

Entrepreneurial ventures come well equipped with missteps, mishaps, and mistakes. No matter how prevalent your business is, you are bound to run into problems at some point.

Below are a few blunders small business owners should avoid when aiming for a profitable year:

1. Failure to develop a business plan and budget – A **business plan** includes your policies and procedures, specific plans for the near future, general plans for the distant future and a budget based on the plans you laid out. Developing and using a **budget** helps you manage cash flow accurately and will help you prepare for business growth. A budget will also help you deal with employee bonuses, profit-sharing expenses, paying tax bills, purchase of raw materials and establishing a line of credit with your bank.

2. Inadequate accounting

Studying financial statements to evaluate financial information effectively doesn't always come easy for a small business owner. The Solution: Find a professional you're comfortable with and use their knowledge to make your business run smoothly. Involving your CPA as a "partner" in your business allows him or her to analyze your situation and establish an accounting system that works for your business.

3. Lack of internal controls

While it's important to have a bookkeeper in your business, making that person solely responsible for all your financial transactions makes it less likely you will catch mistakes in financial statements. Be sure to protect your interests by staying involved. Thumb through checks as they come in, sign all checks, review monthly bank statements and occasionally fill in for your bookkeeper. The segregation of duties seems nearly impossible in a small business, but it's necessary for you to find a balance to keep things in check.

4. Failure to delegate

Doing everything yourself can be a fatal error for any business. The timeliness and quality of your product suffers, and it becomes harder and harder to maintain a competitive edge in your market (not to mention creating extra stress and anxiety). Consider delegating aspects of the business such as scheduling, production or daily bookkeeping to staffers and outside vendors. This step frees you to concentrate on the big picture and gives you time to grow your business.

5. Failure to actively manage the business

Delegating is one thing, but giving everything away is another. Allowing subordinates who don't have a real economic interest in the company to take charge may put your business at serious risk. Be sure to find a good balance between delegating duties and staying involved, to some degree, in all major areas of your business. Communicate with your staff and ask for regular updates. Establish methods to assess the quality of work that's being done for you.

