

## FOUR WAYS TO KILL YOUR BUSINESS!

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Have you ever heard the saying, "Been there, done that!"? Well I have not been there nor done that but I've certainly seen it more times than I care to share. Here are four things that are sure to send your business to an early grave.

1. **"Free" Counsel** – If I hear this one more time, I think I'll scream. "My cousin's plumber said I could deduct my haircut because.....blah blah blah". Now, why do business owners have such a tendency to take advice from everyone but the professional? One of the fastest ways to kill your business is to keep listening to everyone but the professional, trying to save a buck. Think about it, do you call your electrician when you have a toothache? No, that's ridiculous right? Well why do you get tax advice from your cousin's friend's plumber? So if you want to stay in business for years to come, pay for professional advice!
2. **Your Buddies** – Going into business with family and friends can be a nightmare. One of the biggest issues when going into business with family and friends is the lack of formalization. Here's the scenario, sisters go into business together and they forget about creating a partnership agreement or an exit strategy. They just know that they love baking and they want to sell their delicious treats to the world. But problems arise when the bank account is empty and the creditors are calling. Or even worse when the phone stops ringing or the doors are not swinging open. If you must go into business with a family or friend, be sure to put everything in writing. I can't stress the importance of knowing how you will handle the tough situations before they happen.
3. **Plastic** – As soon as you get a business license, incorporate in your state, or register for a Tax ID number using your business name, you get on the dreaded marketing list. Everyone will try to offer you something, i.e. merchant accounts, uniforms, marketing postcards, free checking accounts, phone service, and the biggest culprit of all....a Business Credit Card! Though a business credit card can be useful to the growth of your business, be careful of the trap. The interest rates on credit cards are outrageous and it's a very dangerous way to finance your business. I recommend, if you do use a business credit card that you pay your balances off each month. That way the interest rate is not an issue.
4. **Time Clock** – Salaries and wages often times accounts for over 50% of all business expenses, mostly because the payroll taxes. As an employer you are responsible for not only matching your employee's Social Security and Medicare Tax but you must remit them to the IRS. If you don't, you will be in serious trouble. Failure to remit payroll taxes could result in the IRS coming by and shutting your doors for good. So it's a good idea to subscribe to a payroll service or hire a professional to handle the payroll.

Owning a business includes more than just selling your product or service. Seek professional advice on areas that are not your area of expertise.

Bernadette M. Johnson is a speaker, author, and President of By the Book Accounting. She prides herself on having more than 90% of her clients from referrals. Join her mailing list to receive a wonderful monthly newsletter providing tax and accounting tips and resources. Bernadette has a BS in Accounting and completed her MBA at the Keller Graduate School of Management. She is also a certified QuickBooks training specialist. Because she enjoys teaching, she is also a part-time Adjunct Accounting professor.