

ARE YOU A SCROOGE?



This time of year is marked by togetherness and gratitude and parties and glad tidings and a ridiculous amount of sugar.

It's a happy time. Allow us to put a big fat damper on all that holiday cheer by asking some uncomfortable questions:

Are you a Scrooge? And is it threatening your business?

Of all the fictional characters you'd like to identify yourself with, we bet that Ebenezer Scrooge isn't high on the list.

He's a lonely old grump whose penny-pinching ways and "Bah Humbug!" attitude are a major downer for everyone around him.

SCROOGE TACTIC #1:

Failure to invest in capital expenditures

Capital expenditures are expenses that are incurred in order to create future benefits or income potential. We used the word "invest" in this headline because that's exactly what these expenditures are.

Capital expenditures vary widely based on your industry. Perhaps it means new factory equipment, or expanded office space, or a new software system. These are forward-thinking investments, which can be very scary. You're plunking down cash (or taking a loan) to improve your future income potential.

It's a gamble, but it can — and should — be a very calculated gamble. Too often, business owners let their businesses grow

You might think, "I'm not a Scrooge. I pay my employees fairly. I bought one of those insanely expensive single-cup coffeemakers for the break room. A few years ago I brought in that hot-shot consultant to review our quality control process."

We don't mean to diminish your efforts, and we certainly don't mean to suggest that you have anything less than the best intentions.

Unfortunately, even the most well-intentioned business owners can harbor accidental Scrooge-like tendencies. We're all susceptible. Unless you identify and confront those tendencies, they can creep up and threaten your business.

Before the Ghost of Christmas Past shows up in your office, let's look at a couple of common culprits:

until they're bursting at the seams. They wait until things are truly pinched before they are willing to consider investing in capital expenditures. (Scrooge wouldn't even stock up on coals so his clerk could stop freezing on the job.)

Unfortunately, this approach both stalls growth and prompts hasty decisions. You're better off creating a proactive, strategic plan. You can take time to shop around for the best deals.

If you are happy as a clam where your business stands today, maybe you don't need to open your pockets. But if you want to take things to the next level, you'll have to consider investing in capital expenditures at some point. Start the research now.

SCROOGE TACTIC #2:

Failure to invest in human capital

We know that Scrooge didn't treat his clerk, Bob Cratchit, very well. Scrooge is also likely the sort of fellow who would have had his nephew design his web page in order to save money.

He probably figures he can handle his own sales and marketing, too.

We hope we don't need to tell you how important it is to invest in human capital. Your business operations are only as good as the people who operate them. Period. End of story.

Failure to invest in human capital can manifest in a few different ways:

Maybe you try to handle too many tasks yourself, thinking that you're saving money.

Perhaps you have well-meaning employees who have been with you for a long time, but who aren't really suited to their roles.

Maybe you daydream about a team full of all-stars, but you think there's no way you can afford them (plus, you can't stomach the thought of rocking the boat, trying something new, or — gasp — letting employees go).

We're here to tell you that you can't afford not to surround yourself with amazing people. If your current employees aren't eminently suited to their roles, you're not doing them any favors by keeping them there. And as for replacing them with all-stars, it's more feasible than you might think.

If you can't afford a top-notch CFO or controller or marketing guru full-time, explore the possibility of outsourcing, or using contractors. It's an increasing trend that enables savvy business owners to maximize impact, avoid paying for "chair time," and pick the brains of all-stars without breaking the bank.

THE BOTTOM LINE:

We know that fiscal responsibility is an incredibly important part of running a successful business. If you were careless with your company's funds, you wouldn't have a company for very long.

Still, we hope that you won't let frugality stand in the way of growth. If you need help shedding your Scrooge-like tendencies, please give us a call. We can help you get your happy ending.

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

3208 West Lake Street, #10, Minneapolis, MN 55416.

OWL BELIEVES TWO THINGS ABOUT SMALL BUSINESS MONEY:

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