

Managing Your Small Business Like a Big Business

How tough is it for a small business to compete against the bigger corporate businesses out there? How hard is it for micro-businesses owners to take advantage of the same infrastructure opportunities as corporate America? Despite their size and limited funds, small businesses need much of the same infrastructure as a major corporation.

Running a business, even a micro-business, requires more than an idea, a few dollars, and a lot of work. And no matter the skill, experience, and wisdom of the owner, a small business requires the same advice and support of specialists such as attorneys, tax specialists, and business specialists as a major corporation. The difference between the two isn't in their needs but rather in the resources available to meet those needs.

Just as a major corporation must analyze and plan their tax strategy, so does a small business. And, just as a major corporation must consult an attorney from time to time to safeguard the company, so must a small business. Likewise, just as a major corporation needs advice and guidance from business specialists, so does a small business.

How many small business owners can afford an attorney every time they need one? Few. Consequently, the typical small business owner doesn't have documents that should be reviewed, reviewed. Nor do they consult with an attorney about potential changes to their business. Nor, for that matter, do they typically obtain advice about vendor, distributor, or employee conflicts or issues. In today's litigation society, it is imperative for every business owner, no matter how small the business, to have access to a qualified attorney.

In addition to protecting themselves from legal entanglements, business owners must also protect their business space and equipment, which for many small businesses means their home office. However, if a business owner takes a tax write-off for their home office, that portion of the home is no longer covered by their home owner's insurance since the space has been converted to commercial use. That portion of the home and the equipment in it are no longer covered unless the business owner purchases a special rider attached to their home owner's policy.

For most business owners, taking every legitimate tax write off is of primary concern. For many, their tax savings is a significant portion of their annual "profit." Yet, how many small business owners are deducting 100% of their health insurance premiums and their non-covered medical expenses? Many believe they are getting their full deduction without realizing that with a properly designed health reimbursement arrangement, they may be able to write off far more than thought possible.

Accounting, bookkeeping, taxes, and cash management are major issues for every business and because of the limited cash flow and income of a small company; these issues are of particular importance to a small business owner. Yet surprisingly few small business owners have access to tax and accounting advice and guidance from a professional. As with all other aspects of managing a small business, cost is the major limiting factor. But the advice they don't believe they can afford can actually significantly increase their both their cash flow and their profitability, not to mention protecting them from potential problems with the IRS.

The issue comes down to money. Each of the problems above require dollars to solve. Attorneys are expensive. Accountants are expensive. Medical expenses offer an opportunity to save taxes, yet knowing how to take advantage of the tax code can be expensive. Even protecting one's office space and equipment costs money the typical small business doesn't really have.

Frankly, most small businesses simply do not have the funds to protect themselves adequately. Nevertheless, there is an answer. Joining a small business association such as the National Association for the Self-Employed or another similar organization may provide the business owner many or even all of these benefits for no more than the cost of their membership which is typically only a few hundred dollars a year.

Small business associations offer their members many necessary business benefits, often free of charge. By banding together, these business owners, through the association, have the financial power to acquire goods and services at tremendous savings. Through negotiated contracts with legal, tax, and accounting professionals, the association can offer substantial savings. Furthermore, if appropriate, the association can hire their own staff of professionals as a free resource for their members. Associations use the power of combined funds to help each member's company perform better and gain access to services the member firm may not be able to afford on their own.

Rather than assume that these necessary but often neglected services are out of your financial scope, investigate your options. Speak with a representative of a quality, reputable small business association and see if they might be able to offer you and your company the services you know you need either at a rate you can afford or, even better, as a free benefit of membership.

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