Top 10 Record Keeping Mistakes Business Owners Make (and How To Avoid Them)

By Caroline Jordan, MBA

If you interviewed business owners of failed businesses, a majority will tell you that they didn't understand or feel comfortable dealing with the "book work". Your ability to understand and perform day to day accounting tasks in your small business is a critical success factor. Here are some tips to help you avoid the most common mistakes business owners make.

Top 10 Record Keeping Mistakes Business Owners Make

1. Not having a record keeping system set up (the shoebox approach)

2. Procrastinating on invoicing customers

3. Sticking checks in a drawer and forgetting to deposit them

4. Not tracking carefully which customers have paid

5. Not tracking invoices that are overdue

6. Not following up to make sure overdue invoices get paid

7. Putting "book work" at the bottom of priority list

8. Sloppiness—not recording checks, recording the wrong amount, etc.

9. Abdicating all responsibility—"I have 'people' to handle that."

10. Creating an embezzlement friendly atmosphere—"I have 'people' to handle that whom I trust completely."

How to Do It the Right Way So You Only Have to Do It Once

• Set up an accounting system that works for you

• If you don't have accounting experience get help from an expert

• Schedule time each day or week to take care of "book work"

• Don't procrastinate or move it to the bottom of the pile

• If you outsource or hire an employee to perform tasks, follow up to make sure things are happening as they should.

The way you handle record keeping in your business helps to determine whether you have a healthy cash flow or you're always on the edge of financial disaster.

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