



Money saving tips for small business owners

By Jacob Ansel

FOR ANY SMALL BUSINESS OWNER, it's critical to pay attention to financial statements. If you keep your business finances on a software platform, review your balance sheet, income statement, and cash flow weekly. Run a report that compares numbers month to month and year to year. Have sales increased? Do the numbers make sense? Is the cost of payroll higher or lower than last January? It's critical to stay on top of your finances because it's the only way to make changes and correct problems.

When was the last time you renewed your liability insurance, workman's compensation, and health insurance policies? It's likely that when the policies were written they were a good match for your business and personal needs; however, small business owners often take out a liability policy when they first open a business and don't review it annually. At the time the policy was written, sales or income may have been lower. Does your workman's comp policy cover all employees and outside contractors? An annual review of insurance policies is a guarantee that in case insurance is needed, coverage will be adequate to cover any needs.

A buy/sell agreement should be in place if you have a business partner, no matter the size of your operation. A buy/sell agreement ensures that you or your estate will be bought in the event of death or disability. Oftentimes the buy/sell agreement is funded with an insurance policy. An annual certificate of

Small business owners should review finances and data often, stay informed, compare periods, and pay attention. Don't get caught up on issues that don't drive profitability, but focus on those that do.

value should be updated and signed by all parties to make sure the current value matches the buy out. Check your policy often and give copies of the agreement to your spouse and a trusted adviser.

Minority-owned businesses may be eligible for state and federal programs and contracts designed to promote business. Agencies review applications and steer small minority-owned businesses to programs that can help. The SBA (Small Business Administration) provides access to federal programs like Hub Zone, Minority Business Development Agency, Minority Enterprise, Section 8, and the SBA Office of Native American Affairs.

Invoice on time; don't delay sending invoices to customers for services rendered. Don't extend credit to customers who have a habit of paying later than 30 days. Good business practices include having strict collection policies and showing customers you intend to be paid timely. Accept credit cards when feasible.

If your business files taxes based on the accrual method of accounting don't miss the important deduction of bad debts. You can write off against income uncollectable accounts receivable previ-

ously included in income. Set up an employer sponsored 529 plan. The cost of maintaining and opening the plan is tax deductible. Track meals and entertainment so that you can deduct up to 50% of the expense. Take advantage of tips collected on behalf of employees. There's a tax credit received for collecting tips and reporting them on the payroll.

Hiring a new employee can be time consuming and difficult without the proper resources, but there are great tools, websites, hiring companies, and professionals that can help. Start with an employment agency which generally prescreens and tests employees. Consider how you will pay the employee before the job is offered; will the new hire be an actual employee or an independent contractor? An independent contractor can often save money.

It's a difficult decision keeping a bad customer. Does the customer pay on time? Do they treat you properly? Do they help increase your net profit? These are tough economic times; does it make sense to get rid of a client who pays the bills? How much extra time and energy is spent on a bad client? Perhaps it's smarter to spend that time getting new clients or thinking up ways to generate new business.

If your industry has clubs, organizations or associations join them. There are benefits meeting with other business owners in your industry. Many organizations offer liability or auto insurance at discounted rates for members. The AICPA, American institute of CPAs, for example, offers liability insurance and auto insurance to members at up to 25% less than anywhere else. □

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