

Episode 91 – Personal Finances and Your Business

[0:01] Hello, everyone, and welcome to this week's episode of the It's Your Offer podcast. I'm so excited to be here with you to talk to you this week about personal finances and your business.

[0:12] For those of you that know me, you know that I am extremely passionate about people, business owners, women, men owning and having control over their finances. For most of us, we are out there working really hard, putting incredible stuff out into the world, and getting paid for it. And one of the best things we could ever learn as an individual is to how to take control of your finances, especially your personal finances. Now, that might be surprising being that most of the time we're talking as entrepreneurs and about our businesses. But here's the shocking detail that I want to share with you about your personal finances and your business. One of the biggest predictors of how much you are going to struggle financially in your business, is how well you manage and how much control you have over your personal finances. I'm going to repeat this for the people in the back. One of the biggest predictors around how well your business is going to function financially, is how well you have control over, or you have clarity and an understanding of your personal finances.

[1:29] This might come as a shock to many of you, I think it came as a shock to me when I heard it, although it really rang true for me. The reason that this is the case is because as business owners, it is one holistic world here for us, right? We have our businesses, and we have our personal life, but it is really one whole ecosystem. And many times you are working your business, not to just have a slush fund or to have money just pouring in with no purpose. You have it to fund your life, to fund your lifestyle, to fund the things that are important to you personally. And thus, we end up drawing a lot of money out of our business in some capacity to fund our lives. Well, when our personal finances are out of whack, and our life starts to take the front seat to everything, even in front of what our business needs are, start to draw on that money in a way that is not intentional, not clear, and dare I say a bit out of control. It has a huge impact on your business, and on the money that you have available to fund your business.

[2:42] So if you're somebody who wants to have a business that creates money, and a life that is able to support that business, as well as your personal finances, you need to have your personal, quote unquote house in order. You need to know what is happening with your finances there, you need to be in control of those things, so that it doesn't inadvertently negatively impact your business. So to give credit where credit is due, I want to just say that when my husband and I first got married, this was at the top of our list of things to get in shape. I got married older, my husband and I got married when we

were both older, we had children in the equation, we wanted to have more children, and we knew from our experience that getting your financial house in order your personal finances in order was super important. And it was especially important as we looked forward to thinking about being entrepreneurs and really helping to manage that.

[3:40] Well. Until we started this from the start, we started talking about our money, we started talking about what we wanted to do with it. We started talking about how it made us feel, the things we were afraid of, how those things might have differed between the two of us. And as a result, what we ended up doing was creating an infrastructure, where we had a clarity around the money that was coming in where we wanted it to go. And also how we were going to set up our financial situation, both with the help of a financial planner, but also very logistically like day to day where was money going to go so that it was put in places so that we could see an overall picture for the both of us, that allowed us to feel secure, allowed us to be able to predict cash flow and things going forward, allowed us to fund the things that we were really passionate about and give money to things and people like our children and all of those things that we really cared about. And frankly, it was one of the best things that we have ever done in our marriage to take so much heat, so many arguments, so many, you know, miscommunication just out of the equation. And so I wanted to come in here today and talk to you about some of the things that you need to look at in your personal finances and that we looked at in ours in order to set ourselves up for, first of all, a positive relationship, and a positive personal house in order situation, but also how this has so positively impacted our businesses, especially as entrepreneurs.

[5:14] So I'm going to walk you through a handful of things that I think are crucial. If you want to keep your business finances in order, if you want to keep your business in order and thriving financially, these are the things that you need to do in your personal finances, to protect your business. And also just to make this whole ecosystem of you, you are one whole person with a business on a personal life, to make it all work in a smooth and cohesive way. And also, to generate more money, because when you have control over your money, and you know where it's going, guess what you can do, you can make really good intentional decisions that end up filling your life with the things that you want more of because you have chosen them. And you are in control of your money all the time, not the other way around. But I promise you that we get into this place where we think, where's it all going? It's never enough here comes this other thing out of left field, I am here to tell you, we've all been there. I have been there, I'm still there some days. But it is not the norm. The norm is we have a system, we have these special things in place, and you can have them too. So I want to walk through them today so you can think about these things, and then I want you to go and actually do them, it is going to blow your mind and change your mind your life, personally and professionally in a way you can't even imagine.

[6:39] Okay, so number one, this is going to seem very obvious, I want you to get clear on what you're spending. I want you to really go in and look at where is all of your money going. How many of you of course, I can't see you, but I'm going to vote like I'm picking up the vibes. How many of you could raise

your hand and say you have control and visibility over where all your money is going? I will tell you. The answer is most people do not. I would actually gather to say it's like 10% or less.

[7:11] I have asked many people this question I've asked many of my clients this question. Most people the answer is they're not clear. And it's not because they're being negligent. It's because things move quickly, right? Your business is growing quickly, you know how that is right, and how expenses can get out of control if we're not watching them? Well, in your personal life, it's the same thing that's happening, something's coming up with the kids at school, you want to go book this vacation with your friend, you know, the car needs, you know, whatever fixing, something's got to happen in your condo, it happens. And these things sort of take on a life of their own, and you're not sure where exactly they're going. So the first thing is, I want you to put time aside. And I want you to start collecting all of that spend in one place, you will be shocked at number one, where it's going.

[8:00] And number two, how much of it is going out. The lack of visibility and the lack of quote unquote control over that is one of the biggest blind spots that people have. They just aren't watching it real time. It is fluid and changes; it is not your fault. Having clarity around it and taking the time to go in there and look at it, and pulling all those things into one place is really important. I will share with you as an aside, when I did this, there were two huge culprits about where all my money was going: Amazon.com and the grocery store. Okay, it was like blowing my mind. Oh, and the third thing was all those little repeat things that just automatically charge like Disney plus, and, you know, Apple, one app and all oh my goodness, unbelievable. So go and collect these things. So you have visibility, that is number one.

[8:51] The second thing is limit the channels have access to your money. So one of the things that I see people doing is they're paying for things all over the place, and this was definitely me. Like some things were being charged to my credit card, some things were automatically being pulled out of my bank account, you know, other things I was paying every month, you know, some things we were getting in the mail, bills for them. I mean, money was sort of seeping out in all directions. And that was just me, my husband was also paying for things. And so the lack of visibility over on that side too. It's like all these channels over there as well. So we had all these different places where money was able to go out the door. One of the changes that we made, and we are still in the process of making this, is pulling those channels into just a few. So one of the things that we love to do is use our credit card and then pay the credit card off. Part of that is to get all of the perks that come with using that credit card whether it's airline miles or loving Chase Sapphire points and all the things. Like there's real benefits to utilizing your credit cards and getting those benefits and even and building your credit and paying, you know, when you use a credit card and then pay it off, it's actually very positive. It's not positive when it's happening without your visibility or consent when it, when you're essentially having a leaky finance system.

[10:14] So what we decided we were going to do is we were going to pick a few credit cards and a few channels, some of these things, you can't pay on your credit card, but it just a few places where

everything was going to go through those same payment options. What this did for us was, obviously streamline everything logistically so that we could, you know, pay those things easily and know what was going in and out. But it also allowed you to see the whole picture. Because when you're someone, for example, that's just looking at your credit card every month, and you're like, oh, things were not that bad. Well, if your credit card is only paying for 20% of your expenses, the other 80% of things that you're paying for every month that are going out the door, you cannot see because they're not in one place. So we really consolidated those things into a few accounts, a few places where we could pay. And it started to become very clear and very easy how much we were actually spending and how much real time because it was coming from one place, everything was in one area, so we could see it going up as it's going up. Okay, so limit those channels to your money. That's the second thing.

[11:22] The third thing is leverage a bookies keeping system or some other system where you have visibility into where your money is going. So in our businesses, many of us use QuickBooks, oh my goodness, super enlightening tool. You get in there, you categorize things, you have total visibility not only to all the money that's coming in and out every month, but where exactly it's going. For some people, they have this on credit cards, like I have a US Airways type of a credit card. At the end of the year, they give me an annual report, it breaks it down by category, I can see oh my gosh, like all the money that I spent on a restaurant or all the money that I spent on consumer goods like, hello, Amazon.com. That ability to see where the money is going is mind blowing. When you use something like QuickBooks, or you know minted or another system that allows you to, again, like sort of collate and consolidate all these things into one place, you get a full picture.

[12:22] So in addition to limiting those channels, let's just say you're going to just use a few credit cards to pay for things, you need to then hook those channels up to a system like QuickBooks, and that will allow you to go in there and see exactly what types of things am I spending my money on. And most importantly, do I want to be spending my money on these things? There is no crime is spending your money on anything that you want to, as I record this podcast, I am in a full-on tizzy about finding Taylor Swift tickets, and let me tell you, for all of you that are listening, they are not cheap. Like no crime, if that's your thing, then go for it. This isn't about judging yourself, or even changing anything. It's about making intentional choices. And you can make those intentional choices when you see it. And most of us, we do something like this at our business, but we're not doing it in our personal life. So find that system where it can bring everything together, collate it give you visibility into not just how much you're spending, but where are those places where you're spending the most money, and give you the power to decide if you actually want to be spending those things. Which brings me to the next point, which is you want to run your personal finances like you run your business. Okay, all of us who are listening to the show, know that it is important to understand how much money we're making every month, and how much money we're spending. It's all part of the identity that we were where we were as a business owner, this identity is something you also need to carry into your personal life, you need to run those finances, like you are running your business finances.

[13:58] So that means what is going on there? Can you consolidate some of the stuff? Where are you spending the money? Where maybe you shouldn't be like, where is it being wasted? Are there things that you're paying for, that you don't need to or don't want to be paying for? Are there places where you can save some money and you know, kind of have these economies of scale or look for, you know, different benefits and special deals or special promotions that are going to bring some of these expenses down? I don't know about you all, but when we figured out how much we were paying for our cable every month, it was really a sobering moment. And we were just like, 'This is not okay, how are we going to work with this? How are we going to call Verizon? How are we going to shop around? What can we do to get this dollar amount down?' And so those types of things, looking critically at your personal finances and really thinking about how can I do this better? How can I run this more efficiently? You know, again, there's things I want to spend, can I find better deals, what are the competition doing? And, you know, being very strategic around how you're spending your money, and very frugal as well. Like, don't waste your money where you don't need to.

[15:09] And then last, but definitely not least, you know, get help, and enlist the experts in your personal finances. We hire business coaches, we hire financial, you know, fractional CFOs, all these things in our business. And as our businesses grow, for all of you that are listening to this, you know, you have businesses that are growing, as we do that, we enlist help we do this, we don't do this in our personal lives. This is your permission slip to go and do this in your personal lives. As this is such a huge part of everything. Having somebody help you manage this matters appropriately, help you spend your money in a way that feels good, that you feel empowered around that allows you to buy and spend it on the things that you actually love, is what it's all about. And if you feel like you're underwater with that, it's okay. Because nobody talks about this, right? If you go get your MBA, you talk about finances, but if you are just not somebody getting your MBA, or you're not a business owner that has, you know, really looked into this, no one's talking about it over on the personal finance side in school, it is crucial, and it is not rocket science. So if you feel like you're kind of swimming against the tide, go get help do that research. Find the person you can trust, reach out to the people in your life that are successful, and that you trust and find out who they are working with. It will be the best decision you have ever made.

[16:34] So in recap, you want to get your business finances in line, you need to get your personal finances in line. Number one, get clear on where you're spending your money.

[16:44] Number two, limit the channels that you access your money and pay for things on. Number three, leverage a bookkeeping system or somewhere where you can pull all this information together about what you're spending, spending so you can get visibility to it, and you know exactly where your money is going.

[17:01] Number four, run your personal finances like you run your business finances, consolidate, save money, figure out where you can stop wasting money, really gain control and get empowered around that money.

[17:15] And last but not least, enlists help or get those experts in there that are going to help you do and create exactly what you want. You are creating too much of an impact. You are working too hard to be having your personal finances be out of control. This is the key and I want to see all of you thrive. Because the more you thrive in your personal life, the more it spills over into your business and vice versa. So they have to go hand in hand. And I promise you, when the personal finances are in order, you show up as a different person. And when you show up as a different person, you run your business differently. And when you run your business differently, you have an impact on your clients and on the world like you never expected. Until next week, everyone, you got this.