

Top 10 Mistakes of New Principals

Mistake #1	Wrong legal structure If you get it wrong, it will cost you either now or at a later date – get advice.
Mistake #2	Burying your head in the sand on tax Tax is a problem that will not go away – be very aware of your obligations.
Mistake #3	Thinking that profit equals cash Acknowledge the difference and know how to identify your true position.
Mistake #4	No idea of your profit formula or breakeven point You need to know these to make the right decisions.
Mistake #5	Not recover <u>all</u> VPA upfront Principles set the standard.
Mistake #6	No provision for working capital! Rule of thumb = 3 months.
Mistake #7	Too many commission structures! Focus on the average rate of commission.
Mistake #8	No basic internal controls Without some basic controls in place you cannot rely on anyone or anything.
Mistake #9	Too scared to ask the stupid questions You need to find advisors that suit you. One discussion a year with your accountant is not enough!
Mistake #10	Driven by sales not profit Yes, as a new business you need traction – but it is a very short-term strategy one that has to buy work.

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