

HAUNTED BY ACCOUNTING

We love Halloween. It's our favorite holiday, which should come as no surprise since we're Owls. In fact, we're listening to "Monster Mash" while we write this. Yes, seriously.

Still, we know that Halloween isn't everyone's cup of tea. After all, there's plenty to be scared of this time of year: ghosts, goblins, sugar-laden children...

Even if you're not frightened by ghouls and cobwebs, there may be something haunting you this season – perhaps something much more intimidating than a

toddler wearing a bed sheet demanding candy.

So let's get it out there:
Are you haunted by accounting?

Don't be ashamed; you're not alone. We hear scary stories about accounting scenarios all the time. Gather 'round; we'll talk through a couple of common scenarios and how to exorcise your accounting demons.



HAUNTED BY PAST MISTAKES

We know of a major local corporation where new employees hear that "everyone makes a million dollar mistake." For the sake of the company we hope that's not literally accurate, but it's true that mistakes are inevitable.

If you've been burned by a mistake or a bad decision in the past, it may haunt you in a number of ways. If it was a recent occurrence, you might still be throwing money and time at the problem in hopes of mitigating the damage. Even if it happened a long time ago the desire to not repeat it might make you more timid and less likely to take risks.

Consider this your license to MOVE ON. If you haven't already done so, check out our recent mailing on the Adrien Brody rule. It's all about sunk costs, and knowing when to throw in a towel and close up a bad chapter rather than wasting more resources.

And if the problem's long gone but the fear still lingers, consider this: it is said that Thomas Edison failed thousands of times before successfully creating a commercially viable light bulb. Sometimes you have to get it wrong before you can see the light. (Haha! See what we did there?)



HAUNTED BY UNCERTAINTY

We hear it time and time again: "Should I trust these numbers?" Numbers are inherently concrete entities – so why is there so much uncertainty?

Sometimes it stems from a new or untested process. Unless you're a rock star forecaster, it can take a few cycles of "actuals" before you build confidence in your budgets and estimates.

Sometimes it's the opposite: an outdated process. We hear from business owners who have been staring at the same stale reports for a decade, and nobody's really sure where they came from, what to do with the numbers, and whether or not they're still accurate.

Take it from us: simply looking at a number doesn't change that number, and looking at the wrong number *really* doesn't change it.

Your reporting techniques should evolve along with your business. Your decisions are only as good as your information, so that information had better be good. There are certain reports you should be reviewing every week, and certain reports you should be reviewing every month. Need a list of those reports? Need help setting up those reports? You know where to find us.



HAUNTED BY BAD CASH FLOW

For a business, there is nothing scarier than shaky financials and that shudder-inducing "Will-we-cover-everything-this-month-or-not?" feeling.

If you're biting your nails before every payroll, it's time to take a step back and find a way to increase cash flow.

Sure, selling more of your product or service is a great way to bring in more cash – but that's not always easily done. And, believe it or not, a crazy sales spike can sometimes even be bad for your company since growth eats up cash.

Fortunately, there are a variety of other cash flow drivers:

You can tweak accounts receivable, accounts payable, and inventory. You can adjust sales, general, and administrative expenses. You can revisit capital expenditures. You can find ways to improve gross margin.

The list goes on and on. We could write a whole article on each of those (and, in fact, we have). The trick is to adjust each of these elements cautiously and strategically. Intimidated? Don't be. Just know when to ask for help.

Still feeling in the dark?

The dark can be a scary place – but we hope we've at least installed a light bulb over your head, and now it's up to you to turn it on.

Make this the Halloween you stop feeling haunted and start rolling in candy – AND cash. Now that's a treat.

For more information, contact us at 612-816-6007 or visit owlbookkeepingandcfo.com

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OWL BELIEVES TWO THINGS ABOUT SMALL BUSINESS MONEY:

- > It should be stable and secure.
- > There should be more of it.

