



# How to Grow Your Business and Beat the Competition

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## Introduction

**Thank you for taking the time to read my eBook, *How to Grow Your Business and Beat the Competition*.**

I created this eBook as a basic guide to aid small business owners in their desire to better understand the aspects of operating a successful business. It should give the reader an idea of the practices that separate thriving businesses from those that merely survive.

Fortunately, these five steps are not very intricate or difficult to comprehend. Unfortunately, most business owners don't follow these steps, resulting in lost revenue, an increased tax bill, and a sketchy idea of the firm's financial health.

The good news is that if you find these processes too difficult or time-consuming to implement, I'm here to help. I specialize in cloud bookkeeping for small business owners, and I am fully capable of handling your books and ensuring that these practices are followed, providing you with a solid financial foundation for years to come.

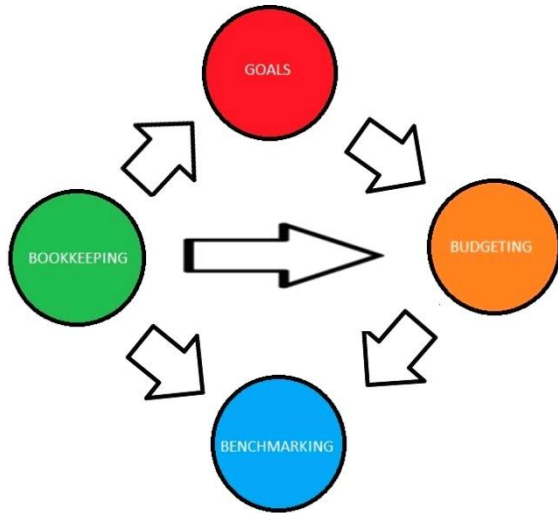


If you decide that you would like to schedule a free consultation to discuss your bookkeeping needs after reading this report, email [ben@bookkeeping4engineers.com](mailto:ben@bookkeeping4engineers.com) or call (855) 633-3453 to schedule your free 30 minute consultation.

Enjoy!

## Step #1: Budgeting

We all know the word “budget”, and if you were in a room full of business owners, I can almost guarantee that all of them would say they budget. However, if you asked to examine that budget, 9 out of 10 wouldn’t be able to produce it. It’s kind of like the movie *Caligula*:



everyone knows the movie by its reputation, but few people have seen it (don’t see it; it’s awful.)

So, if so many people realize the importance of financial planning, why do so few bother to do it?

I believe it’s because, while we emphasize the importance of budgeting, few people ever learn how to create a budget. Some business owners simply compile a list of their monthly expenses,

believing this constitutes a budget, but it doesn’t – it’s just a list of operating expenses.

The importance of budgeting to the current and future health of a business cannot be overstated. Without a budget, business operations are chaotic, inconsistent, and left to chance, forcing you to manage through crisis and be *RE*active instead of *PRO*active. When you as a business owner have a clear of idea of both where you are *and* where you’re headed (unlike whoever was directing *Caligula*), it gives you the ability to respond to any unforeseen events with a clearheaded confidence that stems from proper planning. You will find that effective budgeting allows your firm to avoid the peaks and valleys and weather the financial meltdowns and fiscal storms that pound other practices into dust.

Remember – sticking to a budget is just as important as developing it; even the best budget ever created doesn’t do much good if it isn’t followed.

To sum up Step #1: Successful business owners create a budget, monitor it, and make adjustments to bring their business into line with their stated goals.

## Step #2: Implement Internal Controls

How would you feel if [one of your employees embezzled \\$300,000](#) from your payroll account?

The situation in the linked article likely could have been avoided if the firm had implemented some basic internal controls. The person processing payroll should not be the same person who records payroll in the books. Also, the person who makes bank deposits should not be the same person who records those deposits. When a business does not create separation of duties, it leaves itself open to fraud. I know that most employees would never dream of stealing from their employer, but why take the risk?

Just as important is maintaining an up-to-date check register. Your bookkeeper should have a list of every check that is written with the check number, amount, payee, and purpose. If duplicate check numbers show up in your account, or if a check that hasn't been written yet is cashed, your bookkeeper will be able to notify you immediately to prevent further damage.

Finally, keep blank checks in a locked cabinet, file drawer, or safe. This prevents any unauthorized individuals from having not only access to blank checks, but also to your routing and account numbers. It's also pretty cool to walk around the office with your keys jangling, even when you don't need to unlock anything. Makes you feel like the sheriff of an old western town.



Successful business owners create and enforce internal controls. The owner should divide duties between employees, have the bookkeeper maintain a current check register, and secure all blank checks.

For a more accurate picture of the costs and risks of fraud to small business, read [this Quickbooks report](#) on the 2014 Global Fraud Study.



## Step #3: Keep the Books

This one may seem like common sense, but many business owners don't keep their books, or have a sporadic approach to the practice.

Think back to all the education you've had, and ask yourself "How much did I learn about accounting, bookkeeping, and finances?" The answer, more often than not, is "not much." Being a small business owner requires you to wear several exciting hats: CEO, marketer, networker, problem-solver, mediator, etc. Therefore, it's not very surprising that the more mundane aspects of running a business (read: bookkeeping) are often overlooked.

However, there are some real benefits to staying current with your bookkeeping. Keeping the books allows you to know at any point in time where your business stands. Did your printer just die with nary a word of warning? Do you have the money in the budget to purchase a new one? Is it better to repair it? Can you afford to send your files to a printing service while this one is down? Or do you need to drag that old dot matrix printer out of storage and hope it hasn't given up the ghost as well? The only way you'll have firm answers to these questions is if your books are in good order.



Another advantage of keeping the books is budgeting (discussed in Step #1) and financial projections. When you have information about how your business has performed in the past, you are able to make predictions about how it will perform in the future. If certain sources of income have decreased historically during certain periods, you may find that there are other sources you can emphasize to maintain your business's bottom line.

Successful business owners keep their books, not only because it gives them immediate knowledge of the state of their business, but because studying past performance can reveal helpful trends.

## Step #4: Use a Professional Bookkeeper

Having your office manager, secretary, or clerk handle your books is a step above Step #3, but it is still less than ideal. Due to the wide availability and ease-of-use of bookkeeping software, many people believe that bookkeeping is an easy task that just involves categorizing transactions. Not so.

Us bookkeepers have a love-hate relationship with bookkeeping software. While it makes it easier to maintain a company's books, it is a deceptive ease. With the invention of bookkeeping software, business owners began to see bookkeepers as outdated, thinking that the curtain had been lifted and the Wizard of Oz had been unmasked! In reality, what we often find is that the books are a mess. While the accounts may be reconciled, transactions are coded wrong, prepaid expenses are entered incorrectly, and the financial statements are distorted as a result.

When bookkeeping is added to someone's job description, they typically do the best they can, but without the specialized knowledge that comes with being a professional bookkeeper, most people can't provide the necessary expertise to really "put the shine on the apple."



The example I like to use is retainers. Many businesses require retainers or down payments before work is started, and these are often coded as sales or revenue. That's inaccurate. Retainers are liabilities until that portion of the work is performed; the money you accepted from a client is still theirs until you've put in an amount of work equal to the money you received. It's why I always suggest having a separate bank account for retainers so you're not tempted to use the money before the work is performed.

Successful business owners hire professionals to handle all the tasks they don't need to do themselves, including bookkeepers. This not only ensures that the tasks are done correctly, but it also frees up your time to focus on increasing revenue and profitability or doing the work that produces income.

## Step #5: Use Modern Technology

Do you still use a rotary telephone? Listen to 8 tracks? Carry a pager? Pull your carriage to a halt in your garage as your mighty steed paws the earth? I'm betting you don't.

So why is everyone still so attached to desktop bookkeeping? It's because it's what we've grown used-to. People know QuickBooks Desktop (QBD), they know what it looks like, and they know the name. You also recognize the rotary telephone, the 8 track, the pager, and the mighty steed, but you don't use those anymore.



While QBD may still be 3-5 years away from total obsolescence, cloud accounting applications exist that are cutting-edge. If you're using QuickBooks Online (QBO) or Xero, you can access your accounts from anywhere in the world, at any time, as long as you have an internet connection... and if you have a data plan on your phone, you don't even need an internet connection!

This universality allows you to see what your account balances are, check reports, issue invoices, and approve expenses from anywhere. Are you vacationing in Tahiti, worried about this or that issue that may come up while you're away from the office? Well, I'm here to tell you that you don't even need to *leave* Tahiti. You can run your business right there from the beach using cloud software like QBO and Xero.

There are other advantages to adopting cloud accounting as well. There are hundreds of apps that tie into both QBO and Xero and allow you to monitor aspects of your business from wherever you may be. There are cash flow apps, document storage apps, expense apps, sales tax collections apps, time tracking apps – all available wherever you may be.

Successful business owners use modern technology to increase efficiency, reduce costs, and improve profitability. Programs like QBO and Xero are modern technology. Businesses that adopt them today will watch as their competitors struggle to learn the new system a few years from now. Harness this modern technology today, and use it to grow your business and beat the competition.



## Conclusion

All this information may seem overwhelming to you, and that's perfectly fine. The features of businesses that have grown and beat the competition are often surprising to owners, even those who have operated enterprises for decades. Simply put, our business culture places too



little emphasis on sound recordkeeping and financial planning, and too much on personality and individual magnetism. "Sell the sizzle, not the steak!" people like to say, but if you're selling steaks from a farm that's built on a toxic waste dump, it doesn't matter how great the sizzle is.

When I was the bookkeeper for an engineering office, I kept the books, ensured the accounts were reconciled, and generated financial reports to show the real state of the business, but our firm

wasn't interested in financial planning. The company philosophy was that we'd always been profitable before, so we'd always be profitable in the future. Thus, when the Great Recession hit, our firm was a sinking ship without a lifeboat in sight.

Don't let the same thing happen to your business. I can help you implement the above practices and ensure that they are followed through. Schedule a free consultation by contacting me today at [ben@bookkeeping4engineers.com](mailto:ben@bookkeeping4engineers.com) so that we can discuss your financial needs. If you have questions, or don't feel comfortable scheduling a consultation just yet, feel free to email me. I make every effort to respond to all emails within 24 hours. If you'd rather speak on the phone, you can call me at (855) 633-3453.

A word of warning: don't wait to contact me. I intentionally limit my number of clients so that I can provide the highest level of service to each one, and I can't guarantee that I will be offering consultations or taking on new clients even a week from now.

Thank you for reading my eBook. I hope you found the information helpful.

Ben Warga