

ESTIMATION OF BUSINESS EXPENSES

Advantage and Disadvantage of Estimation of Business expenses

Advantages:

Independence and Control

As a business owner, you have full control of everything, including your income, expenses, and debt. You make all critical decisions. You have no concerns about the whims of office politics.

You can set your own hours and decide when and where you want to work. If family time is important, you may want to operate your business from home and eliminate a commute. Your business can be a full expression of who you are. For women, especially, owning your own business can give the lifestyle flexibility necessary to raise a family and still have a successful career. There are more than 11.6 million businesses owned by women generating over \$1.7 trillion in sales. Millennials who grew up with technology have turned to entrepreneurship due to low employment opportunities and increased interest in lifestyle over money. Even so, millennials are quite successful in this endeavor with 80% reporting profits, which is 3% higher than the national average for business. Unlimited Financial Benefits

Assuming you have an appetite for high financial risk, there's no limit to the number of revenues and income your company can make; and by operating your own business, you benefit from your own hard work. You may choose to raise and leverage money for your new business via investor's capital instead Creative Freedom, Personal Satisfaction, and Growth

As a business owner, you'll work in a field that you hopefully really enjoy. You're able to build something that may become part of your ongoing legacy and you could convert your skills, interests, and passions into income. Ultimately, (and with a good dose of sweat equity and a bit of luck), you'll gain personal satisfaction from implementing your ideas, working directly with customers, and watching your business succeed.of your own.

Tax Benefits

Tax laws in most countries are structured toward reducing the taxes of business owners and nearly all business expenses are typically deductible, which reduces a company's taxable income. Gains often are subject to lower long-term capital-gains rates (www.richdad.com).

Best of all, owning your own business can have you waking up with a smile on Mondays, eager to start work rather than dragging yourself into someone else's business (www.thebalancesmb.com).

Disadvantage:

So with all of these perceived benefits, why would we ever work for anyone but ourselves? Let's take a look at some of the disadvantages of starting and owning a small business.

Financial Risk

Entrepreneurs by definition are risk-takers. However, what's your appetite or risk tolerance to invest a lifetime of savings or even go into debt to start or grow your business? And do you have a backup plan, (or another source of income), if things don't go well and you face a substantial financial loss? Will you give up a regular paycheck in order to start your business, and if so, will you be able to pay your bills or sustain your lifestyle? The unfortunate reality is that 4 out of 5 businesses fail within the first 5 years. On a positive note, start-ups with 2 partners are typically most successful (www.entrepreneur.com).

Stress and Health Issues

As a business owner, you are the face of the business and you "wear many hats". There's a non-stop list of concerns to deal with - competition, employees, bills, equipment breakdowns, customer problems, supplier shortages, and late deliveries - too numerous to mention. As the owner, you're also responsible for the well-being of your employees, and you'll probably have to perform some unpleasant tasks, like firing people. Even more difficult in a strong economy with low unemployment, you'll have to recruit, interview and hire qualified people to staff your organization. Are you healthy enough, can you persevere through the tough times, and do you have the support of your family to survive these challenges to enable your success?

Time Commitment

People often start businesses so that they'll have more time to spend with their families. In theory, you have the freedom to take time off, but in reality, you may not be able to get away. In fact, you'll probably have less free time than you'd have working for someone else. For many entrepreneurs and small business owners, a forty-hour workweek is a myth - we've previously cited the typical 55-hour workweek, on average, of a business owner. You may find yourself working nights, weekends and holidays. And while we're all accustomed to instantaneous communications, our lives have also been complicated by cell phones, iPhones, Internet-connected laptops, and iPads, meaning that many small business owners have come to regret that they're reachable 24/7. The notion of having a standard "day off" may not be realistic, at least at the outset.

Unknown Variables and Threats

Despite your best intentions and superior planning prior to opening your business, multiple unknown factors can negatively impact your company. An unexpected geo-political event could thrust the economy into a rapid recession, causing consumers to cut back on discretionary spending. A strong competitor could enter your space and poach market share from you. A key contributor or business partner could take ill and, suddenly, you're faced with additional responsibilities. The unknowns are unpredictable. Note - working and planning with your local Small Business Development Center will help you mitigate such circumstances - but the unknown aspects of such scenarios might keep you up at night

Conclusion:

In spite of the challenges and better than even chances of failure, roughly 250,000 new businesses are started each month in the US, according to the SBA. You may also realize a lot of personal satisfaction knowing that small businesses help people by creating jobs in their communities and being good corporate citizens.

Some companies and business icons started with a simple home-grown idea that changed the world. Think of Facebook or Microsoft and visionaries like Disney, Zuckerberg, Bezos, and Gates.

For some entrepreneurs, it's a calling. You can shape your destiny and realize your dreams.

So, while your business may not rise to such lofty levels, you can still represent an agent of powerful change. And though you may not change the world, the impact that your product or service could have on individuals might be significant. And best of all, you may turn your passion into a job that you love.