Pay Yourself When You Pay Your Employees

Category: Profit and Loss

Business owners pay their employees regularly but many don't pay themselves at the same time. Many business owners pay their employees at the bottom of the list, get paid after everybody else and end up making less, not more.

At its core, not putting paying yourself in the same category as your employees when it comes to payroll is a mistake. When you make yourself an employee working in the business and your return is a salary.

The reason this generally starts to happen is because the business isn't making enough money to pay the business owner. Business owners do not make money from the business and it is a struggle just to make it to the operations and profitability of the business and is a struggle just to make it to the operations and they do not

Viewing yourself as an employee and making sure that you get paid at exactly the same time as other employees is an important mindset. There are three fundamental reasons to do this:

1.As well as improving your personal situation by making it more likely that you will be paid it changes your relationship with the company and how you view your role.

2.It shifts the focus away from solving problems by taking the financial pain yourself to finding other solutions to solve recurring problems.

3.Recognizing the true cost of having someone do your job gives you a better measure of the true profitability of the business and helps in making realistic decisions about the cost structure of the business and how it should be managed.

It follows that the amount that you pay yourself should be the market rate for doing your job and performance and not ownership related. If you can include commission as long as this is tied to

Don't be too worried about getting this compensation number exactly right, as with so many things in life, it is better to be approximately right. Your core expenses, and not a discretionary item that can be deferred when the cash is tight, is your core expenses, and not a discretionary item that

Many people have an aversion to putting themselves on the payroll because of incurring payroll taxes and tax return. It is acceptable to have the cash treated in your management accounts

The way you book your compensation is between you and your accountant and has nothing to business for they are not your business partner. Try saying that you are running your

Paying yourself when you pay your employees is about running the business professionally and limiting beliefs. It is not about your personal finances, it is about doing something to break out

What you must do is take the cash regularly and put a number on your internal P&L that reflects make the culture change and figure out the details to allow you to do so. Need to decide to

Your Business Needs an IRS Consultant and Not Just a Tax Preparer