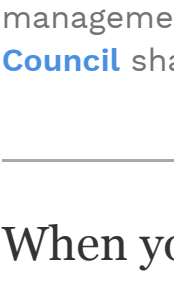


14 Unnecessary Startup Expenses Wasting Hard-Earned Money



Expert Panel Forbes Councils Member
Forbes Finance Council
 COUNCIL POST | Paid Program

Money

POST WRITTEN BY

Expert Panel, Forbes Finance Council

Successful accounting, financial planning & wealth management executives from [Forbes Finance Council](#) share trends and tips.

When you're running a small business, every dollar counts. Yet so much money is wasted on unnecessary expenses. This type of extraneous spending can hold your company back from growing, but it's not always easy to know what to cut to save money.

As experts in the financial industry, the members of [Forbes Finance Council](#) know how to spend smartly. Below they shared some of the most common ways they see startups wasting money and where startups should allocate their funds instead.



Finance Council members provide tips on how startups can make the most of their funds. PHOTOS COURTESY OF THE INDIVIDUAL MEMBERS.

1. Too Many Full-Time Employees

One big mistake that startups often make is hiring too many full-time employees too soon. Oftentimes, part-time employees and subcontractors make more sense and can fulfill the same needs as full-time employees. Moreover, part-time employees can sometimes be ramped up to full time if and when the circumstances warrant it. - [Brian Slipka, Business Broker Investment Corporation](#)

2. Fancy Employee Perks

One of my pet peeves is startups spending way above their means to attract talent. As an early-stage startup, you cannot provide the offices, perks or compensation a Fortune 100 company would. You don't need coconut water in your fridge to attract talent. Focus on attracting top talent who believe in your mission and are willing to make sacrifices along with you. - [Baris Aksoy, AV8 Ventures](#)

[Forbes Finance Council](#) is an invitation-only organization for executives in successful accounting, financial planning and wealth management firms. [Do I qualify?](#)

3. Outside Leadership Hires

A lot of young startups think the help of someone who already knows everything and can come in elevating your company's market position is key. My firm promotes leaders from within, which has been empowering to our staff. If there is a person who already knows what your startup should do, why didn't they already solve the problem your company aims to solve? - [Jonathan Moisan, Advertise Purple](#)

4. Office Space

One of the expenses that many businesses take for granted as being necessary is office space. As a 100% remote business, I encourage business owners to question whether they really need an office. My experience is that operating remotely has a slew of benefits including a more productive and engaged workforce, a broader labor pool and of course, lower expenses. - [Carrie McKeegan, Greenback Expat Tax Services](#)

5. Cheap, Short-Term Solutions

Too often entrepreneurs look for the cheapest solution to save money now with the thought of buying a better solution later once they have money. Entrepreneurs shouldn't dip their toe in the water. They need to go all in and not step over dollars to pick up pennies. Find solutions now that will last for several years whether it be with CRM, people or software that will last for several years, even if it does cost a little more. - [David Gass, Anderson Business Advisors, LLC](#)

6. Business Travel

Many entrepreneurs see an opportunity to visit a prospect or partner and don't hesitate to act, resulting in crazy travel costs because it seems worth it in the moment. My advice is to pause and think smartly because travel costs add up quickly. Check the travel aggregator and direct websites. Book at least two weeks ahead and on Sundays. [According to Expedia](#), this could save up to 36%! - [Maryanne Morrow, 9th Gear Technologies](#)

7. Minimum Viable Products

Many startups and large corporate innovators waste money on MVPs before validating that they have nailed the problem/solution fit and the product/market fit. They spend thousands, millions and many months bringing a product nobody wants to market. Tools like lean canvas and smoke tests help solve demand function, willingness to pay, pricing models, strategy and psychology before going all in. - [Blake Williams, The Growth HQ](#)

8. Reactive Tax Planning

Being reactive to taxes rather than proactive can cost entrepreneurs big. Working with an ineffective accountant who doesn't understand your business or trying to manage it all yourself can result in major tax surprises. Partnering with a CPA that understands your industry and offers a proactive tax planning approach is the surest way to avoid those costly tax surprises. - [Ryan Hauber, Honkamp Krueger & Co., P.C.](#)

9. Premature Scaling

Premature scaling of the business is a huge culprit of wasted money. Hiring staff before they are really needed or getting an established office space to build presences are all unnecessary and major financial drains when you are starting out. Wait as long as possible before hiring your first employee and if possible, focus on building out your systems before putting the people in place. - [Jared Weitz, United Capital Source Inc.](#)

10. Revenue Driver Outsourcing

Nowadays, I have witnessed entrepreneurs outsourcing unnecessary responsibilities and paying high fees for it. This is how startup businesses tend to waste money. Analyze your business needs and your strengths to ensure you can realize the majority of core revenue. For example, don't start a food truck if you do not know how to cook! For small startups, revenue drivers should not be outsourced. - [Geanette Rodriguez-Ojeda](#)

11. Underqualified Staff

One mistake startups make is hiring employees that may not be a fit. Some companies grow rapidly, but instead of selecting quality candidates, startups tend to overhire underqualified staff. This can be a costly mistake. Be cautious and select one or two people rather than hiring a crowd. Quality workers are a better fit until you can be sure of just how many people you need to hire overall. - [Greg Herlean, Horizon Trust](#)

12. Product Fine-Tuning

Startups are spending a ton on fine-tuning their products before even going live. What they must do instead is create MVP, sell it and then fine-tune it according to market request. In this way, startups could save time and money spent on things no one needs. - [Eugeniy Prudchynko, EvoShare](#)

13. Business Expense Reimbursements

Startups often overlook the amount of money being overspent or wasted on meals, entertainment, travel, etc. That's why creating a clear, documented business expense and reimbursement policy early on will pay dividends. Employees will appreciate the guardrails and the business will appreciate the control of expenses, not to mention budgeting becomes more accurate. - [Zack Cook, Rigor](#)

14. Lavish Celebrations

Some startups do prosper early and instead of saving for the future, they celebrate their newfound "success" before they're even off the launchpad. Don't throw the lavish holiday party until you know you're on solid ground. If you've operated for two years, are making money and paying your bills on time, then celebrate a little and hope that next year you can do a little more. - [Chris Tierney, Moore Colson CPAs and Advisors](#)

Expert Panel

Forbes Finance Council is an invitation-only, fee-based organization for senior-level finance executives.