PERSONAL FINANCE
SYLVIA JJUUKO



Is your side hustle on life support?

Do you experience a particular kind of financial anxiety that you rarely talk about? If you are a professional running a side hustle, this may ring a bell. This anxiety lives quietly behind a client list that looks impressive on paper or that polite smile you wear when someone asks how business is going, and you answer: "It is going well, thank you."

Sadly, when the room is empty and the spreadsheet is open on your laptop, you experience a contrary feeling. In this case, the revenue figures and the clients are real. At the same time, you have a good list of clients. For the record, the invoices have been sent and the work or products have been delivered. As it is, everything looks like a business that is working. However, something does not add up. You are aware of it, but you cannot quite explain it to anyone else. Welcome to the story of cash flow anxiety, and more professionals than you think are living inside it.

Most business advisory firms will tell you that one of the most important distinctions in running a business is understanding the difference between revenue and cash flow. For the uninitiated, revenue is what your business earns, while cash flow is what actually moves through your account and keeps things running. If you confuse the two, that confusion is the source of your anxiety.

Realistically, you can close a significant contract or make a sales deal and still find yourself short at the end of the month. In our side hustles, we register a strong quarter on paper, but still borrow from our salary to cover a business expense. You can look at your client list and feel successful while quietly hoping that a particular payment arrives before a particular bill does. And from experience, clients never pay on time.

While this should not be recorded as a failure, it is a warning sign that you need to pay attention to your financial structure. It is important to remember that the problem is compounded when your profit is inconsistent. Typically, some months are comfortable while others are 'dry'. When there is no clear pattern regarding inflow, it becomes very difficult to plan, to invest, or to sleep soundly at night.

More to that, when tax season arrives, the panic is not about the tax itself. It is about the fact that you were not ready, given that the numbers were never quite clear enough to prepare properly.

If this dilemma rings a bell, you need to take a look at your habits. One way to address this anxiety situation around your side hustle finances is to separate your business money from your personal money. Using a salary to sustain a business or drawing from business accounts for personal needs, creates confusion. This will make it difficult to know whether your side hustle is profitable or not. Realistically, your business is on life support. That is why you have often read stories of people whose businesses collapse once they leave their salaried job because that pulls the plug on the life support (salary) from their businesses. To avoid this scenario, it is advisable to open a dedicated business account (if you haven't already done so) and discipline yourself to treat it as a separate entity.

The other habit to adopt is to track cash flow weekly, not monthly. A monthly review will always be too late. It is better to undertake a weekly review to track what is coming in and going out, and where the gaps are likely to appear. Remember, most cash flow crises are not sudden. They build up over time and a weekly habit allows you to see them forming in time to respond.

Another habit that is quite useful is setting aside a percentage of every payment received before you do anything else with it. It can cater for tax obligations, business reserves, and operations. Typically, many business owners pay themselves and their expenses first, and then try to find what is left for everything else. Reversing that order, even partially, creates the buffer that transforms a reactive business into a stable one.

All in all, the fear of confronting your business numbers is understandable. But remember, numbers do not lie even when we are not ready for what they reveal. However, the anxiety of not knowing is always worse than the discomfort of knowing. A side hustle that looks successful should actually be successful. This can only be achieved when you confront the numbers.

The writer works with Bank of Uganda
sylviajuuko@gmail.com