

tool for looking at how a business is financed. At a glance, you can see how much debt a company is carrying.

For now, though, all you need to know is that you can also analyze your business's **liquidity** (the ability to convert assets into cash), using the balance sheet and the following ratios:

$$\text{Quick: } \frac{\text{Cash plus Marketable Securities}}{\text{Current Liabilities}}$$

$$\text{Current: } \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

The quick ratio tells you whether you have enough cash (plus any stocks or bonds you could sell quickly to raise cash) to cover your current debts. If it's greater than one, you are in excellent shape. With the current ratio, a number greater than one indicates that if you had to, you could sell some assets to pay off your debts and avoid bankruptcy.



CASE STUDY: TRANSCRIPTION SERVICE

Barbara, who has multiple sclerosis, was transcribing documents as a home worker for companies that provide transcription. She took a NFTE course at Queensborough College, where physically challenged people were being trained to start businesses in their homes. Barbara became convinced that she could make more money and be more independent working for herself. Her company, Barrett Unlimited, now earns revenues of around \$2,500 a month providing legal and medical transcriptions.

Not only is Barbara pleased with her success and independence, she believes starting a home business "will be an important part of the future for disabled workers."

According to a January 26, 1993, article in *The Wall Street Journal*, more and more physically challenged people like Barbara are turning to entrepreneurship. Gregory, who is paralyzed below the neck and breathes with the aid of a respirator, started Jireh Medical Supply Company from his St. Louis home. He supplies medical equipment to the disabled via mail order. Gregory says his market niche is disabled people who are overcharged by medical equipment suppliers.

Other home-based businesses started by disabled entrepreneurs include phone services such as tarot-card readings, and handmade merchandise. Zully started making shoes for people who, like herself, suffer