

## 18 Easy Knockouts to Avoid Harming Your Business

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Owners make thousands of decisions every year, but some small details can have business-changing or business-ending consequences. Some of my knockout favorites to watch out for:



- 1. Extension cord with a space heater and plug-in air fresheners.** These items are a major fire hazards. It's a good practice to allow *only* surge protectors and avoid the other two in your business.
- 2. Bad receivables.** Good and honest intentions do not always result in getting paid. You get into a business-life-threatening situation because a big customer goes bankrupt. It is very painful and difficult to cut off an old customer, especially when you need the business. But companies go broke because of bad receivables.
- 3. Interviewing without training.** Someone who hasn't been properly trained to interview is a recipe for disaster. There are many questions that you cannot ask without risking a nasty lawsuit costing time and money.
- 4. Hiring without doing background checks.** Even with a background check, there is no guarantee that you won't have a problem, but it will certainly improve the odds.
- 5. Vehicles with unspecified drivers.** Allowing someone who is not insured properly through the company to drive can have disastrous results in an accident.
- 6. Under-inflated vehicle tires.** Under-inflated tires are more likely to cause a blowout and are less obvious on radial tires.
- 7. Texting while driving** is the new drunk driving.
- 8. Business insurance gaps.** The three biggest small-business insurance failings are: 1) understating insurance to value; 2) not having workers compensation insurance; 3) not having business-income replacement coverage to replace lost revenue until the company is up and running again.
- 9. Tax Accountant as a business advisor.** You can't run a business if you don't understand your own books. Some accountants only do tax returns and are not qualified to act as an outside voice and keep an eye on the health of the company.
- 10. Bad checkbook controls.** Businesses have gone broke because of theft or embezzlement. **Never let the same person draw and sign checks.** Never accept the bookkeeper's reports at face value. And, never allow your trust of your treasurer/bookkeeper keep you from double-checking the numbers.

11. **Bad business policies.** A posted sign said that tips must be paid in cash. Why? Employees didn't claim all their tips and the company did, so there would be a discrepancy if either got audited. Customers don't like the inconvenience or tax evasion position; they'll take business elsewhere.

12. **Poor controls over assets and cash.** Consider having bank statements sent to your house; look at the transactions yourself to make sure that all of the cash receipts are recorded and the expenditures are legitimate ones. Verify receivable balances with customers yourself periodically. Watch inventory and assets which have a street value and ease of being disposed of for cash.

13. **Waiting for customer feedback.** Don't wait for a long time customer to tell you they don't like the new sales rep. Don't wait for the sales rep to tell you the chemistry isn't right. Neither will, for different reasons, so you have to initiate the discussion. Change has to be managed so you can control or mitigate the consequences.

14. **Deceiving yourself about your business bottom line.** Be honest and ethical with yourself, your employees and your customers.

15. **Deceiving customers with products substitutions** that are almost as good, but cheaper. Customers eventually find out and they have long memories.

16. **Complacency,** if you're not working to improve a product, process, or workforce issue, then expect a slow but accelerating decline to irrelevance.

17. **Procrastination.** Waiting to make a decision is making a decision. Get the facts and act.

18. **Customer Service, Customer Service, Customer Service.** Pay attention, get personally involved, and most importantly ask questions of disgruntled customers. Really listen to their responses/complaints. Some customers arrive to find themselves dealing with a distracted staff entertaining "friends; somewhat ignored after walking into your establishment.

**An ounce of prevention is worth a pound of cure.**

--Benjamin Franklin, a good businessman.



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