

Avoid Common Business Growth Mistakes

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Business Growth Mistake #1

Not Understanding the Importance of **Creating Multiple Business** Entities to Reach Your Financial Goals and Protect Your Assets From Lawsuits and Claims.

Some business people I know keep their personal assets separate from their business. But a surprising number, maybe even you, don't. If you keep multiple streams of income together in one business or corporation, it can lead to financial disaster and literally wipe you out. It Only Takes One Small Hole To Sink Your Financial Boat! A dramatic example happened to a good friend of mine that illustrates this fact.

Patrick started his own boat sales business and sold million-dollar boats. After he sold quite a few of them, he realized that when a client buys a boat, they need a place to store it! He said to himself wouldn't it be a great idea to also open a marina?

Doing so would create another stream of income. Well his marina started doing really well, and when you own a marina, a land storage business next to it is common. Yes, Patrick also started a land storage business. His businesses were exploding and building an excellent reputation in Florida. Next he opened a repair and warranty shop to service all the boats he was selling. His financial success allowed him to invest in some real estate too. Patrick was feeling unstoppable. He was flying high!

Patrick was a good businessman, so he separated his businesses assets from his personal assets knowing this is a smart thing to do. To accomplish this he purchased a corporation to put his businesses assets into. This effectively separated his personal assets from that of his businesses. Unfortunately, he never took the next critical, yet simple step. Patrick did not follow my battle tested advice to set up multiple corporations for his different businesses. He kept all five of his businesses in the one corporation.

On a side note: Your Odds of Getting Sued are Scary! It's no longer a matter of IF you'll get sued, but is now just a matter of WHEN. The average American will be sued 4 -7 times in their lifetime! Other nations are not far behind the USA and it's only getting worse. Don't think for a New York second that it can't happen to you. The odds are stacked against you. Just as they were for Patrick! To make matters worse, as a business person your chances of getting sued are even higher! You may be thinking this is some kind of scare tactic. Unfortunately it's nothing but a sad reality in today's litigious society. If you get only one thing out of this report, I hope you get the fact that you are almost guaranteed to get sued

in your lifetime. Please protect yourself and your family from potentially losing everything before it's too late.

OK let's carry on with Patrick's story!

Well surprise, surprise! Patrick ended up getting sued and the lawsuit wasn't handled well. Nor did it go in his favor! After everything was said and done Patrick ended up with a 4-million dollar judgment against him. When the plaintiff enforced that judgment, the judgment only had to do with the boat sales business, but because he **had not separated his different businesses from each other!**

Everything was on the line. The judgment was enforced against the **boat sales business**, the marina, the parts department, warranty shop, and the land storage business. Every **income generating business** he had!

With absolutely NO cash flow, Patrick could not keep his business afloat! His multimillion-dollar business that took eight long hard years to build came tumbling down like a house of card in a hurricane. It all happened on less than six months.

Why? Because every division of his business did not operate separately from each other in a separate corporation. Patrick wound up in personal and corporate bankruptcy, and was four million \$4,000,000 in debt. He also lost his wife in the process.

Now that's How Not to Do It! It's a classic example of somebody who is very astute in business, **building multiple streams of income**, but then not taking the critical extra step to protect everything they have worked so hard to build. So the **first mistake to avoid is putting all your eggs in one entity basket!**

Business Growth Mistake #2

You Absolutely Must Divide Your Personal Assets from Your Business Assets

The first strategy I want you to understand and implement is you need to separate your personal assets from your business assets by putting them into a corporation.

This is the step Patrick did take. You want to get your home, car, and your bank account" your personal assets" into a different entity than your business.

By entity, I mean corporations, limited liability companies, and limited partnerships.) We typically do that by taking your business and putting it into -- let's say a corporation, or an LLC, which is seen as a separate legal entity by law.

Why separate them? Because if you don't you could lose everything you own in a lawsuit.

I will share the shocking statistics on getting sued later in this article. By separating your personal assets from your business assets you contain any potential liability that your business could create. You effectively keep it from contaminating your personal assets or other businesses assets.

You are building a legal barrier between you and your business. Importantly this barrier also acts like a fortress. It protects your business from outside attacks too. The second strategy is to separate your businesses from each other. This is the step Patrick did not take and he is still paying for his mistake -- some twelve years later!

So, you may be thinking: I'm smart; I'm a good businessperson. I'm going to set up my own entities, my own corporation, my own LLC. Yeah, you can do that. You can also build your own car, or your own airplane! You can probably perform minor surgery on yourself too!

My strong recommendation is that you work with a professional. Get the help of an expert who knows this subject matter inside and out and can help you custom tailor your entity(s) to your individual needs and make sure all the I's are dotted and T's are crossed.

For your information "when I was practicing law my specialty was collecting cash and assets for my business clients. I saw firsthand how many mistakes and gaping holes people leave for lawsuits when they improperly set up a corporation. That's why I'm telling you to work with someone who will guide you step by step and keep you from making unnecessary and costly mistakes.

If you do choose to setup your own entity good luck. Be sure to follow your state and local requirements, and update your entity every year. Be aware that unless you know the ins and outs of corporations, corporate law, contract law and related tax advantages, you'll miss out on the greatest benefits a corporation can offer you.

That's why I recommend you **work with a professional**. Enough said! Now here's the next step Take Action Now before It's Too Late!

You've got to take the proper actions to get your businesses and your real estate into your corporation before there's a problem. If you transfer your property or your business into a corporation before there's a problem, it's called planning. If you make transfers after the problem it's called fraud, and it's illegal!

The point is you need to learn how to set your corporation up properly right from the start before it's too late!

Business Growth Mistake #3

Underestimating the Wealth-Building Impact of Optimizing Tax Strategies Using Corporations

A Lesson from Bill Gates!

In 1988, when Microsoft was already becoming a very successful company, I saw this interview with Bill Gates. The interviewer asked him, Mr. Gates what's the single most important thing that has led to your business success? I'm expecting Bill Gates to talk about creativity, future vision, working in the garage until 4 o'clock in the morning, perseverance, and that kind of thing.

His answer stunned me! He attributed his business success to a strong working knowledge of the tax code i.e. optimized tax strategies. Most tax uneducated people give up 50% or more of every dollar they earn in taxes. Educated people like Bill Gates keeps most of it! To give you an idea of how effective these legal tax strategies are, it is reported that Bill Gates pays a meager single digit figure in taxes! That's 9% or less of his income that he pays in taxes -- Legally! The rich like Bill Gates have been using these tax slashing strategies for decades. The perception is you have to be rich to use these strategies.

You don't need to be Rich to use these Strategies! Generally if you are earning \$35,000 plus a year, you can cash in on huge tax savings by applying the legal tax saving strategies of the rich. At first glance, it may not seem worth the effort to implement these optimized tax strategies because some of them offer only very small tax savings. One strategy might save a couple thousand dollars a year; another, maybe only \$500. You don't get much wow from that! But like small bills they all add up fast to a big total! When you use 12 or 15 optimized tax strategies together your total tax savings add up fast!

My students often find they'll total \$15,000, \$20,000, \$40,000, or more in tax savings per year! This found money you could be using towards your marketing budget, the purchase of much needed new equipment, or to give yourself that much deserved raise! Stop throwing it away to the tax man!

The exciting thing is once you put these strategies in place for your business' tax savings continue year after year. Imagine what adding an extra \$5,000 to \$25,000+ a year to your bottom line would do for your business and your life! Now multiply these tax savings over 10, 15 or 25 years. We're talking about \$50,000 to \$625,000 extra after tax dollars in your pocket! That's the kind of money that can change your lifestyle! Unfortunately most entrepreneurs overpay their taxes by countless thousands because they simply don't use the hundreds of tax strategies available to them.

You may be shocked to hear this, but most accountants and CPA's don't know about optimized tax strategies either. To be fair, there are many excellent accountants and CPA's. The majority however either don't know about these tax saving strategies, or you are not giving them the information they need because they never ask you for it!

Now that's a costly oversight! One of my favorite examples is Steph, who became a student of my Millionaire Maker Mentoring Program about eight months ago. She had been running a successful business for some time. Steph was in her own right a successful businessperson. She was making about \$50,000 a year and paying way more than she needed to legally be paying in taxes!

She worked very closely with her accountant who is a great guy. A very knowledgeable guy, but he's not a proactive tax-planning accountant. Well, Steph's accountant and I spent about 15 minutes on the phone together and we went over three strategies. Each time I suggested a strategy that would save Steph money, I would ask him, do you agree with this strategy, Mr. CPA? And he would say, Yeah!, and I would say, Can you help her incorporate this?... and he would say, Yes. We created three simple strategies in 15 minutes, and by her CPA's calculations we reduced her tax bill from about \$12,000 a year to under a \$1,000 a year. That's a saving of \$11,000 of after tax money in 15 minutes!

You Don't Need to Become a Tax Expert! I should know because with my Millionaire Maker Mentoring Program I've helped over 689 business owners over the past four years learn how to LEGALLY reduce their taxes by a minimum of \$10,000 USD. Graduates also learned how to protect their assets from creditor claims and lawsuits using the strategies I mentioned in this report and countless others. If you are an American, earn a minimum of \$35,000 a year and want to learn more about the Millionaire Maker Mentoring Program and how it can save you a minimum of \$10,000 in taxes in the next year and want to bullet proof your assets contact Pathfinder Business Strategies to learn more today.

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