

Are You Acting as an Officer of Your Business or Are You Running a Charity?

You own your own business, so are you acting as an officer of your business or are you running a charity? Acting as an officer of your business means that you place the interests and welfare of your business first and foremost. It means that you do not allow personal relationships and attachments to affect your duties and responsibilities as an officer of your business.

Corporations have directors who are responsible for protecting the interests of its shareholders and they have officers who are responsible for running the day-to-day operations of the business. The corporation's officers and directors are charged with the responsibility of operating the business for the benefit of its shareholders. They do this by placing the interests and welfare of the business first in all their business actions.

When you are running your own business, you are an officer of the business. You have ultimate responsibility for making all business, management and financial decisions affecting your business. Your decisions determine whether the business survives or fails. Your actions determine whether the business thrives and make a lot of money, or is on life-support scratching out a meager existence living day-to-day.

The purpose of any business is to exchange its goods and services for some other form of energy, usually money. Money is the lifeblood of all businesses. The monies that the business receives goes towards paying its suppliers, creditors, employees and owners. When the flow of money coming in from sales is less than what is going out to pay expenses, the business suffers and eventually dies if the problem is not corrected quickly. The business will eventually hemorrhage in red ink and die, just like a person with a sever injury who will die from the loss of blood if the injury is not treated immediately.

Many businesses run into trouble when its officers don't act as *officers of the business* and instead, are placing their personal and financial interests ahead of the interests of the business. Examples of this include: paying themselves a larger salary than what is comparable in the industry or what the business can afford to pay; paying themselves a larger bonus so that the employees get a smaller share of the profit distribution or, as a result, the company has less capital to grow; making side deals so that the income from the sales are diverted into personal accounts; hiring family and friends who don't do any work or who are not qualified for the position; giving the company's products and services away for free or at deep discounts to family and friends; and not actively collecting the monies owed to the business.

When you take any of the above actions, you are placing your personal interests before the interests of the business. You are undermining the viability of your business. When you don't take or ask for the money on behalf of your business, you are not running a for-profit business, but you are operating a charity and giving your business' money away.

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