



# Business Builder

## Tips & Techniques to Help Your Business Grow

### Paying Yourself: From Startup and Beyond

It's an age-old conundrum that faces every entrepreneur planning and running a business: What do I pay myself? There are a lot of different theories when it comes to this issue, but the two most common for startups are:

1. **Pay yourself enough to get by.** At least during startup until you are operating in the black. The argument here is to minimize your overhead in order to decrease the amount of capital required to make your business a success. Also, by reducing your overhead, your net loss will decrease or your net profit will increase, providing the business with lean operating requirements until it is well established.
2. **Pay yourself what you're worth.** Build that into your business plan so you have an accurate portrayal of how much capital you will need in order to finance your business. By paying yourself what you are worth, you aren't painting an artificial portrait of the business that will change once you reach the black— operating costs will remain the same.

To begin planning your pay, you need to put together your own personal financial statement that lists all your living expenses and any credit cards with outstanding balances as well as short-term and long-term loans. This will be difficult, but you have to do it in order to know if the business will produce enough income to meet your basic living requirements. This amount comes right off the top of each month's income— don't skimp on paying yourself or you won't be able to stay in business very long.

For more on this complicated subject, check out the full article at:  
[www.entrepreneur.com/article/0,4621,323527,00.html](http://www.entrepreneur.com/article/0,4621,323527,00.html)

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