

5 COMMON MISTAKES

That Keep You From Business Success

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CONGRATULATIONS

Welcome to Small Business Success. Once you've been through this guide, you should know where to focus your time, energy, and money to build a better, more successful business. This is the next step in your business success story.

INTRODUCTION: BUSINESS SUCCESS

When learning the 5 Common Mistakes that keep you from Business Success, it is helpful to first identify what Business Success means to you. Some entrepreneurs have defined it as achieving independence, control, or the freedom to work when they want. Others have defined success as building relationships, making something out of nothing or just plain getting rich.

Success may be unique to your situation; perhaps a certain number of sales, expanding the size of your organization, providing for your customers what they need or being able to retire without worries.

Regardless of how you define success, two major ingredients needed to achieve it are time and money. The two are linked together: money will come as a result of the effective use of your time and time will be available as you effectively manage your money. The impact on owners who fall susceptible to these 5 Mistakes is quite contrary; they end up wasting a lot of time, squandering money, and never really grow their business.

To achieve business success, you need to be proactive by striving for it. Don't let the day-to-day running of a business get in the way of building lasting success.

Our goal in writing this guide is to help business owners identify the 5 mistakes that are hindering their growth and take 5 proactive steps that will lead to success.

Reversing these mistakes in your business, will put you well on your way to business success and more, you will also have:

- Better knowledge to make informed decisions
- More confidence when investing in your business
- A better team to develop your business
- & Extra time to do what you love.

MISTAKE #1 - Erroneous Assumptions

The first mistake hindering business success is erroneous assumptions. Plain and simply put, business owners make assumptions that are not correct. It may be excused to be the nature of an over zealous entrepreneur, however, taking on a project that you don't fully understand or spending your advertising budget on an unproven media is a flat out gamble. If you have a tendency to believe things that are not true, do things the way you always have just because you've always done them that way, or make decisions based on a gut feeling rather than solid research, it is time to reconsider the way you make decisions.

Take a look at your business to identify erroneous assumptions you are currently making today. Note that most erroneous assumptions have to do with where you focus your TIME, ENERGY, and MONEY.

One simple example is the employer whose reasoning for advertising in the yellow pages is that he always has. Advertising is a tricky thing yet an important aspect of your businesses success. If you have a way to track and see the effectiveness of your yellow page advertisement, then you can confidently spend your advertising budget without having to ignorantly assume whether or not it is worthwhile. If you start tracking the results and they reveal that the yellow pages aren't helping your business, you can stop throwing your money away on an erroneous assumption and begin exploring other advertising methods that would actually help your bottom line rather than drain it. Don't do something "just because you always have". Do things because you know they will work.

Another example is the business owner who erroneously assumes they can handle submitting their own payroll reports or hiring their spouse to do the bookkeeping. Doing something you don't fully know how to do not only wastes your time (as discussed in mistake #5) and hinders your decision-

making ability (as discussed in mistake #2) but can also get you in trouble. Payroll Reports, Taxes, and other things required by the government come with strict rules and penalties when done incorrectly. Cutting corners to save a buck will end up costing you in more ways than one. Think twice before you take on a task you don't fully understand.

Keep in mind the old adage; Knowledge is power. Don't take on a task until you've done your research, you know what you are getting into and what you are getting out of the deal.

MISTAKE #2 – Inaccurate Bookkeeping

The second common mistake feeds the first. It is having inaccurate bookkeeping. Businesses thrive when decisions are based on accurate facts. Your ability to make fact based decisions is seriously hindered when you have inaccurate books. A competent Bookkeeper can provide you accurate/timely books that will become a compass to help you navigate through difficult business decisions. Too many business owners settle for doing their own books or hire someone whose only experience in bookkeeping is balancing a checkbook. Two major problems arise when you don't have someone who can provide you with accurate books:

1. You make overly optimistic Cash Flow Projections because you don't have anything to base them on.
2. You don't make informed business decisions because you don't have the necessary information to base such decisions.

Poor cash flow projections will eventually cause your business to spiral into debt and other financial difficulties. If not remedied, it could lead to bankruptcy or closure. Obviously, there are certain expenses you must incur in order to be in business. If you have employees, payroll is one of those expenses. If you don't have the money to pay your employees, they aren't going to work. Without employees, you would be running a one-man show that probably couldn't stay profitable for long. The same goes for buying inventory. If you don't have the funds to pay a vendor, you won't get the product you need to keep your shelves stocked.

Having money when you need it is crucial for a businesses success. Accurate books will help you keep up on where your money is at all times. You as a business owner should know on a daily, weekly or monthly basis, where your money is, if its coming in or going out, from whom and to whom. Having the black and white numbers, in your face on a regular basis will help insure you stay out of the red.

Once you've got a grip on cash flow, you should then look to your bookkeeper

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to generate action reports that will help you make smart business decisions. A lot of business owners settle for what the industry calls 'after-the-fact bookkeeping'. This is where the business owner essentially throws all of his or her bills, invoices, receipts, etc into a box until the end of a set period when he finally sets down to figure out whether or not he made any money. This bare minimum method does little to aide in the growth of your business. It merely keeps your operation afloat long enough to survive, not thrive.

A lot of small businesses use the accounting software "QuickBooks". The name may imply quick and easy, but that does not make it so. Garbage in is still garbage out. It takes years of training and experience to become competent and knowledgeable in bookkeeping and accounting. Ownership of any software does not make you a bookkeeper let alone a hard tested, college educated, Certified Public Accountant (CPA).

CEO's of fortune 500 companies make decisions based on accurate, timely numbers. If you are loosing money on a certain product line or service, 12 months after the fact is too late to make an adjustment. When you have a report that indicates sales for a certain product are on the rise, you can immediately identify why and be proactive in duplicating this success in other product lines. Your bookkeeper/accountant becomes a key ally providing you with invaluable decision-making reports. As you will learn about in mistake #4, don't settle for a bookkeeper that can't provide you with the decision-making reports that you need. Your job is to review these reports and put into practice what you have garnered from them. As a business owner, you don't have time to figure out how to prepare these reports yourself. Don't waste your time struggling to prepare a report, rather, invest your time in implementing strategies for success based on timely accurate reports prepared by others.

MISTAKE #3 – Lack of Systems

The third common mistake business owner's make is that they don't see their business as a series of processes and systems. You need to have systems in place for everything that happens in your business, from production to marketing to finance to sales.

If you've never read Michael Gerber's book, "The E-Myth", you need to. It is all about systems. In the book he highlights McDonald's great example of creating successful systems. We could probably all agree that McDonald's hamburgers are average at best, yet they still manage to serve billions of customers each year. Why is this? It is all thanks to their systems. When someone orders a hamburger, McDonald's employees don't reinvent the wheel, the employee making the hamburger has a strict set of guidelines

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that he follows to get it done right, every time.

What kind of systems do you have in your business? When an order comes in, do you treat it exactly like the last order? If we don't do a project exactly the same way every time, we can't standardize it, we can't delegate it, and we can't improve it. You'll end up doing it different every time which means you'll end up wasting a lot of time as well.

Creating systems holds true for more than just building hamburgers, it has application in the way you hire employees, order products, create advertisements, and even the way you answer the phone.

When you standardize a process, it not only saves time accomplishing the task but also allows you to delegate the task and eventually improve it.

Great systems enable average employees to get things done in an exceptional manner. The better the system, the better the performance you will get from each employee. As we will discuss in Mistake #4, it is important to have talented people working for you, but also keep in mind that as you develop clearer systems, you will be able to employ a broader range of employees who can easily follow your instructions. As you are able to delegate more tasks to your employees, tasks that without a system would be impossible to delegate, you will then gain more time to spend improving other systems and thus building your business.

McDonalds spends a lot of time improving their current products and coming up with new product lines. This would be impossible if it's head chefs were stuck working the drive-thru. Their time is best spent coming up with better products and creating process so simple that anyone could recreate their creations.

Your goal as a business owner should be to work ON your business, not IN it. If you find yourself figuratively 'flipping burgers' day in and day out, it is time to create some systems to delegate. The quickest way to work ON your business is to write a system for every single thing you do IN your business. Start today. Pick one thing you 'would' do, write a system for it, and pass it on to someone else to do.

MISTAKE #4 – Not hiring the right People

One of the most difficult things for business owners to do is motivate their employees. This problem has less to do with the employer's ability to motivate and more to do with their inability to hire the right people to begin with. Another great book that I highly recommend reading is Jim Collins', "Good

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to Great.” In it he addresses the fact that very few businesses hire talent. Two reasons given for not hiring talent are 1) we either don't think we can afford to or 2) we are afraid of hiring employees who might be better than ourselves.

Being afraid of hiring smart people is a lame excuse for not hiring talent. Many so called entrepreneurs go into business for themselves to be their own boss. Being the boss doesn't mean you have to be the smartest person in the room. However, smartest person in the room is actually the one who brought all the smart people together to use for his or her benefit. Believe it or not, it is important to have and work closely with people who are smarter and more skilled than you.

You either hire right or hire wrong. Hiring the wrong people who creates a drain on the business. You end up following them around fixing all their mistakes. They can actually end up costing you more than they are worth.

The right employee is someone with talent. They have experience. They might appear to cost more out of the gate but will actually help build your wealth by doing their job and helping to grow your business. When you hire people, look for those who can take the responsibility to get things done. People who will find a way to acquire the knowledge and experience they need to get things done without being pushed to do so.

When you hire someone to do a job, hire someone that will do it. If you start to realize that they aren't going to work out, don't make excuses for them, they are costing you money, get rid of them and find the right talent.

The next time you hire someone, hire them for what they can make you and not for what they will cost you. Think about the last time you bought a computer. For a small price to upgrade, you can often double the memory, which means you will be able to get a whole lot more done for minimal extra cost. You wouldn't buy a computer that didn't have enough memory to do what you need! If you think about hiring an employee the same way, you'll think twice about hiring an inexperienced kid as opposed to a genius that has the experience to get things done. Consider the minimal 'upgrade costs' to be the price of getting things done.

In the last ten years, hiring talent has become easier and more affordable than ever. The virtual world we live in helps us connect so easily with talent that we don't even have to clear out a closet to make room for the new employee. You can hire talented people without committing to a full time salary or other draining overhead expenses on things like benefits or vacation time. You can hire talent part time. You can hire consultants who work from home. You can

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even hire companies that have entire teams of talent.

One likely example is your finance department. Every company needs good production, marketing and finance. Those three 'departments' make up the core of your business, yet most owners focus on the production while treating marketing and finance as necessary evils. If you aren't an expert on the subject, simply find someone who is. Look to a company who specializes in financial services, one who employs CPA's, Bookkeepers and full time Payroll Professionals. You could hire that company to become your personal finance department for a lot less hassle than you could hire an employee who wouldn't bring near the same experience to the table.

Take a moment to seriously evaluate the talent you have to work with. Not just your immediate employees but also the companies who provide services to you as well. Take note of the talent you lack then go find the talent you need to reach business success.

MISTAKE #5 – Wearing Too Many Hats

When you first start a business, there is no way to avoid wearing too many hats. You are in charge of making sure you're business is successful. This means everything from fulfilling orders to cleaning the floors is your responsibility. As the business grows, the many responsibilities will naturally become too much for one person to handle, so you are eventually, in effect, forced to hire employee's to help lighten the load. The 5th common Mistake business owners make is that they never fully make the transition from working in the business to working on the business because they hold on to too many hats. They are afraid or unable to delegate so they keep too many responsibilities for themselves and hire employees only as a last resort.

There are really only two things a business owner should do, 1) Build Relationships and 2) Build Systems. Sure if you are a knife maker, you probably enjoy making knives. If you own a construction company, you probably enjoy building things. The problem is, if you spend all your time sharpening blades or hammering nails, you will never be able to work on your business enough to find true business success.

When an employer wears too many hats, it is because they are repeat offenders of mistakes 3 & 4. When a boss is over worked, it is because he or she continually fails to hire talented people to take over his or her responsibilities and he or she continually fails to create systems clear enough for him to delegate the tasks at hand.

If you are a boss who is stuck scrubbing the floor at ten o'clock at night,

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you've got to take a hard look at what your time is worth to you. That time scrubbing the floor is not time spent creating a successful business. In the hour it takes you to scrub the floor, you could write a fail proof process that so clearly identifies how to scrub the floor that you could hand it to a homeless guy on the street and have him do it. The minimum wage you will pay him to scrub a floor will be well worth the countless hours you free up. You will use these freed up hours to write more systems and build more relationships (I know this is an over simplified example, but you have to start somewhere).

Take the time to create a chart of responsibilities – a job list – for your business. Briefly describe the responsibility of each job. Put it in columnar format. Add a column for the name of the party responsible. At first your name will show up on most if not all of the jobs. Challenge yourself to input other names into the list. As you replace yourself with others on the chart of responsibilities, your load will lighten and your time to build relationships will expand.

Building relationships means working with talented employees to make sure they are happy and stick with you for years to come. It means working with vendors to ensure you get the best prices and services from them. It means greeting your customers to ensure they are satisfied patrons for years to come. And it means growing your customer base so your business keeps growing for years to come.

As the owner of your business, you can't grow your businesses when you are stuck working in it. As you build relationships and build systems your load will be lightened and your success will explode. It is time you trust others to do what they are good at so you can finally take the time you need to grow your business to success.

ABOUT THE AUTHOR

Val Dille owner of Dille & Associates has been serving small businesses in Canyon County for over 35 years.

His team of Certified Public Accountants, Skilled Bookkeepers, and Professional Payroll Specialist are dedicated to helping you succeed. They work hard to understand your financial goals and find innovative and logical ways to achieve them. Tax Advice, Accounting Services, Retirement Planning, and New Business Startups are a few of the many areas in which they excel.

Over the years, Val and his team have gained a vast amount of knowledge and experience in accounting, management and tax services dealing with individuals, corporations, and small businesses. In addition to being a Certified Public Accountant, Val is also a QuickBooks Professional Advisor with Intuit, a member of the Idaho Society of CPAs, Idaho Association of Public Accountants, National Federation of Independent Businesses and the US Chamber of Commerce.

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He attributes his success to the company motto, "Your success is our goal!"

HOW DILLE & ASSOCIATES CAN HELP YOU

Our team is ready to help you reach your business success. Among the many business services we provide, Streamlined Payroll and Real Time Bookkeeping are two that will help free up your time and strengthen your ability to make confident business decisions. Call to schedule a free consultation with Val or one of his team members. Ask how Dille & Associates' Key Performance Reports will help you grow your business.

TESTIMONIALS

Here is what a few of our clients have had to say:

"I have had Dille & Associates as an accountant for 35 years, setting up our Corporation 'Musical Instrument Service Center' and helping us maintain a good business posture through the years of expanding from Boise Valley to Idaho Falls area. 'At MusiCare, we care about you and your Music', as our motto we are still in business because of the advice and support of Val Dille."

--Dave Sevy - MusiCare, Idaho Falls, Idaho

"My association with Dille and Associates is one where I am very comfortable in saying, I choose not to go anywhere but Dille's. They are the premier accounting service in Canyon County and in my opinion, are unequalled in quality, integrity, and trustful handlings of my personal business. They simply are the best at what they do, and that is fulfilling the needs of their clients aims and desires."

--Roger

"We have appreciated you caring for our taxes and business matters for the last 25 or so years. We know there are accountants and businesses that can put the numbers on the forms, and do the math, but what has been most helpful to us was your advice. When to buy equipment, or sell it. Thanks again."

--Lloyd and Donna Zumwalt

"I have had Val Dille doing my taxes for the past ten years, and he has been extremely helpful in getting me the best refund possible every year. I know he is honest in his business, and I know he will be sure everything is done correctly for my taxes. My mother recently moved here, and I recommended Dille and Associates to her as the best place to get her taxes done."

--Fran G.

"I received this letter from the IRS last week and wanted to thank you for deftly thwarting what I perceived as an effort to squeeze a lot of money out of me. It amazes me how firstly they admit no error and secondly go on to make it sound like they solved the problem and you just helped. They're in another world. Anyhow, thanks again for a great job and take care."

--Janates K.

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