

Equity By Design, LLC

accounting for what matters

The 7 Most Common Mistakes People Make In Their Business

1. Don't open a business checking account for your business. Instead, "save money" by using your personal account. This makes it time consuming to separate out the business from the personal, opens up an unnecessary avenue for data-entry error, and makes you look less-than-legitimate in the eyes of the IRS. Should you ever get audited, the IRS now has access to everything about you. It also puts you at a disadvantage with vendors, who take you at your own valuation. And your money gets confused. Your money needs to know where to go. It needs a container, a separate business account that lets your business income know where it lives. Same goes for a business credit card.
2. "Save money" by going for the cheapest price. There are a number of reasons why a vendor, say a bookkeeper, is priced at the bottom of the scale. They may just be starting out, in which case they will be "learning on the job," your job! You want someone with deep experience. They may be "low-balling" the price just to get the job, then raise their prices on down the line. Or they may be desperate for work. But as soon as they find a higher paying gig, they are outta there! All of these scenarios cost you money and time.
3. Wait until the last minute to do your books. Working 60 hours over a two week period in December is NOT the same thing as working 5 hours a month over the entire year. Jamming it all in at the end makes you crazy tired and cranky, and it's just about impossible to remember in December what happened with a wonky transaction back in February.

4. Use Excel spreadsheets instead of QuickBooks. It may seem like a simple solution when you just have two clients. But think about when you “scale up” to twenty clients and have two employees. Spreadsheets just don’t cut it. Set up your accounting on QuickBooks early on, when you have time, so that when things get busy you can concentrate on your business not your books.
5. Think of money as filthy lucre or non-spiritual, throw up your hands and say “I’m not good with money,” then turn it over to a bookkeeper to take care of. Guess what? This is how you attract embezzlers to come work for you and steal your money. I’m not saying that you have to understand every last accounting entry. But a “stick-your-head-in-the-sand” attitude just invites problems. Work with someone who makes the whole system transparent and who can explain the process and answer any questions you may have.
6. Don’t set up a filing system. This is a corollary to #3 above. When you keep your bills, receipts, invoices, tax records and depreciation schedules in one big pile at the back of your desk, you don’t know where anything is. And when you need to find something, it takes you hours sometimes to plow through the mess of papers. Invest in a filing cabinet and hanging folders and stay on top of your filing.
7. Try to do everything yourself: the books, the marketing, payroll, sales and customer support. When you have too many balls in the air, it’s just a matter of time before a few of them drop off. And accounting is usually the first to go, because there’s no immediate impact. But don’t do your books for a few months and you won’t know how much is really in your checking account or who owes you how much money. Get some professional help so that you can focus on your genius work, why you’re in business in the first place. Whether it’s having someone set up and maintain your accounting system, train an employee, or come in and clean it all up. You can have confidence, comfort and clarity around your finances.

[Schedule your free 60-minute "Financial Clarity" Call](#) and
let's discuss your next steps towards peace of mind
around your numbers.

Monique Lusse is known as the CFO For Hire. She is the president and founder of Equity By Design, a business consultancy that “accounts for what matters.” Committed to the growth and empowerment of entrepreneurs and small businesses owners, she consults with companies and non-profits across many industries, helping them get clarity and peace of mind around all aspects of their numbers, whether they are in start up, expansion or wind down.



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