



5 Critical Steps

For Building Wealth
As You Build Your Business

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Welcome Business Pioneers!

Congratulations on your pro-active attitude! By downloading this report, it is obvious that you are someone who takes your American dream and business seriously. Emerging entrepreneurs appreciate this information as it is unexpectedly powerful yet disguised in such an elementary platform.

Although you may not realize it, **YOU are a Business Pioneer and an Innovator in your own right...** Your presence here says **YOU** are a business owner or want to be. **YOU** are blazing the trail, exploring and discovering the ways business ownership can provide freedom for you and your family.

YOU are the inspiration for the very creation of Business Untangled!

For many people, self-employment is their vision of the American Dream. We believe that everyone should have the business of their dreams. However, talented people who are experts in their field with very saleable products or services are often afraid to leap into the business world. It's the red tape that makes for scary business!

Due to the overwhelming maze of financial and legal specifics required to run the back office, countless businesses fail or even fail to get started. Many that survive never reach their full potential due to getting tangled up with the financial and legal details of business operation. **There is good news - it doesn't** have to be that hard!

At Business Untangled, you will find complex subjects taught in a super simple way that is easy to comprehend. When you understand the nuts and bolts of starting your own business, fundamental business strategies, bookkeeping, tax,

and payroll concepts, go much smoother, more efficiently and can be easily handled with the best tax posture. It is actually easier than doing things the wrong way, plus you will have peace of mind and more money in your pocket!

Once you learn the language of business, the confusion and overwhelm clears and your business starts to explode. For those who put in the work – and untangle their business with our system, it never fails.

We have been blessed to inspire thousands of entrepreneurs to find their passion and reflect it in their individual business path. While working with enterprising pioneers through the details of operating their business, we frequently find processes that save them thousands and even tens of thousands of dollars. This is very rewarding for everyone involved. Having less stress and more money is always exciting!

The truth of the matter is, as you learn the key metrics of running your business, you will grow from being a confused entrepreneur to becoming a confident business owner. The mystery of the business world will be demystified for you. No longer will there be this unknown legal jungle out there; and you will start operating your business like a well-oiled machine.

You will find many of the money secrets a value worth sharing with friends who don't even own a business. But if you own a business, or choose to start one, now is time to get excited. You will be building a foundation for a life full of possibilities. Whether you take big leaps or baby steps, start today! It is time to take charge, shape your future, and do life on your own terms.

Embrace your journey...



Donna Merrill

Business Strategist - "The Business Transformation Lady"

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5 Critical Steps For Building Wealth As You Build Your Business



“You don’t need to be a genius or a visionary, or even a college graduate for that matter, to be successful. You just need a framework and a dream.”

Michael Dell, founder of Dell.

In the quest for more income, over half a million small businesses are started each MONTH in the United States. Many of these new business owners are people just like you and me. High quality of life is one of the most significant motivators for starting your own business. Combine that with the unlimited earning potential and significant tax advantages, and it is obvious to see why those of us with an entrepreneurial spirit are enticed to venture into business ownership!

Having a business is the key to success in the mind's eye of many Americans, though that is not the result of all that are bold enough to take the entrepreneurial path. Experts have varying opinions on the exact percentage of which of these businesses fail. But no matter whom you ask, most agree there is a very high-risk factor when one starts a small business. Though, as I can personally attest, the risk is well worth it!

Why do so many businesses fail? In most cases, it boils down to the business owner not understanding the business details required of running a business. Without this know-how, they start their venture without a proper infrastructure in place. You say, "Whoa, infrastructure - that is a big word meant for a big company." YourDictionary.com defines infrastructure as "An underlying base or foundation, especially for an organization or system." So actually a solid infrastructure is vital to all businesses, of any size large or small.

Problems that plague and endanger your business occur when you do not have that infrastructure in place may stem from:

- Having an improper legal structure.
- Poor cash flow management.
- Improper planning
- Not having the information needed to manage essential business decisions best.
- Overpaying your taxes.

It is not uncommon for many businesses experiencing one or more of these problems to find themselves at the point of no return. Then, they have to close or are forced to file bankruptcy.

If a business does not have a proper foundation, it is a case of WHEN, NOT IF, the company is going to start experiencing unnecessary difficulty. Often the business owner is too deep into the center of the business and does not realize these things are happening. You know the saying, too close to the forest to see the trees. They think all things are well and good, but then something happens that makes the trouble bubble up, but now it is a major issue.

This is when businesses will come to me because their business is literally all tangled up. If it is not already too late to secure your business with a proper infrastructure, then the best time to do so is NOW!

What if you could have an easy plan to build your infrastructure? The good news is you can!

We must start with the very basics.

SOLUTIONS:

- **Learn the language of business.**
- **Get the best value with the money you have.**
- **Keep more of what you make.**
- **Earn more money.**

SOLUTIONS

Learn the language of business. Some people say that accounting is the language of business. It is much more than that. The language of business is the fundamental building block that constitutes having and running your business. While that includes accounting, it also includes entity structure, finances, taxes, plus all the necessary legal red tape and MUCH more! These are the things that tend to make your head hurt. You can be the absolute best at what you do but fail with these vital tasks and tank your business. However, if you are mediocre at what you do but ROCK the business side of your business, you can be a major success! My advice - be great at what you do and make a conscious effort to learn the vital elements of the language of business!

Get the best value with the money you have. Even if you have all the money in the world, why would you want to waste it?!? As the proverb says, "waste not, want not." It is not about going without- it's just about making wise use of your resources. It's logical, make the best choices for spending your money, get the most value and you can do more things with the money you have!

Keep more of what you make. What is the point of making more money when it is slipping through your fingers? I have heard payday referred to as distribution day. The money comes in, and you distribute it to your creditors. You will never become self-reliant doing that! Many people question the philosophy of paying yourself first because they say they have no money. Well, have you tried it? The very first step is to create an emergency fund, yet you feel you cannot because you are in overload with your bills. Simply take 10% of all your income BEFORE you spend anything or pay any bills and put it into savings anyway. Yes, you may be facing an immediate emergency and have to take this money back out the same day. But that is ok - just make a habit of putting that money in savings in the first place. Before you know it, to your surprise, you will find that there is money accumulating in your savings!

*" Do not save what is left after spending...
but spend what is left after saving."*

- **Warren Buffett**

Earn more money. When your business systems are jumbled, your profitability is impeded. One thing I have observed with my clients is that they always start saying something similar when they get their business untangled. "My business is exploding," "How is it I am making so much more money and paying less tax?" "I am on track to make a record number in sales this year." The words and the situations are all different, but the theme is the same. They now know where they are going, and their business starts earning more money!

When your business is tangled, your profitability is impeded. Learning the language of business is one of the first steps in getting a stable infrastructure for your business. With a solid infrastructure in place, you also will start making and keeping more money!

While we cannot unravel all the issues that hinder profitability. However, we can start building a very fine layer of the foundation that you need to build a stable infrastructure. As I have promised, here are five simple but vital steps that will get you started you in the right direction. Are you ready to stabilizing your infrastructure?

**IF YOU DO NOT CHANGE DIRECTION, YOU MAY
END UP WHERE YOU ARE HEADING.**

- **Lao Tzu, Chinese Philosopher**

Critical Step # 1: **Turn Bad Habits That Cost You Into Good Habits That Pay Off**

We are human, so it is safe to assume we all have a few bad habits. Unfortunately, these habits generally cost us the exact thing we are working so hard to attain.

You have a new business or are about ready to take yours to a new level, what a great time to create a new mindset! Take a few minutes and reflect on the habits that you have that are costing you - Write them down and be honest to yourself. What is the real cost of these to you?

PROCRASTINATING: Understanding what causes procrastination helps. It is not a temptation that will go away. We have to recognize it and work to correct ourselves when we realize we are falling victim to it. We have already seen one example of how much non-action can cost a person if they desire to become a business owner. This is just one small example of the many ways procrastination costs us, and more times than not, it carries a hefty price tag.

What causes procrastination, and what can we do to improve ourselves in this area?

- **Start With The Nastiest To-Do:** Procrastination often comes from a distaste for doing the task at hand. By getting it out of the way first, when you are the most rested, the rest of the day is much smoother sailing.
- **Trying To Be Perfect:** We have already acknowledged that we are human, which means total perfection is futile. However, by nature, we all strive and want to be perfect spending, an incredible amount of time and

energy trying to achieve perfection. We feel we need to be perfect in order to feel worthy of love and approval.



We need to accept our imperfection instead of trying to hide it. Unless it is brain surgery, 80% accurate is probably adequate. Do the best you can without beating a dead horse, then consider it practice and learn from your mistakes.

- **The Power of Self-talk:** By procrastinating, we are sending ourselves a message subconsciously that we are not worth the effort. When you feel yourself buying into the negative, look into the mirror and say out loud something positive like, "I am loved, deeply loved. I accept and appreciate myself exactly as I am." Or "I can achieve anything I want to achieve. I am in control of my choices." You will be surprised how much better things will go.
- **Fear:** Fear is a perceived presence of danger and a primary instigator of procrastination. Fear festers for various reasons: fear of failure, fear of rejection, fear of looking like a fool, and sometimes even fear of success. Most fears are unfounded and can paralyze your progress. Once you recognize your fear, you can acknowledge it and stare it down. When you take ownership of your fear, you are more likely to overcome it so it will not keep holding you back in life.

Other techniques you can use to improve and prevent procrastination are:

- **Time yourself:** Certain tasks tend to draw themselves out unnecessarily and end up taking half the day when half an hour should be sufficient to

accomplish the task. You may need to use a timer to assist you. For a 30-minute task, set the reminder for 25 minutes then wrap it up in 5 minutes. Reallocate time to the task for the next day if the project is ongoing. Don't let it eat the day away and get nothing of consequence accomplished.

- **Chunk your tasks:** You probably have heard the analogy, "How do you eat an elephant?" The answer, of course, is "one bite at a time." Take your tasks and divide them into smaller, easier to manage projects. Chunking like tasks together will help you to be more efficient. Chunking is more productive than multitasking as you can focus on one thing to fruition. Dedicate specific blocks of time to a particular task and don't allow interruptions. You will reduce the time spent in start-up moments and accomplish the task at hand more efficiently. For instance, you can also chunk together all your errands on the same day. This way, you will already be appropriately dressed and can map your route so you can travel smoothly from one to the other. It is also a great idea to schedule these errands at a low-traffic time when fewer people are on the road. You will be surprised how much you can accomplish with less effort. You can also do this similarly with your outgoing phone calls, processing emails, and your client appointment scheduling.



Use chunking to become more focused and productive. You will fight overwhelm and have a sense of accomplishment as you get each chunk completed. And before you know it - your project is done!

WASTING TIME: This bad habit frequently goes hand-in-hand with procrastination. We need to be mindful and refocus when we are caught up

being busy with tasks that are not income-producing or otherwise serving our target goal.



- **Email and Social Media** are one of the biggest productivity pigs of our day. We get on the medium to serve a specific purpose, and then the next thing we know, we are captured by something totally unrelated or checking out who

knows what. Every incoming email and IM becomes an interruption that now rules your time. Next thing you know, hours have passed, and you have accomplished zero!

Technology is incredible, but we need to manage it. A good rule of thumb is to make a standing appointment in your schedule for your usage. If you check your email once in the morning and once in the afternoon, you will free up a lot of time. You can seize the opportunity by setting the alarm, so you will realize your allotted time has elapsed. If you get deadline-sensitive emails in the morning, you may want to schedule your morning email reading accordingly. Maybe have a quick five-minute scan of the incoming email so that you are informed and then respond at the designated email time unless it is absolutely urgent. Most things are not critical, yet we make them a priority by letting them absorb our day. You must control your online interaction; otherwise, your life is given over to the electronic media instead of you controlling it.

If your work requires that you have the email communication as it is arriving, you must still find a way to shut it down. Closing it off for at least 20-minute intervals will allow you to be productive.

- **Schedule** your most important, high-value tasks in the morning while you are more alert, and before you get tired. You will accomplish more quickly.



- **Being disorganized:** How often do you spend needless time trying to find something when it should have been at your fingertips? The National Association of Professional Organizers says we **spend one year of our lives** looking for lost items. Many reasons prove to be disorganized costs you money and precious time.

How often do you find yourself buying unnecessary items because you had no idea you already had plenty? You lose the time to go to the store, as well as the cost of the duplicate item, plus you incur the cost of storing extra inventory.

Most of the time, disorganization will cost you much more than a duplicate item. You may miss important deadlines, which could cost you dearly. The disorder can cause you poor communication with your customers, lost income from forgetting to invoice a client, and unnecessary time spent fixing mistakes. It causes you to be reactive instead of proactive and directly affects profitability. And of course, one of the highest costs is stress, which causes negative health issues.

It is hard to feel efficient and productive when things are not organized. Start today with some simple steps you can implement quickly:

- Use a calendar to organize your time. Google Calendar and Outlook offer great options that are very versatile.

- Lists are a great way to keep yourself organized and on target, and they don't take long to make. Use the notepad on your cell phone, and it is always at your fingertips when you need it!

- Give everything a proper place and make the little extra effort to keep it in its place.

- Get rid of clutter. If you haven't used it in five years, do you really need it? Keep your surfaces clear. If you don't need it every day, get it off your desk. Reducing visual clutter will help reduce mental clutter. Get rid of the stuff you don't need - so that you can put things you do need away and out of everyday sight. You'll feel instantly calmer!

- Make a habit of taking a few minutes at the end of each day to set yourself up for the next day so you can jump right into a productive day.

BAD BOOKKEEPING BEHAVIOR: Bad bookkeeping habits can cost you a lot of money and lost sleep as some of these practices can get you in trouble with the Internal Revenue Service.

- **Not keeping your receipts** - You will have a hard time proving those tax deductions as the IRS requires proof of payment. Also, if the item you purchased turns out to be a bad buy, then you will not have the proof you need to return or exchange it - you are stuck!

- **Commingling funds** - One of the IRS's pet peeves is commingling, which is mixing your business funds with your personal funds. Keep a separate business account using it only for business purposes and a specific account for your personal transactions. This professional handling of your funds will give credibility to the business intent of your business should it be questioned by the IRS. In the case of an audit, it also keeps your private concerns private - ever hear of problems caused by offering too much information?



- **Not paying your bills on time even when you have the money** – This behavior is problematic for you in many ways. It costs you in time and money. You have the inconvenience of lost service privileges; reconnect fees, late fees, higher interest charges, and problems caused by bad marks on your credit score.

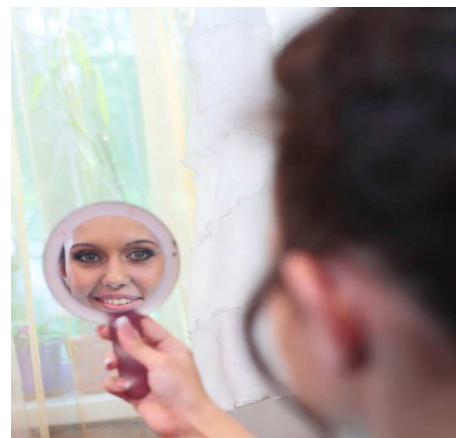
Today's banking technology offers automatic transfer options to pay these bills at the scheduled time. Maybe you like to pay more on your credit card than the bare minimum (and you should), but why not set an automatic debit for the minimum monthly payment? This small payment is manageable and not likely to overdraw the bank account if you forgot to plan for it. This way, you make sure your bill is always paid on time without late fees and gives you a high credit ranking. You can then set up an extra principle payment at your convenience to knock down the remaining balance. So easy to keep things on track and less frustrating!

- **Not reconciling your bank accounts** - It seems that today's Millennial generation doesn't appreciate the value of regularly reconciling their bank account. If it shows a credit balance online, there must be money to

spend is the general mindset. That may seem sensible since they are not writing checks so much as previous generations, and they trust the bank's math. However, it is not uncommon to find double taken debits, fraudulent charges, and other inappropriate charges. Believe it or not, banks do make mistakes! I can personally testify over and over to the worthwhile rigors of reconciling your accounts. I have seen bank errors of hundreds to tens of thousands of dollars. I witnessed one business deposit alone of \$12,500 that was missed entirely by the bank and the client until months later when the bank reconciliation was done. This amount was 10% of a very astute businessperson's annual income, yet it completely fell through the cracks unnoticed. While you think you would miss such a deposit, these people thought they would too!

More importantly, reconciling your bank accounts will give you a proper handle on managing your business. This will get your books ready for the tax preparer and give your book's credibility with the IRS and when applying for that loan! But most of all, as business owners and personal managers, we need to know where our hard-earned money is going. An excellent return for a few minutes' efforts!

Being honest with yourself and mindful of your bad habits puts you on the road to betterment. Be to yourself what you would want from your best friend. Take a good look in the mirror every day. Vow to live with integrity, allowing yourself to become the great person you are. Own your mistakes, forgive yourself, and love yourself. Work on those bad habits and improve yourself every day!



Isn't it time for you to create some new habits and pocket the change?

Critical Step #2: Review Expenses Every Three Months

We all want to make more money. But what is the point in working hard to earn more money and then carelessly letting our hard-earned dollars slip through our hands?

Small business owners who think they're too busy to keep track of expenses should think again. By not paying enough mind to what gets spent, companies could wind up with less than expected when the final tally comes through. Many business managers don't have a close eye on how much they are spending on their supplies and services. Then, when vendors hike up the rates, they don't even notice. The increased cost slips by them without raising any concern - a hidden cost of not paying attention.



Vendors have been found to hike up their rates or add unexplained fees while you are not paying attention. With technology being very progressive today, there are services where the cost has gone down. If you didn't catch this, you would continue paying a larger price for a package that now is available for less cost. The vendor typically would not call you to tell you that you can now get the same thing cheaper. But by paying close attention to everything you're spending and what you're spending it on, you can save yourself a ton of otherwise wasted money. You should take the initiative and call the vendor periodically and renegotiate. A good rule of thumb is every three or four months is reasonable to review technology type services.

When was the last time you called your cell phone provider and asked if you could get a better deal? I just called my provider and learned that I could save \$30 a month AND get unlimited data – That is \$360 a year + over the limit data charges!



Cell phones have become so popular that most people just pay their monthly bills without thinking twice and wouldn't even consider alternatives. But if you simply call your carrier and have them review your service plan, you can possibly save \$20 – \$50 a month. That adds up to \$240 – \$600 a year for the same or better service. The same strategy applies to your

cable, internet, and insurance billings, as well. Companies are very competitive these days; you can make that work for you!

Believe it or not, free checking accounts are still around. Many still offer basic services without a monthly service fee or minimum balance requirement; it is worth shopping around. Credit unions, smaller banks, and online banks tend to offer more free checking accounts, but also check out the bigger banks' options. Don't be afraid to negotiate when future fees come up. Saving a \$15 a month bank service fee is another \$180 a month in your pocket. Also, additional savings can be found if you order your checks online at a discount retailer rather

than letting the bank place the order. The savings add up to more than the interest than you can earn on most accounts!

Electric bills are an area that you may save. There are numerous companies now that you can get the same service but pay hundreds less. A good rep will help you by reviewing and educating you on how to read your electric bill. It pays to shop for your options.

The same goes for insurance – this is an area of significant increases that we ignore. I do caution you to get an agent that you can trust to give you an honest opinion on the coverage versus the value received. Many times they will add a coverage you don't need without calling it to your attention. However, sometimes, when switching for a lower price, you may be losing valuable benefits, you are "grandfathered into," and it is not worth the savings of a few dollars. I just got a \$50 a month increase on my car insurance and see that I have a new endorsement of "Mexico Coverage – Limited." Wonder what that is about? Of course, I have a call into my agent to find out! At the very least, I will understand what I am paying for!

All these savings and you are getting the same service. It is not being cheap, it is simply being smart!

You work hard for your money. Pay attention – and you are sure to be getting what you need, not overpay, and very



likely to save hundreds, if not thousands of dollars!

Critical Step #3: Create Smart Spending Habits

The thought of a monthly budget is enough to put a sour taste in most people's mouths. No one likes a budget, but it is worse to be broke. By putting a plan in place that cultivates careful spending habits, you can maximize your savings and keep on a healthy financial track without cramping your style. Here are some smart spending habits to get you started:



- **Avoid shopping on a bad day** - They say don't go grocery shopping on an empty stomach. Studies show that theory applies to shopping in general, not just grocery purchases. When someone is hungry, stressed, anxious, depressed, or simply having a bad day, they will tend to overspend to console themselves. Developing good coping strategies will eliminate bad spending habits and help you save money quickly.
- **Create a shopping list** - This habit can keep you focused while shopping saving you both precious time and money. You get the items you came to get while not forgetting an essential item that forces you to make a return trip.

- **Comparison shop** - Take the time to shop around when making a substantial purchase so that you are getting the best deal on the market. Keep your eyes open for free shipping offers, rebates, and cash back deals to save even more on the total cost of your purchase.
- **Technology purchases** - When buying technology products, purchase what you need to get the job done with a reasonable amount of consideration given to future growth. It is foolish to cut corners so much that the equipment is obsolete in a short time. That may not always require buying the top of the line as you probably don't need all the bells and whistles. Take time to educate yourself before shopping to make a smart purchase.
- **Keep the box - When** you get a new purchase, many people throw out the packing garbage. However, keeping the box for at least 30 days can possibly save you money. Should a problem occur with an item, most stores will take it back or exchange it within a limited time after purchase. This saves you time and frustration of sending it to the manufacturer or the nearest garbage dump.
- **Extended Warranties** - Don't purchase an extended warranty on a product without giving it serious consideration. From an economic viewpoint, it typically doesn't make sense to buy an extended warranty in most cases. You should consider the reliability of the product and the terms of its manufacturer's warranty. Should you decide to purchase the warranty, be sure to keep the paperwork in an easily accessible file in case you need it. No warranty is a good buy if you do not have the information to stake your claim.

Critical Step #4: Make Wise Business Decisions

THOUGHT PROCESS: The absolute first step in making a wise business decision is to educate yourself by gathering all the facts. It may seem like a no-brainer, but it's surprising how many times we rush in our decision making choices. We assume we know all we need to understand without the proper research. Rash decisions will often come back to haunt you. When you don't do your homework, it is one of the quickest ways to lose credibility and trust with your followers. Make sure you study all the viable options, gather input from people familiar with the situation, and get advice from unbiased advisors. Brainstorm your alternatives, visualize what the result of each reasonable scenario would be, and factor in what your gut is telling you before making your choice. This will give you more to work with when it comes down to making wise business decisions.

COMMON DECISIONS BUSINESS OWNERS FACE:



Lease or buy? - One of the most common decision questions business owners ask me is, "Should I lease or buy my new car?" There is not a 100% one-size-fits-all answer. You should check with a financial or tax advisor who knows

your individual situation for the answer that is best suited for you before making your purchase. If you are shopping for a vehicle over 6,000 lbs., you may want to ask your expert if you would be a candidate for an accelerated depreciation option. An accelerated depreciation option is a tax election that allows you to depreciate a large portion of the vehicle cost upfront at an accelerated pace per the current tax law allowance for equipment purchases.

With both leasing and buying, the amount that can be deducted from your taxes for your business use of your vehicle, is directly related to the percentage that you use the car for business. Whether you lease or own a vehicle, you can choose to pay actual or standard deductions on business vehicles. If you select standard deductions, then you use the standard mileage rate for the vehicle, which typically works well for cars that get good gas mileage. When choosing to deduct the actual costs of the business vehicle, you deduct the costs of the repairs, tolls, and parking instead of taking the standard mileage rate deduction. You cannot deduct both the actual expenses and the standard mileage rate. Once this tax deduction method is elected, it cannot be changed in a future tax year.

A lease might work better for you only if you're sure you don't want to keep the car long term. One of the biggest drawbacks to leasing is that you are forced to make a major financial decision when your lease expires. It may not be a good time in your life to trade cars, yet you must either return the car and buy or lease a new one or buy the vehicle at the lease-end price. If you buy a car or truck, you can postpone any replacement decision until you are ready or at least until mechanical trouble forces your hand. The best choice on purely economic grounds is usually is to buy a new car and keep on driving it long after your loan is paid off.

In the long-run, leasing will typically cost you much more than simply financing a purchase from the start. My philosophy is, "You are better not to have an expense than to have the deduction."

My recommendation is to shop for whatever vehicle makes the most economic sense to your budget. If you are leaning towards a lease, really take a magnifying glass to the terms of a lease and make sure it is right for you from the beginning through the end of the lease term.

- **Employee vs. Contractor?** - Another frequent question from business owners is, "Should I hire an employee or an independent contractor?"

First, look at whether or not you really need the help of an additional set of hands. People are quick to get overwhelmed and reach for the nearest help in a quick fix for relief. Some help is not worth having as managing someone takes away from your own productivity. How much more profit will you create because you have this help? Are there chores that you could outsource before hiring someone to do work that is an integral part of your business? For instance, would a housekeeper or lawn service free up enough of your time for you to do the income-producing activities of your business? You can hire someone who can do your housework with less supervision and cost. This is usually a more beneficial plan, and most people would not mind giving up those chores. Plus, you are going to be your most dedicated employee and likely to do the best work for your business.

Second, it is critical that you correctly determine whether the individuals providing your services are employees or independent contractors. Incorrectly classifying an employee as an independent contractor can leave you in a precarious position with the IRS and your state employment commission. When a worker performs a service for you that you have the right of control over the details of the work being done, he generally would be considered an employee. If a worker is self-employed, supplies his own tools, controls his own hours, and controls the details of his work, he possibly would qualify as an independent contractor. IRS Publication 15-A spells out the specifics of who is an employee and who qualifies as a contractor. Even if you thoroughly understand the federal definition of what constitutes an employee, be sure to become familiar with the state law definition also as they can differ.

It generally is less expensive and simpler to hire an independent contractor than an employee. Be sure you abide by the guidelines as it could cost you big time if it is deemed you didn't classify them correctly.

- **Keep down overhead** - Always! The new entrepreneur tends to want to do everything first class. While you want to put your best foot forward, be tight-fisted with your purse strings! You are not in business simply to pay someone else's bills. Make sure you are buying what you need when you need it and gaining an appropriate value for your money. It is so easy to get zealous and overspend. It could be the demise of your business venture!

Critical Step #5:

Maximize Tax Deductions & Minimize Tax Liability

One of the main areas to improve your profitability is by paying less tax. This is likely everyone's favorite step! However, once you are utilizing your money better, you will have fewer tax deductions. This is ultimately a very good thing. While we love tax deductions, it is **always better not to have an expense** than to have a deduction!

Everyone's situation is unique to them, but having a business is the one tax strategy that can benefit almost every taxpayer. It is a strategy that works for a person flipping hamburgers at the local franchise to the CEO of a major corporation. Bet you don't think of your business as a tax strategy, huh? Well, you shouldn't, but our tax laws alone are designed to offer tax breaks to encourage business development. Think about it - Jane Doe gets tax breaks in her business and spends money at John Smith's store to build her business.

John Smith now has to pay more tax because he is making money (a good problem). The faster and more often our money turns over in our economy, the stronger our economy becomes. The more often our money turns over, the better it is for the economy. For instance, you start a business. You go buy a computer, you buy a desk, you print business cards, and make other necessary expenditures. You get a tax deduction for those expenses, which help you continue to grow your business. Meanwhile, the office supply store and the printer are already making money, so they pay tax on their income. Eventually, your business grows, and you need employees. Your employees pay taxes on their income. The process is repeated over and over. This system stimulates the economy, which is why it is a win for everyone - including the IRS.

The strategy part comes in because you can take the expenses you currently have personally and TRANSFORM them into legal business deductions. This may happen because now you use your car for your business. You can set-up a home office. You can plan business trips around the places you would like to travel to. For instance, there was a 3-day event in my industry that I wanted to attend. The event had options of several locations all about the same distance from my home. I chose the Florida location because it was right where I used to live for many years. Due to the proper planning, I was able to arrange my trip to be mostly deductible. I was not only able to handle my business at the event, but I could also catch up with my family and friends that still live in Florida. I felt like it was a vacation, but it was a genuine business trip by the IRS guidelines and 100% deductible. Now while this planning is not hard to do, it absolutely MUST be done correctly with the proper business intent. To accomplish this, you may have to change your life slightly, but I am sure you will find it well worth your while! You will find when you do this correctly; the resulting savings will be proportionate to your income no matter what your tax bracket.

As a business owner, you can write off every expense you have in the natural course of running your business. You can realize tax savings even if you are just

starting your business. **Your intent for profit with a small business can reasonably earn you \$300-\$700 a month** or more in tax savings before you make your first sale!

It is legal to plan your life to be more tax deductible so you can take advantage of the various tax breaks allowed by the IRS. You can enjoy these tax advantages even when you are only working the business part-time. It is often advantageous, and a smart business move to work a W-2 job while you build your own business. As long as your business has a genuine intent for a profit, and is meeting the IRS Code guidelines for such, you are entitled to the deductions of a business for the ordinary and necessary expenses to run the business.

As a business owner to maximize your deductions and minimize your tax liability, you need to make sure you are doing the following:

- 1.) Take all your legally allowed deductions. – Don't get sloppy - I find 7 out of 10 business owners are not doing this – so make sure you are not one of them!

- 2.) Periodically review the legal structure for your business. Is your formation congruent with your current business activity? There are times your present organization is no longer the best fit. A structured change with the proper timing could be monumental for your best tax posture. As your business grows, your needs will change, tax laws change too. So continue to learn about what you can do for the biggest bottom line; you always want to be in the position for the best tax advantages and most asset protection.

You will likely need to enlist the mentorship of a qualified professional to guide you through these legal hoops. However, it is essential to use caution and educate yourself. You need the tax expert to translate the ever-changing tax laws for us, but I find there is a huge disconnect between the tax professional and the business owners. This disconnect can cost you as the business owner thousands and even tens of thousands of dollars in overpaid tax. EVERY YEAR! I see it all

the time and would say it happens to 70% of business taxpayers. This is a huge problem that is compounded by business owners blindly signing their tax return when their preparers present it to them.

In most cases, the business owner has a tainted perspective of what the CPA or tax preparer actually does. How is that? For this discussion, assume your tax professional is THE top expert in their field. With this in mind, the absolute stone-cold truth is – no matter how great a tax person or bookkeeper you hire, they do not live your life! The expert translates your life into a tax return. However, the most crucial part of the tax process depends on YOU – a non-tax expert. It is your job to gather all the information and present it to them with the proper tax posture for their translation process. The better tax professionals may ask you for something you have overlooked, but they don't know you did this or that which might have a tax impact unless you know enough to tell them. When the return is complete, they hand you a form and ask you to sign to have your return submitted to the IRS. You do as he asks with little or no review of the final return “because you trust him.” It's not a matter of trust. He has done the best he can with the information he has, but rarely does he have the whole picture because, as we have said, he doesn't live your life. And he is still human and could have made a mistake.

First, you need to take a bit of responsibility for yourself and your business because you are the one who lives your life! You can learn to speak to your CPA in a way that he will better understand your unique situation. When you communicate better to your CPA, he is able to do a much better job for you. Tax preparation will be less stressful for both of you, and it may even make thousands of dollars difference!

Yes, there is a catch to these incredible tax breaks you can enjoy – but it is one that you can live with –

When proper mentorship is combined with a plausible effort on your part, it is much more likely you will have another type of problem as a business owner. **When your business becomes profitable**, and you are taking every deduction allowed by law, you will have a successful venture. You will be making money; you will accrue tax liability, and **YOU will now pay tax**. But no worries - with good recordkeeping plus proper communication of your information to a seasoned tax professional, you should be able to keep that tax liability down to a surprisingly small percentage and never pay a penny more than your fair share!

“You are wise when you listen, especially to people with experience.” - Lori Griner, Shark Tank

In conclusion,

I hope you will keep this booklet and reread it from time to time. I hope you have found it valuable whether you have learned a dozen new ideas, one idea, or simply got a refresher to remind yourself to get on track. Even as a seasoned entrepreneur, we get slack and let things go. When we do, we lose focus; we end up not making the most of our time, we overpay our utility bills and start once again donating to the IRS.

I strongly encourage you to take the time to educate yourself and learn the language of business.

Then implement! When put into action, the information in this publication can save you enough money that someone in this world would be happy to make in a year. Regularly review it to put yourself back on point.

Why waste your hard-earned dollars? Having more money is the means you can enjoy more **FREEDOM**, more **PEACE** of mind, and more control of your **TIME!!**

YOU CAN Build A Less Taxing Life - One Where You Can Realize More Money And Have Time For Your True Priorities!

Our clients are small business owners who want to learn how to manage their business better while making more money. Business Untangled, Inc. services demystify the business of being in business by expanding the vision and scope of where you currently are today. We hold their hands through the processes of business & system development and implementation. This is accomplished in one-on-one client enrichment coaching, group programs, and self-study options working through topics like:

- **GREAT BEGINNINGS:** Learn the ABC's of starting your business; and create a firm foundation to bring your dream from a concept to a reality.

- **NUTS & BOLTS:** Empower yourself in learning the “business” of running your business. Master simple but critical elements to keep the flow of clients and income.
- **NICHE IDENTITY:** Understand your ideal client and the needs of that market. Focus your talents and vision on creating authority status and irresistible services for them.
- **BUSINESS SUCCESS MAPPING:** Together, we design a business acceleration plan to maximize your income, create a competitive edge, construct a solid back-office, reduce stress, and become financially viable.
- **CLIENT ATTRACTION:** How to attract, engage, and influence more clients so you can help more people and make more money doing what you love.
- **ACCOUNTING FOR LESS TAX:** A system of recordkeeping to be designed in harmony with your personal style but keeping you compliant and paying the least amount of tax possible. Your accountant will love you as he can concentrate on presenting you in the best tax posture legally possible rather than scrambling for every needed detail.
- **FINANCIAL STATEMENTS 101:** Demystify the numbers by learning to understand your financial statements. This is a necessary evil and your key to better business management and making more money.
- **AUDIT PROOF RECORDS:** No one is exempt from an audit, but this education awards the business owner peace of mind so that their records are always prepared for one. In the event of an audit, simply give the records to your CPA or tax preparer then continue making money and running your business with much less stress.

- **TAX RESCUE:** An educational process that teaches the businessman how to best document his records for tax purposes. This process can realistically save a business taxpayer hundreds, thousands, or sometimes hundreds of thousands of tax dollars over the coming years.

All programs are designed to help you make and realize more money!

If you are ready to explore ways you can accelerate your success and "have it all" by owning a thriving small business, please contact Business Untangled at success@businessuntangled.com. We offer various educational options from start-up programs to our Diamond Transformation coaching. Wherever you are in your entrepreneurial journey, we look forward to supporting you. We can help you create a life you truly love, one from which you don't need a vacation.

**IF YOU DO NOT CHANGE DIRECTION, YOU MAY
END UP WHERE YOU ARE HEADING.**

- Lao Tzu, Chinese Philosopher

ABOUT THE AUTHOR

Donna Merrill is President and Founder of Business Untangled, Inc. She is the author of *5 Critical Steps For Building Wealth As You Build Your Business!* and *Making Life Less Taxing - The Entrepreneur's Guide*; and its newest version revised to reflect the 2018 tax law changes, *"How Your Dream Business Can Make Your Life Less Taxing."*



As a nationally known business strategist, author, and small business expert, Donna has been quoted by MSN Money, USA Today, World News, All Business, Huffington Post, Yahoo Finance, and more.

Donna has the innate talent of empowering entrepreneurs to champion their inner abilities, which is why clients fondly call her "The Business Transformation Lady." Starting her personal entrepreneurial journey on a shoestring, Donna knows what is required of today's business owner and understands the challenges they face. Donna works with her clients to remove confusion and overwhelm, harmonizing their business while literally putting thousands and tens of thousands of dollars in their pocket. She truly transforms and inspires the business owner to succeed.

Complementing her degree in Business Management, Donna is also a QuickBooks Expert with an extensive tax background. Always having an extraordinary love for business, she attained her diverse insight by venturing into the business world at an early age. Donna has developed three very different businesses to acclaim in the national arena. Donna built her portrait studio in Florida from the ground up, achieving national recognition for her award-winning work. Embarking upon her second venture, thirteen years later, she moved West and started a bookkeeping business. Blessed by the intensive mentorship of top advisors in the tax world, Donna developed a keen awareness of business and our tax system. Over sixteen fruitful years, her local business grew into a well-known tax and bookkeeping firm acquiring an international client base. It was there Donna gained first-hand experience helping entrepreneurs who got bogged down with the challenges of owning their own business. Donna quickly became known for her spirit and zest of coaching others to personal prosperity. Moving forward from the tax preparation industry, it was an inspired progression for Donna to establish Business Untangled, Inc. Now with the freedom and focus required to truly help the entrepreneur, she combines her vast knowledge with her love of teaching. Donna offers her clients a new level of support and innovative ways to accelerate achieving their goals.

~ Master The ABC's Of Running Your Own Business ~

www.businessuntangled.com

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Please be advised that the information contained in this publication is intended to educate people in the considerations of running a small or home-based business to be mindful not to overlook tax deductions for which they are legally entitled. It is not in any way an encouragement or endorsement for a taxpayer to take or create false deductions. Any business deduction claimed on your tax return must be earned as an ordinary and necessary cost incurred in the course of running a bona fide business for the intent of a profit. To set up a bogus home business or take any counterfeit deductions is a criminal offense and fully punishable by the laws of the United States of America.

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