

SUBSCRIPTION ENTREPRENEUR



HOSTED BY ERIC TURNNESSEN, FOUNDER OF [membermouse™](#)

Know Your Numbers: How To Create Financial Success In 2022

with Danielle Hayden

"We hear a lot from our clients, 'I'm not a numbers person.' And by saying that, it's almost like... 'I actually get off the hook. I don't have to do it. I'm not a numbers person.' And to those people, I always say, 'Shame on you!' I could be a little harsh, but shame on you. The day that you made a decision to sell your product, to sell your service, to collect money from another person, you now have a responsibility to look at your numbers. You no longer get off the hook by saying, 'I'm not a numbers person, so I don't have to do this.'"

INTRO:

You're listening to Danielle Hayden – my special guest on today's episode of The Subscription Entrepreneur Podcast.

Danielle is the co-founder of Kickstart Accounting and the creator of the Profit Planner workbook.

It's her mission to empower entrepreneurs to better understand their numbers so they can grow their businesses and lead the lives they want to live.

And as we head into the new year, I thought now was the perfect time to have her on the show to share her wisdom with you.

This episode is full of practical advice and helpful mindsets you can use to get a better understanding of the financial side of your business – especially if you don't think of yourself as a numbers person.

Danielle and I have an open and honest conversation about all things related to finance and entrepreneurship. And I hope you enjoy our conversation as much as I did.

As always, I'm your host Eric Turnnessen and this is Episode 173 of The Subscription Entrepreneur Podcast.

Eric: Hey, Danielle. Welcome to the show.

Danielle: Thank you so much for having me here.

Eric: It's my pleasure. I'm so excited to chat with you about all the things that you're into. Before we get started, I like to start with my guest just asking to give a bit of your background to our listeners, just a high-level view of who you are and what you do.

Danielle: Yeah, of course. Danielle Hayden, founder and CEO of Kickstart Accounting, Inc. My mission in this world is to empower entrepreneurs to better understand their numbers so they can in turn grow their businesses and lead the lives that they want to live. I found during my time as a CFO that business owners, CEOs, board of directors, and investors who are armed with the right financial information are able to make incredible business decisions and be able to act swiftly. And as entrepreneurs, we don't always have that same level of information. So, my mission is to bring that information to entrepreneurship so that we're at the same level playing field and can really make an impact in the world.

Eric: Yeah, it's incredibly important, if you're going to be in business to have some idea of your financials. I've been listening to a couple of your podcast episodes, you were talking about the money mindset. And the interesting perspective that you brought to it was that there are different relationships we have and there are different relationships that are acceptable. It's really just like you find your relationships so that you have some sort of way that you can work with the metrics and make more informed decisions in the business.

Danielle: Yeah, exactly. I think it's important to realize that we all have a money mindset. And if you've listened to a few shows, you might have heard me say this. I think it's kind of funny that I talk so much about mindset now, because when I first started the business, I came in from a corporate career. So, a CFO for a mid-size organization, and it was pretty black and white there. There's no room for money mindset. So, when I was started hearing this term throwing around, I kind of kept on chuckling to myself. I'm like, "Guys, this is black and white they're decisions." And then I realized, oh, wait a minute. We all have these experiences, childhood, traumas, experiences of our neighbor, our friends, their parents. We've all just grown up with all these different experiences, and it really shapes our risk tolerance and what we're willing to go through as business owners and in turn really shapes what we need as business owners, so that we can be in tune with our numbers.

Some of our clients, they are overspenders. And so, we are helping them create budgets and understand their numbers so that they can put boundaries around that spending. And then we have other people who cannot release the money, right? Like they do not want to spend the money. They're holding onto it so tightly. And for them, it's understanding the numbers and budgeting to release the money into the world so that they can grow their business. So, it's just really interesting to hear about how all of us are coming into our business with a different perspective, and then how that in turn shapes what we need from our support system around us.

Eric: And I think for new time entrepreneurs, it can be such a surprise about how much of a reflection entering into the entrepreneurial space can be, because as you were sharing, when you're in a business that somebody else runs and you're just playing a role, you're not even tested on these things. You just do your job and you're not triggered to have these psychological battles come up, which certainly happen throughout the entire entrepreneurial process. It's like being in a relationship with ourselves. It exposes all these intimacies and

vulnerabilities, and working with the financials is definitely one of the tools that we can use to kind of chart our progress in learning to build a relationship with our businesses.

Danielle: Yeah. I love that.

Eric: One thing I want to ask you about just off the cuff, I've read your bio a number of times in different places, and one of the things you say in it is you're on a mission to help rule-breaking female entrepreneurs to understand their numbers, et cetera. And I wondered about that rule breaking additive that you add there and wonder what that means to you.

Danielle: Yeah. Good question. I don't get asked that often. Thank you. I think that all of us as entrepreneurs are rule breakers in some way, right? And that might not be your scenario. It may not resonate with that, but I think as business owners, you are brave to step out on your own. You are not finding the comfort of a 9:00 to 5:00 and working for somebody. You might have had that option, and you chose to walk away from that. And that to me is breaking the rules, breaking the status quo. You're brave and doing something that not everybody wants to do and that not everybody is capable of doing, everybody has the guts to do it, and everybody has the wherewithal to stick with it for the long term. And so I think all of us as business owners are breaking some type of rules.

And then even further past that, we work with a lot of business owners who are really shaking up their industry. And not that it's a qualifying factor to work with us, right? You could have a very boring business and we'll still help you with your book keeping. However, we found throughout the years that we have attracted a lot of people who maybe your expertise was working as marketing in a corporate setting, and you shook up the way marketing was being done, and you brought this new style of doing things to, let's say, the online space. So, our clients very frequently are people who have shaken the mold and are doing things differently in their industry. So, they're bringing their past experiences and expertise to be able to do things differently in online world.

Eric: That makes a lot of sense. I appreciate you sharing your perspective on that. And I think it seemed like to me that it was definitely also a personality trait of yours. For example, people like me wake up on a Sunday morning and I'm like, "Oh, I'm going to relax today." Maybe you're thinking I'm going to go do a Spartan run and jump over fire and wade through the mud and stuff like that. So, it's definitely-

Danielle: Yes.

Eric: ... testing yourself when others might not. Choosing to put yourself through something that's going to help you grow and build your strengths.

Danielle: Yeah, absolutely.

Eric: Now, we spoke a little bit about, or we indicated how you worked a career as a corporate CFO. I'm interested to hear. Can you talk a little bit about that experience was like, and ultimately what inspired you to make the switch to working more with entrepreneurs?

Danielle: Yeah. It's interesting when I reflect back on it, I was very fortunate to work in the companies that I worked in because they were very entrepreneurial in nature. So, the CEOs who I worked for, although they were midsize businesses at the time, they were started grassroots boots on the ground, two partners who started a business and grew it to what it was at that time. And then I had the fortune of being able to work with those CEOs. We had a management team of sales and marketing, research and development, and then myself as this CFO, so that to work with that management team. And then we reported to the board of directors and the investors. And ultimately, we worked to grow the company. And then we first sold off a division of the company and then ultimately sold the entire business.

And the reason I mentioned that is because it was such a profound experience to watch how these entrepreneurs grew the business with the mindset that they wanted to have an exit strategy from the business, and ultimately be able to sell that business and have that exit strategy for them and their family. And so, I got to learn so much from those CEOs and how they were using the numbers and the metrics to be able to make business decisions. So, my job as a CFO was to oversee the accounting team, right? Oversee all of the record-keeping behind the scenes, but then pull out the data from that record-keeping and create a story around it.

So, you'll hear me talk about all the time that our numbers are trying to tell us a story and it's our job as a business owner to listen to it. But the reason I say that is because that's what I did, right? As a CFO, I was taking all of the numbers from the record-keeping and said, "What is this telling us? What are we doing with this information as the management team? What decisions do we need to make from this so that our job was to grow the business?" And so we had to figure out what the story was so that we could in turn grow that business. So, it was an amazing experience in being able to pull the numbers and learn to tell the story of the numbers.

Eric: That's really fascinating. And I imagine, again, there's probably parts of that that are something that's fundamental across all business, but then some of the metrics and the strategies that are looked at and how you look for the story and the numbers is based on the personality of the people running the business.

Danielle: Absolutely. I'm glad you said that because people will ask me, 'What are the key performance indicators that I need to look at?' I'm like, well, it depends. Where are you trying to go as a business owner? What are your goals? What is the industry what's important within this industry? Some industries have really, really low margins, think of retail industry. You have to sell a lot of products to be able to stay within that industry. Whereas an online coach or online retailer, your overhead's going to be much lower. So, it's going to be different. And then your risk tolerance as a CEO is going to change what numbers you look at and how often you look at it. So, that also will change the numbers that you look at, when you look at them, and then how you interpret them.

Eric: Right. Basically, it sounds like the foundational aspect of this whole story is that you need to be having a practice of bookkeeping and managing finances, such that when you want to ask questions and you want to develop a story, you have the numbers there to do it. So, what are some of the biggest blind spots entrepreneurs have when it comes to book keeping and managing their finances?

Danielle: Yeah, we hear a lot from our clients, "I'm not a numbers person." And by saying that, it's almost like I actually get off the hook. I don't have to do it. I'm not a numbers person. Right? And to those people, I always say, shame on you, right? I could be a little harsh, but shame on you. The day that you made a decision to sell your product, to sell your service, to collect money from another person, the day that you hired anybody to work on your business, you took on a responsibility to be able to deliver on that product, on that service, or be able to pay that vendor or that employee or that contractor. And so, I really believe that as soon as we become business owners, it actually changes. You now have a responsibility to look at your numbers. You no longer get off the hook by saying, "I'm not a numbers person, so I don't have to do this."

And so, I say that because that's the biggest blind spot. We're all into business because we had a craft, an expertise, something that we enjoyed doing, or a niche within the marketplace, a need. It's not because you were good at being a CFO or you were good at marketing or sales, right? It was because you wanted to fill this market or this need that people had. And because of that, you aren't an expert in all these other fields. And I can be empathetic and understanding that we can't be expected to know everything about being a business owner or be required to hold the hat of every seat within the business. However, the blind spot is saying, because it's not my expertise, I'm not going to do it. And then it leaves us super vulnerable.

Eric: Yeah, it basically shuts off the opening and willingness to learn. It's almost as if you're a new-time parent and you're like, "I'm definitely a parent, but I don't like doing diapers. I'm not a diapers person." Well, you can say that, but then all you're going to end up with as a house that really smells. You can say you're not going to do it, but it's part of the nature of what you've agreed to the journey that you're going on.

Danielle: I really like your example of being a parent, right? Because I mean, I guess you can get out of it, but you're not getting out of it.

Eric: Right.

Danielle: You're committing to raising this child, and when you start a business, you're committing to raising this business. And we hear from a lot of our clients, this is my baby, right? Like this is my other baby. I have my children, but then I have this other baby that I'm curating. And so, you have to take care of it in all of the ways and knowing your numbers and having organized record-keeping is just one of the ways that you have to care for your baby.

Eric: So, say that I'm a client in that situation where I say that, I'm not a numbers person, you give that speech, and then I agree with you, and I say, "Okay, it's just a little bit uncomfortable, but I'm willing to do it," what's the next step then?

Danielle: So, if you're a client, then you've come over the biggest mole hill, right? So, a lot of people, it's difficult for them to even say, "I need help." I think as business owners, we're proud people and it's not always easy for us to ask for help. And I encourage anyone who's listening, let that go. In order to be able to grow and scale, you have to let things go and you have to be able to ask for help. I love the Mike Michalowicz example of walking into McDonald's and saying, "Can I talk to the owner?" They're not there. They are running the business. And so, I want all of us to think of it in that same way. If you can ask for help and surround yourself with the people around you who are better experts than you, you've already climbed a huge mountain. Then from there, once you've asked for help, you then allow the team to do what they're good at, right? To help organize you, get you into an accounting software, make sure the accounting software is accurate, set up correctly, and then make sure everything's current and up to date.

And guess what? Because you have somebody else doing it, you get to get back to your business. You get to do the things in your business that you love doing, knowing that you have a team of people behind you, making sure everything's there and accurate. Now, I'm going to put the responsibility back on you as a business owner. Now it's your job when we send you the numbers, right? So, every single one of our clients gets either a weekly, monthly, or quarterly update. And we give them a really, really nice summary. Now it's your job as the business owner to actually open the email, actually open it, and spend the time reviewing the information, getting on a monthly call with us and asking questions.

And then before you make your next business decision, come back and consult that email, schedule that call, and look at what the data's saying before you make that next big business decision. So, if you're hiring, expanding, firing somebody, making a pivot in your revenue streams, I'm just rattling off examples of different scenarios, signing up for a training program, you pause and say, "Hold on, I have a gut feeling, but I need to check the numbers because numbers don't lie. What would the impact of this decision make on my business? What would the impact be on my numbers historically? And then let's look forward and what is this going to do moving forward?"

Eric: So, I would imagine that people who get those first reports with whatever metrics you've chosen to present to them, that some need a little bit of training in terms of how to take it all in. And what does it actually mean? What story is this telling me? So, how do you go through that process with people?

Danielle: I recommend for everyone to make sure that you're getting on the phone with your bookkeeper and your tax accounts, right? It's really important to get on the phone. I think in this era right now, it's easy to get lost in emails like, okay, I looked at the email, done. And it's easy to check the box instead of scheduling the time to actually sit down with your team to

review that information. Our ideal situation is when we have a weekly client who we get to talk to every week and review that information every single week and go line by line and say, "What does this mean? And then how can we use this information to make better business decisions this week, right? This upcoming week." So, I tell everyone, just get on the phone and start asking questions. Some people will say to us, "This means absolute gibberish." Right?

You might as well send me an email in Chinese, and that's fine. Let's start with the revenue this month, right? Like let's just go over a high-level overview of what the financials even mean, right? Like what does an income statement even mean? And I think it's really important for every business owner to have a safe space to be able to ask those questions. We hear from business owners all the time, "I felt judged by my tax accountant. I felt judged by my last accounting team. I felt too small. Like my questions were stupid, I couldn't get a real answer. I couldn't get a direct answer." And so if you can get on the phone with them and ask those questions, make sure that you have a team that's willing to create that safe space for you so that you can ask any questions that you have. I think the first and foremost, like the most important piece is to feel like you can ask the questions and then get the answers.

Eric: That raises a really good point, because like we were talking about in the beginning is entering into the entrepreneurial journey is a very personal journey and very exposing, very vulnerable. And I think people expect that it's going to be a very masculine thing where, oh, you just do the numbers like this. You're supposed to do it. You need to learn it on your own. You need to understand for the beginning. And if you don't, then you shouldn't even be here, or you just need to not do it. But the more feminine aspect of going on a journey and discovery is you understand that you don't have everything you need from day one and that you're going to grow and that you need to allow yourself that space to be introduced to new things in, like you say, a safe space where you can ask questions and not feel like it's going to expose those wounds from maybe childhood that we had a relationship with money or some other thing. That's ultimately going to be a barrier for us in terms of what we want to accomplish with our business.

Danielle: Yeah. I haven't heard it explained in that masculine and feminine energy before. I really appreciate the way you just laid that out because I think accounting can have that masculine not appeal to it, but historical almost relationship, right? That's how we have historically seen it. And maybe even in our defense, it was done that way for a long time, especially... Oh, and I think back to some of my friends' parents who were business owners growing up, it was very transactional, it was my tax accountant. They just gave me the numbers. They gave me the return and there wasn't as much explanation, where I think now the beauty about this is that we can shed that historical image that we have of accounting and know that there's other ways to do it. You might be someone who wants to just have that transactional relationship, but I promise you that having the space to be able to understand it and make business decisions throughout the year is transformational.

Eric: To me, it's both an art and a science. And I think often in business, we can tend to prefer to only speak about the science of things like very dogmatic. It's kind of like in music, right? Like if you get sheet music, it's very precise. It's scientific. You look at the page and there's a bunch of notes on it, there's a particular formula, it's telling you a lot of data, but ultimately the beauty of music is the interpretation of how it's performed. And what's your relationship with it. You can play a piano piece many times in your life, you evolve with it. And the way that you express yourself through that piece evolves. So, in finances, yes, the numbers are "they're cold. They're precise. They're very there", but the relationship we develop with the numbers in our business, it's a very important part of how we develop and grow through our business.

And it's not necessarily the thing that creates the growth per se, but it's one of the vehicles we can use to understand where we are on the path, because some people are a lot more prepared. Like they feel very comfort with the numbers, in which case that might not be the growth thing that they're going to experience in their business. They're going to have to be confronted with our vulnerabilities in some other area. But in the years that I've been doing my business and talking to a lot of people, I often find that female bodied people have more self-doubt in the financial area. That's one of their big excuses about, oh, why I can't do a business. They're usually a lot more creative than the male bodied people, I would say, in terms of their passion, in terms of what they want to do and what they want to accomplish. But when they think about, oh, I want to start a business, they'll doubt themselves because they don't understand the numbers.

Danielle: Yeah. We hear that a lot from our female clients. I think there's another historical how we grew up, right? So, maybe your mom wasn't a breadwinner, your mom didn't handle the finances, your father did. And then you go to open a business and you think, well, I'm not good at numbers. That's not what women are good at in my household because that's all you've ever seen. I always go back to how we grew up in our experiences because that shapes a lot out of our views coming into our businesses. And then we're telling ourselves a story that I'm not a numbers person, and then I think that as women, we're less likely to ask for help. We do work with male clients as well.

And so, a lot of times when I am on the phone during a discovery call and the business is ran by a man, it is a very quick to sit. It is, "Yeah, I need help. You checked all the boxes of what I need. That sounds great." And it's a quick business decision. Whereas I think women, it takes them longer to get on the phone with us in the first place. We'll hear a lot of the times, "I can't believe I'm even here. Like, wow, I did it. I'm here." Right? They didn't even sign the contract yet. They're proud of themselves for even getting to the call. Then that keeps them from moving forward. Right? Like I did it. I made contact. Well, hold on, all you did was make contact, now we need to take this over the finish line and actually understand the numbers, but they're less willing to get to that next point. So, I'm sure that there's a whole psychological science behind all of that, but that has definitely been our experience.

Eric: Well, I think for both men and women, how they were empowered growing up, plays a lot into it as well, especially in entrepreneurship because it's your show. And I think when we run

into issues as entrepreneurs, it's always scary, no matter how much experience you have, but if you have a certain confidence and you have a certain empowerment, you have an internal dialogue that says, "Okay, this is scary for some reason. I can do it. I can get through this." And I think for people when they were growing up, for whatever reason, didn't get that instilled in them, that they really could do whatever they want or they could accomplish a certain thing that that will definitely show up in an entrepreneurial journey.

Danielle: Or they could ask for help.

Eric: Yes, of course. Yes.

Danielle: Growing up, if you couldn't do something and it was acceptable for you to say, "Hey, I need help" and be able to get that support, that's going to change how you show up today and say, "Hey, I need help." If that's something you are shamed for, you're going to be less likely to raise your hand and ask for help. And unfortunately, I think of myself as a parent, it's not just always by your parents, right? This could be a teacher you asked for help and they shamed you in front of the entire class, and now you're like, "Well, I'm never asking for help again." Right? So, now you're sitting here as a business owner, thinking about that shame that you felt when you raised your hand one time to ask for help, and you're like, "I can't ask anyone. They're going to shame me. They're going to belittle me. They're not going to help give me the help that need. Then I just expose myself and I'm not going to even get what I need."

Whereas if you raised your hand that day and you asked for help and you got the support that you needed, later on in life you're going to continue to raise your hand and continue to get the support that you need. And I talk a lot about that because that was my experience as a business owner too. When we first started to expand, I realized I can't be everything to everyone and run a business. And I quickly realized that we needed to have staff members in our company. And it was a journey. So, I'm talking about this from experience with everybody, because it is a journey to be able to say, I need these people, and then I need to hire people who are better than I am, right? Because I need them to show up in these roles in my company. I don't want to have to show them how to do everything. I want them to be able to be the expert and show me how to do it.

So, it's not only getting support in your business, but then getting support from people who are experts so that you don't have to be the one managing everything as a business owner.

Eric: Yeah, for sure. I think some people might be thinking listening to this, so you guys have gone off on a real long tangent, but to me, I see this as all important. I deliberately, I'm having this conversation with you because I think it's extremely valuable that you have the way that you approach this, and you talk about, and even have the perception of a concept of a safe space, because dealing with money and financials for anybody is always a vulnerable experience. And if you entrust that experience with the wrong person, who's not going to be sensitive to where you are coming from personally, it could set you back for you. Again, it could create a traumatic experience for you that might even make you fold your good idea. So, I'm

exploring this because I think it's important, and I really value the fact that you understand that, and it's part of how you approach working with your clients.

Danielle: Yeah. And it's happened. And so, if you've had that poor experience with another bookkeeper to tax accountant or financial advisor, sometimes it makes me feel shameful for my industry. I hate that we've had so many people come to us and say, "I was wronged by this person." And not that they did it maliciously, right? But maybe they didn't understand your business, they didn't understand how things should be done. Maybe you were asking your tax accountant to be your bookkeeper, and they're not, they're supposed to be your tax accountant, not your bookkeeper. And they were just trying to do you a favor and answer your questions or do your books. And that wasn't what they were hired to do. And so if you have experienced that before, just know that it's not you. I think sometimes we can think I did something to deserve this, and I can't go anywhere else to find this help because this was my prior experience.

Unfortunately, as people, I think we try to take on more than we should at times. And I give that example of a tax accountant, because I think that happens a lot. Whereas tax accounts are asked all the time to be a bookkeeper and that's not their expertise. They were trained as tax accounts, their experience is tax accounts, and their job is to file the tax return and to give you tax planning advice. But because they want to be all things to their clients and keep their clients happy, they've found themselves in bookkeeping. And then when a client says, "Hey, thinking about hiring somebody, what do you think?" Tax account's like, "I don't know, here's the impact on your tax return," because that's their job.

And then you're looking at the tax account like, "Well, why don't you want to help me? Why are you not responding to my emails right away? And why are you giving me these short answers?" Well, it's because you're asking your tax accountant to be your bookkeeper and your CFO, and that's not their job. Their job was tax accounts. So, I know that's little tangent.

Eric: Well, yeah. But let's dive into that though, because I'm curious to hear what you think the difference is between the bookkeeper and the tax accountant. Specifically, you've talked about a little bit with the tax account is, but the bookkeeper and then when it comes time, how should they work together?

Danielle: Yeah. I truly believe that your tax account and your bookkeeper should always be not only two different people, but two different companies. There needs to be a checks and balance. So, we call it, in the accounting world, internal controls. And the idea is that you never want one person to have too much control over any asset of your business because it leaves you, the business owner, very vulnerable. You need people who are holding separate parts of the keys so that no one person can do too much. They're keeping each other accountable. And in this example, your bookkeeper is doing your recordkeeping and your tax account is doing the tax return. And if there's pieces and parts of the recordkeeping that aren't correct or could be done differently, the tax accountant needs to be able to have the opportunity to say, "Hey, why is it being done that way? I think it should be done this way." And have an intellectual dialogue.

And then the same goes for the tax return. If your tax accountant is advising you to write off your summer boat and your family lake house, your bookkeeper can say, "Whoa, Hey, that's really aggressive. That might be an audit red flag." Or, "Hey, your tax accountant's leaving out all these deductions that I have in the books and you're overpaying on taxes because they're not capturing all these deductions." It creates a spirit to have the accountant and ability to question each other. Does that make sense?

Eric: Yeah. Perfect.

Danielle: So, your tax accountant is somebody who I believe that you should be able to rely on throughout the year for tax planning. So, it's not somebody who should be transactional every March or April that you're just filing this transactional return with. I truly believe it should be somebody that you're able to have the tax planning conversation with throughout the year. However, in order to have that intellectual conversation, you need to have a bookkeeper who is keeping up the record-keeping so that every week, month, or quarter, the record keeping is current, it's accurate, and then it's invited to you, as the business owner, to say, "Am I ready for tax season?" Right? "Am I making the right decisions to optimize my tax liability, make sure that I'm not overpaying?"

And so, by having that on time and accurate bookkeeping, you're able to have that conversation with your tax accountant and you're able to make the business decisions throughout the whole year. And hopefully you have two people, two companies who are able to work together and have those conversations. So, a lot of times with our tax partner, my team and I will get on the phone with our clients and our tax partner and have a conversation altogether so that we can make sure everybody's on the same page. You want your whole team to be able to work with you and for you and not siloed, not knowing what the other team members are doing.

Eric: Yeah. That's great advice. It's also something that I remember reading in the Rich Dad, Poor Dad book. Something that his father did with his business every month or so, he would get all the key players in his company together around a table and they would have these discussions, but it was promoted that the value of doing that was extremely beneficial. That indicates what you just talked about, how the relationship between the bookkeeper and the tax accountant definitely helps in terms of preparing for or tax season and tax liability. But also going back to something that we touched upon earlier on a monthly or weekly basis, the benefit of seeing these numbers is if you need to make a decision or you feel like as a business, you need a new employee or you need a new tool that you can reference these numbers to that decision.

Can you talk about this? This is something that we all run into as business owners. And I think you refer to it as shiny objects. We get into situations where we feel like we need something for some reason. How can working with our bookkeeper at those times help us?

Danielle: Yeah, I call shiny object syndrome. So, there could be kind of two examples of this, right? So, we're advertised to nonstop, especially as business owners. And so maybe you have found a new program or training coach or tool or system that you are exploring and it's quite expensive for your business, whatever that might look like. I won't put a dollar number on it. But when you are about to make that decision, I want you to pause and consult your bookkeeper and your numbers. And if you are regularly in tune with your numbers, you might not even have to directly consult them because you've already received the information. So, our ideal scenario, what I would love for every business owner to have is a weekly dashboard.

And so, our clients who are on our CFO plan get a weekly dashboard. And in the dashboard, it lays out several key metrics, but some of them are your cash position, your credit card debt, any lines of credit, the availability, who owes you money, who you owe money to, and then your sales month to date and year to date, all in one picture, right? So, you can see one picture. And that really can guide all your decisions for that week and really that month, because if you have a low cash balance, low availability on your lines of credit, you have some bills coming up, right? You owe people money and not a lot of money that's coming in your direction for this month, and you have not hit your sales goals for the month, it makes making that decision much easier.

So, unless it's going to directly impact your revenue and your cash in an immediate way, then maybe it's not time for that shiny object. However, you can paint a different picture, right? So, maybe you have the cash in the bank. You've been working hard to pay down your debt. You don't owe a lot of people money for any projects in the next 30 days. And you're hitting your sales goals. Well, it makes that decision much easier. Now you can say, "All right, the numbers support this decision. If I plug this number here in, into the payment plan and maybe my debt or my cash, what does that do to the numbers? How does it change this picture? Does it change the picture? Am I still okay with making this decision?"

I think a lot of us are guilty and this is both personally and professionally. We all scroll Instagram, TikTok, whatever, and all of a sudden, you're like, "Oh my God, I need that. I need it." And so, if you could put some space and time between that initial, I need that. I say 48 hours, right? 48 hours is my rule that if I see something, I'm not allowed to buy it, I have to wait 48 hours. And that gives me the time to be able to remember what my dashboard said or update my dashboard so that I can make that decision and decide whether or not that decision's going to align with my goals or if it feels like a shiny object that I'm going to regret.

Eric: And another important concept you're bringing up here is discipline.

Danielle: Yeah.

Eric: Self-discipline, because obviously if you set the goal of 48 hours, the restriction, while if you don't have any discipline, it means nothing.

Danielle: Yeah, that's a good point.

Eric: So, as you know, we work a lot with businesses who are on a recurring revenue model and many of our customers use our platform to build membership and subscription businesses. So, I'm wondering from you what insights you can share about these types of businesses. And are there any advantages or disadvantages you've seen with the clients you work with on these models?

Danielle: Yeah. So, I think anybody with a reoccurring revenue subscription-based business is, my opinion, ahead of the game, because you have a model for reoccurring revenue. And so I think it's a beautiful business model. I think it can really help with the money mindset behind making business decisions. You're not in the feast and famine mode of a project-based business. So, a lot of our clients who are project-based businesses have a lot of stress of that feast and famine. And so, by building a reoccurring model, you're able to come out of that stressful cycle. And so, for our clients who are in that business model, we encourage to really focus on KPIs such as client attrition, right?

So, you want to know the lifetime value of a client, how long they stay with you, what is your attrition rate, and then what's your cost per acquisition of each client so that you are maximizing the value of every single subscription, every single new client or new membership that you receive. I want you to be able to maximize those dollars. Another one that we will track a lot is upsell. If you have different levels of revenue sources, are you able to upsell and then keep those clients? So, keep the attrition rate. And then the last number that I will throw out that I think is really important is the break even. So, having a very, very clear goal of what you need to break even, and then achieve your goals.

I think it's really easy for our clients who are in this subscription-based reoccurring revenue model, that it can sometimes be never enough because I want more and more and more of clients or of memberships. And maybe it's not the case for every single business owner, but we have seen it be the case for a lot of our clients. And so, by setting, what is my break even, right? How many clients? How many new subscriptions do I need to break even? And then how many subscriptions do I need in order to hit my goal? Then when you hit it, take a moment and freaking celebrate. That's another role for your bookkeeper to play with you is that entrepreneurship could be lonely. Being a business owner can be lonely. And so, having a team to just say, "Hey, freaking congratulations." I mean, like you finally broke even. You finally hit your goal."

One of our team members, she just sent an email out to one of our clients this week. We knew that her goal was to hit \$1 million in revenue, and she finally did it. And so one of our account managers just said, "Just wanted to take a moment to crack the virtual champagne and celebrate with you." Setting those goals and knowing how many memberships, how many subscriptions you need to hit those goals, and then celebrating them when you do hit them.

Eric: Yeah. That's really important and nice to have someone else looking out for those as well, because I know, I certainly don't do that enough. Being an entrepreneur, celebration can

sometimes be left on the sidelines because there's always the next thing in the works. Actually, there's three next things in the works all the time or more. So, having someone who helps facilitate those highlight those times is definitely useful.

Danielle: Yeah. Or you don't even see it. If you're not somebody who's looking at a weekly dashboard, right? You're like, you might not even notice it. And the whole month goes by and you're like, "Wait, wait a minute. I hit my goal two weeks ago and I forgot or I never saw it."

Eric: Yeah, exactly. Early on in my business, I was faced with that decision, is this going to be a subscription-based business or is this going to be a one-time purchase business? At the time, all of the other companies in my space were one-time purchase businesses. And it never felt right to me to go that route. And primarily since my background's in technology and I was focused on the product and that was my area of strength, I wanted a pricing model that would support focusing on the product because what I saw is if I do the one-time payment thing, then I'm going to have to be constantly pressured to think about how am I getting new clients in the door. So, putting focus on sales and marketing, whereas the subscription model would no matter how big the customer pool was, it would put the focus on keeping those customers happy and therefore making the product better. And to me, I don't know if it's the same for every business, but for me, that really put the alignment in the right place about what I was interested in focusing on.

Danielle: I'm glad that you talked about what your competitors were doing. So, I think our competitors can be a guide, right? Like when we start a business, I'm not saying you should be oblivious to what your competitors are doing. You should definitely be aware and then not afraid to shake up the model, shake up the industry. When we started Kickstart Accounting, most accounting firms were still billing on hours. And so, you would work, bill hours at the end of the month, and then wait 30 days to get paid. I'm like, "I'll go get a job simply. I'm not doing that." And I don't think that's beneficial to the client. As a client, I wouldn't want to have to reviewing time. Oh, did they take an hour to do that? It's just, wasn't a good use of anyone's time.

And so, I'm so thankful that I was able to say, "Hold on, I'm shaking this whole industry. I'm shaking up the whole way that we're doing this." And so, every single one of our clients is paid on flat rate billing. They know what their bill is going to be. There's no surprises. It's part of their budget and it's paid up front. Yes, it disrupts the industry. And if there's people who want it done the old way, there are plenty of other people who could do it the old way. And so, I think I wanted to give that example because I want to give every listener, who's listening right now, permission to shake up your industry. You don't have to do it the same way everyone's been doing it. And so maybe it is that reoccurring model for you because that's going to set you up for success and you'll be known as an industry disruptor.

Eric: And I would also add to that, don't necessarily set out to be a disruptor, set out to find your personal expression, because I think for both of us, that's what we did. We weren't, oh, I want to shake things up necessarily. It was more about this doesn't work for me. What would

work for me regardless of how other people are doing it? Because that's when innovation happens. And not only that, if you don't feel comfortable with what the exchange is, you're already setting yourself up for a tough journey.

Danielle: Yeah.

Eric: So, you need to get that right. And don't sell yourself short. I have some podcast conversations where we talk all about pricing, because that's another area of pricing products where it's a very exposing experience for people, and it brings up things about how we value ourselves and what we think we're worth and fears about will anybody pay that amount or whatever. It brings up all these different things. Does the bookkeeper also play a role in those processes?

Danielle: Absolutely. So, I think that's so important, especially when we're goal-setting. So, if we are looking at where we want to go, one of the goals that we want to hit as the company, we need to know how much we're pricing our services, right? Then how many clients or how many memberships, how many subscriptions do we need in order to be able to hit our goals? And then how profitable are we? We have to know how profitable we are by membership for subscription, and then that will, in turn, help us meet our personal goals, right? So, we have business revenue goals, but then we also have to have our own personal goals of how much we want to be paid as a business owner, how we want to live our lifestyle. So, do we want to have other people who work for us so that we can enjoy a work life balance? Or do we want to be the person fulfill every single piece of the business?

Your bookkeeper should be able to guide that conversation in helping you set those goals and then how those goals will impact your profitability. So, that all goes into that pricing conversation.

Eric: Nice. As we're wrapping up here, I just want to get a few more, just personal thoughts from you on what advice do you have for entrepreneurs listening to this who are maybe at the beginning of their journey or running their own business that you can provide based on your own experience as an entrepreneur with your business?

Danielle: I'll give a tactical one and then a not tactical one. For anyone just starting out, make sure you're keeping your business and your personal funds very separate. From record-keeping, bookkeeping, from an IRS perspective, they have to be separate. Go and open up your own separate business checking account and make sure that you're keeping really clean record-keeping from day one. So, if you walk away with one thing, it would be, we need to keep clean record for our businesses. And then don't be afraid to ask for help. I mentioned it earlier in the podcast, it was hard for me to hire our first few employees. And the first few people who I knew were experts and things that I was not an expert in. By confronting my own money mindset, by confronting my own mindset, I was able to ask for help. And honestly, that's why I'm still standing here talking to you today. I think entrepreneur burnout is a real thing. And if

we want to be lifelong entrepreneurs and business owners, we need to be able to surround ourselves with the support that we need.

Eric: Yeah, 100% agree with that. On your first with regard to the record-keeping and keeping things separate, whenever that came up for me on my journey, that always also brought at the same time, brought up the question of entity structure and things like that. For example, if I'm just an individual, how would I approach that versus what would the benefits be of me starting an LLC, or a C-corp, et cetera, et cetera. Now, is that question a tax accountant question or is that also something the bookkeeper and all three can come to the table with and discuss?

Danielle: Yeah. So, it depends on who your bookkeeper is will determine whether or not they can answer that question. I happen to be a CPA. And so, when we work with clients, we can answer that question a little bit differently. So, I'm not going to say all bookkeepers have the same level of training. However, as a blanket advice, I do recommend that all business owners do create an LLC. You want to have that separation between you and your business. You can then talk to your tax account, whether or not it makes sense to become a C-corp or an S Corp. But at a minimum, if you are running a business and you are collecting revenue from customers, I do recommend that you create that LLC and get that production for yourself. And then as you grow your business between your bookkeeper and your tax account, they'll be able to help advise you when it's the right time to become an S Corp.

I would not recommend doing it from day one, but as you continue to grow, you'll want to be able to put yourself on payroll. They can have that conversation with you at that time.

Eric: Perfect. Well, it's been a pleasure talking with you, Danielle, and I appreciate everything you've shared. As we wrap up here, can you share with our listeners where they can learn more about working with you?

Danielle: Yeah. I love working with other entrepreneurs. You can come to [Calendly.com/kickstartaccounting](https://calendly.com/kickstartaccounting) and schedule time with the Kickstart Accounting team. We'd love to talk about your specific situation. You can learn more about our services at profitplannerbookkeeping.com is our website, so you can learn more about our book series as well as our services there. And then you can come in on Instagram. We're at Kickstart Accounting. We're doing some really fun reels and sending out tips for... You won't see me on a reel, but all of my team members are having a lot of fun with it. I'm the one posting the pictures of the Golden retriever hiking every day.

Eric: Where do we find videos of you doing a Spartan race?

Danielle: Spartan race, [DanielleHayden_oh](https://www.instagram.com/DanielleHayden_oh). I post pictures there. We are actually supposed to be leaving this Thursday. We had to cancel this one, but we'll be back for more.

Eric: Nice. Well, again, thank you, Danielle, so much for joining us. I really appreciate it.

Danielle: Of course. Thanks for having me.

OUTRO:

Thank you so much for listening to my entire conversation with Danielle.

I hope you enjoyed this episode and are walking away feeling hopeful and confident about the financial side of your business.

Many thanks to Danielle for coming on the show and sharing so freely from her years of experience.

To get links to all the resources we talked about in this episode, you can head on over to SubscriptionEntrepreneur.com/173.

There you'll also find the complete show notes and a downloadable transcript of our conversation.

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Thanks for being here and we'll see you next time!