

## Where Have All the Profits Gone?

As a former business owner, I can remember singing this tune over and over again. Owning your own business, no matter how big or small it is, comes with many opportunities and unfortunately, some headaches, okay a lot of headaches. I remember when my husband and I started our business with a couple who had been high school friends of my husband; we certainly lacked a basic knowledge of business. But what we didn't know about business practices, we made up for in enthusiasm and ignorance. You know what they say, "ignorance is bliss". I eventually learned this to be false.

I can remember how hectic it was purchasing our property, securing investors and bank financing; then the inventory, equipment and everything in-between. One thing we didn't have to worry about was hiring employees, we couldn't afford them; we were it. In fact, we would soon find out that regular job titles and nine to five work hours, five days a week really turned into 18-plus hours a day, six days a week and on the seventh day we tried to catch up on everything we couldn't get done in the six days. We were exhausted, but business was very good.

When we started out, our accounting practices left a lot to be desired. We could not afford an outside accountant, and certainly not a computer and accounting software. Our 'system' consisted of four, eighteen column ledgers and many, many erasers and pencils. Yours truly was the bookkeeper by default. Evidently, my stint at a small company entering invoices into the accounts payables qualified me for the position. I soon realized this position needed more of my time than I had to offer. I spent most of my days waiting on customers, answering the phone, taking orders, coordinating advertising, and the list goes on and on. I spent many evenings at two or three in the morning tending to the ledgers. In fact, this poor attempt at bookkeeping eventually lost our business a profit of \$30,000, in one year!

I'm sure you're thinking, how you can lose \$30,000 in one year. Let me tell you, it was very easy! Each day was busier than the next; we lived in a small community that offered many opportunities to sponsor youth sports, nonprofit organizations, community and school activities, and the list goes on and on. Then there was the local radio and newspaper with enticing advertising programs sure to increase our business. It was very easy to say yes to every \$100 opportunity and before I knew it, minus 30 grand. You see, I was so busy running my business, that I let the bookkeeping take a back seat; I didn't see it as the priority it was. It was nothing for me to try and catch up a whole month or two on a weekend or whenever I had time. Because I had no up-to-date business reports to show me if I was on track or not, or if my budget was suffering, I didn't have the information I needed to make smart business decisions. And by the time I did have the books balanced, the bad decisions had already been made. If I had spent a small amount of money on a computer, and good accounting software, with the click of a mouse, I would have known the state of my finances. We could have made thousands of dollars more in profit without working any harder, just smarter.

Lesson learned; when it comes to the profitability of your business, ignorance will cost you every time.