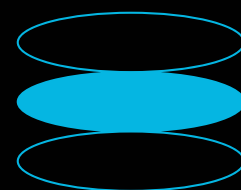


10 WAYS SMALL BUSINESSES LOSE PROFIT & HOW TO FIX IT

SZ Accounting



Profit leaks are silent killers in small businesses. This quick-read guide highlights ten of the most common issues and provides practical fixes you can apply immediately to strengthen cash flow, improve margins, and keep more of what you earn.

1. Poor Recordkeeping

Messy books can hide the true performance of your business. Without accurate records, it becomes difficult to make informed financial decisions.

Solution: Track income and expenses monthly and reconcile your accounts regularly to maintain clear and accurate financial records.

2. Pricing Too Low

Undervaluing your services or products can significantly drain your profits. It's crucial to ensure that your pricing reflects the value you provide.

Solution: Review your pricing strategy and benchmark against industry standards to ensure competitiveness and profitability.

3. Ignoring Taxes Until Year-End

Surprise tax bills can destroy your cash flow and lead to financial strain. Preparing for taxes throughout the year is essential.

Solution: Plan quarterly with a professional to estimate and set aside taxes, preventing unexpected financial burdens.

4. Uncontrolled Expenses

Recurring costs can creep up unnoticed, leading to unnecessary expenses that eat into your profits.

Solution: Audit subscriptions, suppliers, and recurring services every quarter to identify and eliminate unnecessary expenses.

5. Weak Invoicing Practices

Late invoices result in delayed cash flow, affecting your business operations and financial health.

Solution: Automate invoicing and follow up promptly to ensure timely payments and steady cash flow.

6. Not Using Financial Reports

Making decisions without data is risky and can lead to poor financial outcomes. Financial reports provide crucial insights into your business's health.

Solution: Review your Profit & Loss (P&L) statement and balance sheet monthly to make informed decisions based on accurate data.

7. Mixing Personal and Business Finances

Mixing finances can blur tax deductions and cause errors in your financial records.

Solution: Use separate bank accounts and credit cards for your business to maintain clear financial boundaries and simplify tax filings.

8. Underestimating Payroll Costs

Ignoring the full scope of payroll expenses, including taxes and benefits, can lead to financial surprises.

Solution: Forecast total payroll costs, including taxes, before hiring to ensure you maintain a sustainable payroll budget.

9. Lack of Cash Reserves

Emergencies without cash reserves can lead to panic borrowing and financial instability.

Solution: Build a 3-month operating reserve to provide a financial cushion during unexpected situations.

10. No Growth Strategy

Revenue without a strategic plan can lead to burnout and inefficiency. A growth strategy provides direction and purpose.

Solution: Set quarterly goals and monitor Key Performance Indicators (KPIs) with your accountant to maintain focus and drive growth.

Next Step: Schedule your free consultation at www.szaccountingpro.com to discover your top three opportunities for profit improvement.

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