

Watching Your Expenses

One of your key tasks as a business owner or manager is to watch every expense. Each expenditure reduces the amount of your profit. Remember, you aren't in business to create a job for yourself. You are in business to receive a substantial return on your investment.

You can benefit from a “no-risk” long-term treasury note with a return of 8 percent plus. When risking your money, your banker’s money, or an investor’s money, you must be a diligent manager, always keeping a high return in mind when making important business decisions.

The owner/manager must continually prune every dollar of capital invested in low-return activities. If you are bearing the expense of unneeded overhead or business ventures, cut the activity immediately.

One way to watch expenses is to predetermine just what your business needs really are and to make sure that they are *needs* and not just wants. Ask these questions before shelling out the dollars:

- Does this duplicate what I already have?
- How often will I use this?
- Do I really need it?
- Could I live without it?
- What’s the worst thing that could happen if I didn’t have this?
- Where else could I get this?
- What am I likely to use this for?
- How long will this last?
- How will this help my business?
- Is the reward or result to my business worth the risk or cost to purchase it?