). This might also seem like a trivial thing at first glance, but if a company operates at a very low pre-tax profit, it can actually increase the size of this profit substantially. But an increase in the Income Statement can mean changing more A / R, and this will affect cash and weigh on the Balance Sheet.

2. Entrepreneurial Finance for MSMEs: A Managerial Approach for Developing Markets

a. Entrepreneurship Arrangements

1) Introduction of what entrepreneurial finance

Entrepreneurs must consider the source of funds and how to allocate funds for productive ventures. Employers also need to understand funding sources that match risk/return preferences. So it is necessary to regulate the finance so that the business runs smoothly.
Finance owned by entrepreneurs is of course different from finance in large companies. Large companies are mostly faced with problems and decisions that differ from those that affect MSMEs or company entrepreneurs. Entrepreneurial finance deals with financial decision making by entrepreneurs and MSME managers, corporate finance is also concerned with the financial decision making of large corporate organizations. Small business finance can be seen from two main perspectives namely institutional finance and finance as a structured approach to decision making. In entrepreneurial finance, startup companies face high challenges from the level of information asymmetry. In corporate finance, large public companies tend to have less information asymmetry problems. In corporate finance, the focus of financial managers is to maximize shareholders' value of large public companies. But in terms of financial entrepreneurship, the focus is on maximizing value for entrepreneurs. In entrepreneurial finance, the owner or provider of finance is mostly involved in managing the company and therefore the separation of ownership and management is less clear. In corporate finance, there is clearly a separation of ownership and management in the wider community of the company.

The characteristics of MSME are having a relatively small market, being managed by the owner or part owner privately, and not through a formal, independent media management structure, because it does not form part of large companies and the economic contribution of small companies.

SMEs are faced with several challenges that often prevent them from realizing their full potential. Most entrepreneurs identify limited access to finance as an obstacle to their growth and development factors, given that formal financial institutions largely shy away from financing initial business. Therefore entrepreneurs are forced to depend on personal savings in the initial stages of financing their business. Even when businesses are established, when they propose loans, they are not always accepted by the borrowers because they do not have an adequate operational and financial track record. Another challenge facing MSMEs is the inability of the owner to manage the business effectively. Lack of managerial knowledge tends to hamper the

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development of this company. Most MSMEs do not maintain proper accounting records and may be problematic when determining the amount obtained is assessed against tax. Another challenge is intense competition from domestic and international companies. The liberalization trend has made UMKM tough to compete and survive.

2) Development of New Businesses and Sources of Funding

In forming a new business, there are choices for the type of business that will be formed. The choice of ownership can differ from one entrepreneur to another. MSMEs can be arranged under three main forms: individual ownership, partnership and limited liability company.

1. Individual ownership: Single ownership is a form of business that is wholly owned by individuals who operate it for profit making purposes. In individual ownership, individual entrepreneurs direct and control the fate of the business.

2. Partnerships: Some MSMEs are managed as partnerships. A partnership is an association of two or more people to start a business as a joint owner with the aim of making a profit. Partners gather resources and share company risk.

3. Limited company: MSME can also be regulated as a limited liability company. A company is said to be a limited liability company, meaning that the owner's liability is limited to the amount of capital they invest in the company.

New companies are indeed very vulnerable. New businesses have traditionally had difficulty approaching financial providers to increase capital because financial providers consider it new and risky. Information asymmetry refers to the difference between information available to businesses seeking finance which is usually information that is not profitable for the company.

MSMEs, like humans, have a life cycle that they go through. They are born, grow, reach maturity, may experience a decline and may die. This stage cannot be predicted, it depends on the development made by the business.

In addition, MSMEs need financing for various reasons at various stages of their development. Therefore, the order of financing is related to business development. For example at the beginning or development stage, companies need funds to develop products or to explore the feasibility of project concepts. It is important to now discuss possible sources from which MSMEs can improve finance. Funding can be obtained with equity-based and debt-based funding.

3) Business Planning Business plans

have goals and benefits. First, the process of preparing a business plan is to provide a way to map the future of the business by making entrepreneurs think about their strategies, evaluate their business concepts, assess the risks that are likely to be faced and developed by the business means reducing or eliminating those risks. Business plans guide entrepreneurs by mapping clear paths or future actions for the business and by devising strategies for success.

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The elements of a business plan are quite standard, entrepreneurs can prepare a business plan and adjust it according to its purpose. In general the business plan includes (title and table of contents, business plan summary, business description, products, market and competitor analysis, marketing strategy, management and organization, workmanship, financial components, and appendix)

The preparation of this business plan requires the need to revise, taking into account actual developments in the company and also in the market. In preparing a business plan, initial projections will be based on certain assumptions. This certainly can prevent the memorization of a business plan.

There are a number of reasons why business plans fail. If the business plan is rejected after initial screening, this may be a failure on the part of the entrepreneur to communicate the strategy to the reader. Another reason could be that a business plan fails to convince the reader that marketing strategies can deliver the promised results. Business plans may also lack operational details needed to carry out these plans.

3. Financial Environment and Financial Providers

a. The Financial and Small Environment

Business Businesses operate in the financial environment and their decisions are affected by developments in the financial environment. The financial environment includes the financial system, tax and regulatory and economic policies of the country. The financial system consists of money, financial instruments or components, financial markets, financial institutions and financial regulators.

The types of financial institutions include mutual funds, trust units, financial companies, venture capital, MFIs, financial development institutions and informal finance. Financial institutions perform important functions in financial markets, including providing intermediation due, reducing risk through diversification of cations, reducing contract costs and processing information, providing payment mechanisms and dealing with adverse selection and moral hazards.

b. Venture Capital Financing Venture

capital is usually willing to invest in a company for up to ten years. Venture capitalists invest in companies that at their developmental stage may find it difficult to access funds from the capital market or from the banking system. Therefore, venture capitalists provide the financing needed for entrepreneurs with ideas that are very innovative and that can transform their ideas into innovative products that can turn into great businesses.

Venture capital has many advantages. First of all, there is no pressure on companies to pay regular fixed costs as would be the case with debt financing. Venture capitalists do not require any form of security in an investee company or a company in which they invest. The company does not need to provide guarantees for venture capitalists as is usually requested in this case bank financing.

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The disadvantage, the cost of venture capital funding is likely to be more expensive than bank debt. Also, due to the fact that venture capital fund managers are more likely to have more knowledge in business valuations that can be done by venture capitalists to bargain at a more difficult price at which they buy company equity.

c. Microfinance interventions Microfinance

Is a provider of financial services to low income people, clients or micro businesses who usually have difficulty accessing formal financial services. Microfinance includes a range of financial services including microcredit, micro insurance, micro-savings products, fund transfer services and other financial products designed for those on low and poor incomes.

Microfinance is important because it has many benefits. One of the benefits of microfinance is increased economic activity and job creation. The provision of microcredit to those on low incomes allows them to carry out economic activities such as trade, agriculture and so on to increase their income levels. MSMEs can also take advantage of business opportunities by increasing micro loans obtained to get repayments. This means, microfinance can increase the level of income of micro entrepreneurs. Increasing access to microcredit to MSMEs will enable them to increase their economic activities and subsequently lead to job creation. Another benefit is building assets. Clients can build their microfinance asset base through the micro loans they obtain.

d. Public Sector and Small Business Interventions

Government provides support to SMEs in three main ways. This channel includes measures aimed at influencing company behavior and improving the environment for MSMEs and the support provided by agency intermediaries in promoting relations and networking between companies, and support also through the role of government in developing financial systems aimed at increasing MSME access to finance. The channel is to improve the environment for MSMEs, support intermediary institutions and promote relationships and networks between companies and make policies to encourage financial institutions to provide support to MSMEs.

The reasons for public sector intervention in assisting the MSME sector are varied. These interventions are aimed at improving the business environment, helping MSMEs meet financing requirements, making financial systems more accessible to MSMEs and increasing financial supply through the non-financial private sector.

4. Financial Performance and Planning

a. Understanding and analyzing financial statements

Following are various forms of financial statements:

1. Income statement,
2. balance sheet,
3. cash flow report,

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After having a neat financial report, it is necessary to conduct financial analysis. This financial statement analysis is important because it has many benefits, internally, it can be used to evaluate employee performance, efficiency and company operations and company credit policy. Externally financial analysis can be used by lenders and creditors to evaluate the potential associated with credit worthiness.

b. Financial Planning and Forecasting Financial
Planning and forecasting is important for entrepreneurs to evaluate and ascertain how much external financing might be needed. They are also useful in measuring the company's actual performance based on the standards and effects of the corrections needed if necessary.

Considering the number of break-even units, together with estimates of sales, it might be easy to conclude at the time it takes for a company to be profitable. We can adapt the equation of the income statement to determine the breakeven point. Using the income statement as presented in Answer 9.5, we understand that operating income, or income before interest and taxes.

Financial forecasting is an important tool used in assessing a company's financial needs. Smith et al. (2011) identified a number of determinants of financing business needs, including profitability, cash flow, minimum efficient scale and sales growth

c. Working Capital Management Working
Capital is capital available for carrying out day-to-day operations of a company and it consists of current assets and liabilities smoothly. Net working capital is mathematically defined as follows:

Net working capital = Current assets (gross working capital) - Current liabilities

Inventory management is concerned with ensuring that adequate levels of inventory or stock are maintained to meet customer demands while minimizing storage, administrative, and related inventory costs. Efficient inventory management requires that adequate inventory must be held to meet customer demand.

5. Rating

a. Time Value of Money
The concept of time value of money relates to the fact that 'one dollar is now worth more than one dollar tomorrow'. This means it will need more future dollars than the current dollar to buy the same amount of goods and services because of the effect of inflation. If you have the opportunity to receive US $ 2,000 today or US $ 2,000 in a year from today, which do you want? Of course, you will take US $ 2,000 today because you know the time is value for money. Receiving US $ 2,000 today gives you the opportunity to invest money to get interest.

Future value (or compound) is the value at a time in the future the amount of money, or a series of payments, is evaluated at a certain interest rate. The present value (or discount) is the current value of a future amount of money, or a series of payments, evaluated at a certain interest rate.

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b. Evaluating Capital Investment Decisions:

Capital Budgeting Capital budgeting is the process of analyzing capital investment opportunities and deciding which to accept. It refers to the whole process of analyzing a long-term project (involving fixed assets) and deciding which to include in the planned investment of the company. Of course this must be carefully thought out and not haphazardly.

Capital budgeting decisions are influenced by a number of factors, including changes in government regulations, research and development, and changes in business strategies.

There are five main steps involved in capital budgeting and these are:

1. Formulating a proposal: This involves identifying costs and the expected benefits to be obtained in the form of cash flow.
2. Evaluating data: This involves determining whether the costs and benefits generated make the investment feasible.
3. Make a decision: This includes choosing the action that gives the best results.
4. Follow-up: This consists of monitoring and controlling cash flow to ensure the actual benefits received exceed the additional costs incurred.
5. Take corrective action: This involves actions that need to be taken actual benefits received as expected.

After considering the costs and benefits associated with capital budgeting decisions, there is a need for data evaluation techniques, and there are techniques for evaluating data obtained in capital budgeting proposals. These techniques help us assess the long term of the project and guide us in choosing a good project. Capital budgeting techniques include:

1. Repayment
2. Discount payment,
3. NPV,
4. PI,
5. IRR,
6. Modified IRR (MIRR) and accounting returns (ARR)

a. Evaluation of New and Small Businesses

There are various methods to assess new businesses and small businesses. This different method can produce varying results, and therefore it is necessary to consider valuations from various perspectives to arrive at an appropriate distance assessment. The various valuation methods discussed in this chapter include:

- Cash flow discount method
- Net present value adjusted for risk
- Equivalent certainty
- Method Venture capital method
- Free cash flow to equity
- Free cash flow to the company
- Appraisal using a comparable company
- understanding the criteria for choosing a business valuation model

Valuation is crucial not only for estimating the value of a bold business but also important when negotiating for financial contracts between entrepreneurs and investors. Valuation methods include comparable uses that involve applying multiples to income statement information or balance sheet information, or using discounted cash flow. Multiples can be obtained from market information about public companies, M&A Transactions, and other venture investments. The DCF method is often based on market information about an appropriate discount rate. In assessing new ventures or early-stage ventures with significant potential for growth, the main approach is the use of the DCF method. Different discount approaches are often used, and differences include approaches with respect to cash flow, the discount rate used and how uncertainties are considered. These approaches have their strengths and limitations, therefore it is necessary to consider the following questions in ascertaining the strengths of each valuation approach

1. Is the valuation based on an estimate of future cash flows?
2. Are capital costs used as a discount rate?
3. How does the model handle cash flows that vary in risk?
4. Can the model be used to respect embedded options?
5. How difficult is it to estimate the information needed for assessment?

6. Funding and Harvest

a. Options Financing Options

Business require various forms of finance to obtain permanent or permanent assets such as land, buildings, vehicles and equipment (fixed capital). This form of finance can be used to support normal short-term operations such as purchasing inventory, paying bills and paying wages and salaries (working capital) and also for expansion or to change the direction of business (growth capital). It seems that there are a variety of financial sources available for businesses, MSMEs have been identified to face difficulties in accessing most of these funding sources. MSMEs are said to have limited financing options and are therefore often forced to do it with whatever comes to them. Entrepreneurs or MSMEs tend to play a wide net role to capture the financing they need from various sources to start a new business or expand an existing business. We mentioned in Chapter. 2 that MSMEs adopt layering, which involves pooling capital from various sources. The source of funding that can be accessed by companies depends on several factors

MSMEs finance their operations with a combination of debt and financial equity. Sources of debt finance include bank loans, trade credit, factoring, asset-based lenders, public debt, securities, leasing, microfiber financial loans, financing from DFI and public sector support schemes. Sources of equity finance include personal savings, family and friends, business angels, venture capital, corporate venturers, private and public equity placements off equity.

Some factors that can influence financial choices include: the stage of the company, the conditions attached to financing, taxes, profits and cash flow rates, the value of assets, the cost of obtaining finance, relationships with financial providers and its ability to provide value-

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enhancing services, the time frame in which finance can be regulated, and how quickly businesses need money.

a. Harvesting Venture Investment

Harvesting is an important aspect of small business finance. This provides an opportunity for early investors to sell their shares in the business. This is the final stage of investment where the initial entrepreneur or investor liquidates their investment. Harvesting can take various forms including, Public Going, M&A, MBO, and ESOP.

Various factors, which influence crop alternatives, will be of interest to management and investors. Harvest decisions are complicated because they vary. Troops might play at the same time. Various stakeholders involved therefore in companies consider several factors:

1. Consideration of conditions and market assessments
2. Company size
3. stage development company
4. Control Companies
5. Consideration taxes

CLOSING

After a detailed explanation of the financial patterns of entrepreneurial above of course it can be concluded that the perpetrators of SMEs actually have much chance for success and not inferior to big companies when they understand and know entrepreneurial financial patterns. When this understanding has developed, it is not impossible that MSMEs will become economic drivers in a region or in a country.

In the discussion above, it has been explained that finance for start-ups and also MSMEs. For start-ups in general, there are four elements that must be considered in starting a start-up, namely the basic ideas, the key person or management team (the management team), the private placement memorandum, and the venture capital (capital). When talking about finance, financial start-up is actually not much different from the finances of other companies that include financial statements, capital budgeting, investment, lending, and others. It's just that start-up companies are more or more identical businesses that smell of technology, the web, the internet and those related to that realm.

While MSME finance tends to be smaller in scope than companies. The financial patterns of MSME entrepreneurs described above are 5 namely Entrepreneurship, environmental and financial provider arrangements, financial performance and planning, valuation, and funding and harvest options. Even though the business is small, in order to achieve success, a clear framework is needed so that the business can continue to grow. In the first pattern, entrepreneurial arrangements include business plans and financial development. In the second pattern, the financial environment and financial providers discuss the financial environment for small businesses, capital, microfinance and the public sector. Other patterns such as valuation, financial choices, and harvest largely explain financial behavior related to time and money and

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time, capital building, anything that influences financial choice decisions. At first glance it looks complicated but basically it is intended to form a company that has a clear goal so that in the future the business can develop following a predetermined path from the beginning and not deviate from that goal.

In conclusion, the financial patterns of start-up entrepreneurs and MSMEs have some similarities. It's just that in practice, MSMEs as the name suggests are small and medium-sized micro enterprises, meaning they have several characteristics, namely having a relatively small market, managed by the owner or part owner privately, and not through a formal, independent management structure, because it does not form part from large companies and the economic contribution of small companies. However, in essence, every business must have good financial management.

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