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workforce, seven in ten (70 percent) young adult job seekers say the freedom of being their own boss is worth more than the benefit of job security working for ...

Aug. 15, 2019



# Who's the boss?

Starting your own business has always been appealing to Americans, and new research shows that trend continuing. While hard work can get a business off the ground, working with a CPA can take it to the next level — and make it sustainable for years to come.

The entrepreneurial spirit in America is alive and well. As they prepare to enter the

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“It’s not surprising that the generation currently entering the labor market is looking beyond the traditional approach of rising through the ranks in a well-defined career path,” said Gregory Anton, CPA, CGMA, chairman of the AICPA’s National CPA Financial Literacy Commission. “Developments in technology and the internet have made it easier than ever to start a business. However, they have not necessarily made it easier to succeed.”

### **Small Business Startups Don’t Need to Go It Alone**

Ambitious young entrepreneurs are not alone. Each month, approximately 540,000 people become [new business owners](#). Contrary to the commonly-held belief that most businesses fail to gain any traction, according to the Small Business Administration ([SBA](#)), roughly 80 percent survive the first year. However, the success rate of small businesses begins to fall sharply as time goes on. Only about half survive past the five-year mark, and beyond that, only about one in three get to the 10-year mark.

“I don’t know of anyone who sets out to start a business that closes in three years. But the reality is, the first few years are almost always the hardest. That means every financial decision needs to be well thought out, with a clear eye to the future.” said Teresa Mason, CPA member of the AICPA PCPS Executive Committee. “Working with a CPA helps small business owners ensure their business plan is structured to be as tax-efficient as possible. CPAs also partner with business owners to help them work out their cash flow consideration and opportunities for growth.”

**For those looking to start a business, the AICPA’s National CPA Financial Literacy Commission share these tips to help to set yourself up for success:**

#### ***1. Start with a Solid Financial Foundation***

“The stronger of a financial foundation you build early in your career, the more

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tough questions. Do you have enough set aside to cover your expenses during a potentially slow start-up period that new businesses often face? Do you have a 'Plan B' in the event that your expectations aren't realized within a reasonable time frame? Address these scenarios proactively and have a plan in place.” – Neal Stern, CPA member of the AICPA National CPA Financial Literacy Commission

### ***3. Prepare for All the Costs Involved***

“Before going out on your own professionally, it is important to compare your current budget with your forecasted budget. Know what you are currently getting versus what you may or may not have available if you start your own business. For example, if your current employer provides healthcare, retirement benefits and pays for out of pocket expenses— you will now need to factor those expenses into what it is going to cost you to be on your own. These expenses can quickly add up which is why talking to a [CPA](#) about the costs involved in running your own business is critical.” – Michael Eisenberg, CPA/PFS member of the AICPA National CPA Financial Literacy Commission

### ***4. Keep Finances Organized & Build an Emergency Fund***

“Maintain a bill-paying checking account where all your fixed monthly bills with a due date and a consistent amount are paid. Make sure that account always has at least 2 months' worth of bill payment money in it, ideally 3+, and set up as many as you can for auto-pay on their due date. This not only helps eliminate late fees, but it's an easier way to quickly see how much is 'leftover' to reinvest in your business. It can be tempting when you get a big check to take care of that month's bills then spend the rest on wants, but until you can consistently keep 3+ months of expenses in that account, you have to resist the wants. This will give your business the chance it needs.” – Kelley Long, CPA/PFS member of the AICPA Consumer Financial Education Advocates

## 5. *Take Advantage of Free Tools & Resources*

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