

EPISODE 163

[INTRODUCTION]

[00:00:04.1] ANNOUNCER: Welcome to the Creative Empire Podcast. Each week, Reina Pomeroy, the life and biz success coach, and Christina Scalera, the attorney for creatives, are taking you up close and personal with successful influencers in the creative community and tackling your biggest business hurdles. Their mission is to help you, creative entrepreneurs, think beyond your daily biz so you can make the brave decisions that build your Creative Empire.

[INTERVIEW]

[0:00:35.5] CS: Welcome to the Creative Empire Podcast. Reina and I are joined today by Stephanie Thacker of Steadfast Bookkeeping. Stephanie, I am so excited to have you on, because you guys don't know this, but Steph she saves me about 20 hours of work a month, at least, at least easily. She does the bookkeeping for both of my companies, my law firm and the contract shop. I am just so excited that we get to talk to her here today and hear some of her wisdom behind the scenes as to why you need to be keeping your business and personal finances separate.

She's going to also be talking to us today about some of the biggest bookkeeping with stakes that you might be making. Before you hide your head in a sand, make sure that you hear stuff for at least a little bit, because I think you'll find that she's not as intimidating as most bookkeepers that you ever met.

Hey, Steph. Welcome. Thanks for coming on the show.

[0:01:26.0] ST: Hey. Yeah, thank you so much for having me. I'm so excited to be here. I hope I'm not intimidating at all.

[0:01:33.3] CS: No, you have made bookkeeping so easy.

[0:01:34.2] ST: I don't think you are, but I think people are intimidated by numbers. I get that.

[0:01:39.2] CS: You've provided so many good DIY resources. That was originally what really drew me to your brand is that you're so educational and you're so helpful. On top of that, you offered done for you services. I think that was what was so intriguing to me is you have something for the DIYer, but then you also have something for someone like me who's just like, "Numbers. Aah." Runs into a wall. Like that kind of thing.

Can you tell us a little bit about the origins of Steadfast and how you became a bookkeeper particularly for Creatives?

[0:02:13.1] ST: Yeah. When I started Steadfast back in 2011, I was working in the corporate world. I was doing accounting. Have been doing it a very long time. Totally will claim myself as being a number nerd; love accounting, love crunching numbers. But was just a little bit fed up with the corporate world, so decided, you know, there is a lot of small businesses out there that really could use accounting and bookkeeping help, that don't need someone in their office fulltime, or they're just like me and us and probably a lot of people listening here who are working out of home offices, or traveling and working and all those things.

2011 I started it. When I started, I just started working with all different kinds of businesses. After a couple of years, I realized the clients that I really enjoyed working with the most were more of the creative type businesses. Specifically, women who are running businesses while running their families, or maybe running multiple businesses, you know just doing their thing.

I think part of the reason and I really love working with Creatives is just the ambition that I see and just having that go-getter attitude. I love it, because that's how I am. I think being able to look at the world in the same manner and then being able to work with women and talk to them and say, "Look, we're all really good at certain things."

Most of my clients, the things that they're really good at, I'm horrible at, because I don't really have that creative mind. I do numbers; the whole left brain and right brain thing. To be able to look and say there is things that I'm really good at, that I really enjoy doing, and then there is things that you, someone else really enjoys doing. Be able to merge those two worlds is really

amazing. I love working with Creatives, small businesses owned by women, things like that, really for that reason.

[0:04:02.8] CS: What are some of the unique challenges for creative business owners that maybe other kinds of businesses don't have to deal with when they're looking at their numbers every month and they're bookkeeping?

[0:04:14.3] ST: I think one thing is it's just so different. You look at, I don't know, a lot of small businesses out there that might have really consistent income coming. It's a service or product that's selling consistently, maybe something that's been around for a long time. Then a creative who's got this great idea, new product and new service that they're trying to get out to the world and don't have tons of money in the bank to just go and market it out to everybody, or don't already have an audience of people who know how great the product or service is.

I think maybe that's one struggle. Specific to bookkeeping or accounting, I guess would be the inconsistency. It doesn't matter whether it's – if you're in a wedding industry, let's say. You have seasons, right? You have seasons of high and seasons of low. That's really something that you have to take into consideration. It's hard, because you'd really got to look at your numbers, you got to know, "Okay, what's my overall over the year? How do I stretch and make it through those low season months?"

Those are some things that it's not to say that other businesses that aren't creative don't deal with, because certainly every small business has their ups and downs. I think it's just more common. I would say, probably every single one of our clients has seasons of high and low. If it's a product-based business, a lot of times it's holiday season is really good. Then summers are dragging; they're really slow. I think different, and it's a little bit of, I don't know if I want to say struggle, but just an extra challenge that creative business owners have to overcome that.

[0:05:52.8] CS: I hear what you're saying, especially about the seasonality. I think that's a point of frustration for a lot of people that I've talked to. Honestly, I don't know very many entrepreneurs that don't have some kind of ebb and flow, or living in a feast to famine cycle. I'm going to save me that their business model.

[0:06:11.3] CS: First of all, you've done a fantastic job at creating recurring revenue in your business and passing that off and creating teams, that you're not killing yourself day in and day out. I mean, just saw my book *Keeping Alone*. The associate bookkeeper you have on staff that's working with me probably wants to pull her hair out weekly, because we have so many different expenses that are coming in electronically.

Or I use a tool called Shoebox that helps me process my physical receipts that I'm getting when I travel. It's just a lot of money in, money out, transfers between different accounts that I have, being a lawyer in my law firm which is a separate business that has even more particular demands, that none of you out there hopefully.

This interesting business model that you've set up, so that you are able to spend time with your daughter, with your family and that you do have this recurring revenue, and you're a service-based business at that. You work with a lot of different clients. What are some of the interesting things that you've seen on the backend of businesses that you can share, maybe as far as like how they step out of this feast and famine cycle, or ways that you've been able to work with them to help them organize their life if it's impossible for them to step out of the cycle?

They're like a wedding planner, right? October is booked solid, but July is quiet. What are some ways that you guys work around that with your clients?

[0:07:34.8] ST: I mean, for us, for Steadfast, we do get the opportunity to create that recurring revenue. We definitely have a slow season. Summer is always going to be slow for us. One big reason for that is a lot of our clients, their season is – their slow season is summer. Then a lot of our clients are working – or moms who their kids are out of school for the summer and they're just not really focused that much on their business during the summer, so to speak.

What we do and what I try to train our clients and talk to our clients about doing is I'll look at – I know that we're going to have a season from really November to March is going to be our crazy busy season. That's where we're going to take on the most clients all year.

If I look at that and say, "Okay, well during those months we take in X amount of revenue per month, I really can't plan my year on that." I really have to look and say, and yes, we do have

recurring revenue all throughout the year. Every 12 months out of the year, we are receiving revenue, but I can't budget on those high months.

What I always recommend is take a look back at your past and look at a full year, which is like a really good reason for – to have bookkeeping done, or be doing it yourself. Just be able to look at reports and say, "Really, what's my average?" Then take that and say, "Okay, so my average per month is X amount." That might mean in your low months you never reach that average, and then in your high months, you're far exceeding that. But at least you know, "Okay, per month maybe I can average this."

That way, you can look at your personal finances and say, "I really need, or want to take home this much money per month, or per week, or whatever it is." Then you can look at your business and say, "Am I making enough on average to be able to do that each month, even when I'm not bringing in as much revenue as I know I will in a few months."

The big thing is look at that, then during those high seasons, during the months where you're really doing well, don't go and spend all of that money, even paying yourself. If in your high months you're bringing in, I don't know, 15,000 a month and in your low months you're only bringing in 2, 3, or 5, don't go and say, "Well, I just brought in 15,000. I'm going to write myself a big check, \$10,000." It's great and you worked really hard for it. You deserve it, but it's better to keep it in the account. Set yourself an amount each month and say, "I'm just going to pay myself 5 each month, or whatever it is."

[0:10:12.3] CS: I think that's really genius. In order to stabilize our feast or famine, like having that standard, "Okay, this is – is it \$2,000? Is it \$500? Whatever, \$5,000?" Whatever that number is, we have to create that consistent, or for our families too. That's like at first – that was my biggest grown-up move in my business when I was really able to start paying myself more.

I want to move back, way back in thinking about, I don't know, month two Reina, and how I had this Excel spreadsheet, where I didn't have a bookkeeper at that point. I do now. I'm thinking about that Excel spreadsheet and thinking to myself, "Okay, what was I like – what were the mistakes that I was probably making that nobody told me about?"

Could you go back to the way beginning and tell people what do you recommend in terms of having bank accounts, or spending money, or making money, anything that you can think of that people might be making mistakes on.

[0:11:10.4] ST: Yeah. Right in the beginning, it's hard because especially if you quit a job. For me, I don't necessarily recommend this, but I told my husband like, "When I get first client, I'm quitting my job." I did. But the reason that we were able to do that is because I had budgeted so hard. I showed him like, "Yeah, we're going to have to cut back on this and this. I'm not going to be bringing in the income that I was until I build up." That's really hard when you're two months in and you've only sold a few products, or you've only signed one or two clients. It's like, "How am I ever going to get this far? What do I even do?"

I'd say go into it, knowing it's a process. You're not going to have your highest month on your first month. You're just not, or in your first six months even. It's a building process. If you can start tracking and budgeting from day one, you're really going to notice, or you're really going to be able to see the progress and know what needs to be done.

If from day one, if you're leaving a job where you're making a certain amount of money and you know you still need to be bringing that in each month, then that's going to be your goal from day one, set that budget, set that goal. Then once you reach it, then you can start paying yourself, you can start doing all those things.

I would really say, don't go into your business and make the mistake of, "I don't really have to do bookkeeping. I don't really have to keep track of any of these, because I'm not really making money yet." Because we all know there is expenses to start a business, right? Sometimes even just seeing that and looking at, "Wow, this is how much I've spent so far and then this is how much I've made," it helps guide you to keep pursuing that business, or take another route, you know really what to do.

Really track it from day one, and that's bookkeeping. It's just tracking any money that's going in or out. Even if in the beginning, if you like all the money is flowing out and there is not that much flowing in, track it, because you're going to be able to see that on paper to see, "Okay, this is

what it's taking right now to get this business going." It's really going to be huge and I think really help guide the next steps.

[0:13:13.2] CS: Steph, those online courses that just landed in my inbox, are they going to take me to the next level and I don't have the money for them right now, but I need to get them clearly. What do I do?

[0:13:25.5] RP: I have a credit card.

[0:13:28.4] ST: Yeah. There is a mistake right there. There is tons of great online courses out there. I've taken many. I'm a believer in online courses, but you'd really – don't make the mistake of not budgeting and sticking to it. Then don't make the mistake of feeling like, "If I take all these courses, if I do all these things right in the beginning, maybe it's on a credit card, or maybe it's on a loan that you took out, it's going to help me grow, because they are promising six-figure launch. If I take this online course, I'm going to have a six-figure launch."

Well, I don't know. Maybe some of those work and maybe some don't. I don't know, but you have to just be I think really cautious. I would really budget, even if you are starting your business on a credit card or a loan, if that's the way you really feel like you have to go, set a budget for even that.

Say, "You know what, I'm going to – I don't really have any money in my personal account to start this. I know it's maybe going to take something to start it up, I'll spend X amount of dollars." Then really choose wisely how to spend that money. What really is going to be the best choice? What's the wisest way to spend that money?

I would limit yourself to those online courses and just really look at it and say, "This is how much I'm willing to spend." Don't do everything at once. Do little things at a time and take notice and see what really was my return on that investment? If I took an online course that taught me X, Y, Z, I don't know, get your first 1,000 e-mail subscribers. It worked and you really did get a 1,000 e-mail subscribers, great that was a good return on your investment.

Then okay, now what can I do to sell to those 1,000 e-mail subscribers, right? Look at things like that. Don't go in to buy 10 online courses at once and blow all your budget, because you're not really sure how those are going to turn out. Take it slow, budget, stick to the budget, make wise choices.

[0:15:34.1] CS: Make good decisions. I totally agree with all of these. When I looked up my husband and was like, "I am going to start this business. I'm going to take some coaching classes and get certified." He's like, "Wait. Wait. What? You're going to start another business?" Because I just quit my wedding planning business. I had just quit my fulltime job, so I wasn't making any money. I wanted to spend \$10,000 on a certification program, "You have got to be kidding me."

I came with my little Excel spreadsheet and was like, "This is what I'm going to be paying and this is how I'm going to be paid back." I was able to make that – I was able to turn that \$10,000, plus like website stuff, which was I did not get the most expensive website out there. I was able to pay it back within six months.

I think, whatever the plan is and that's something that you're probably going to face with your partner too, if you have one where you have some joint income situation, you have to justify some of the expenses that we have in our businesses. Even though I feel like I'm able to make those decisions independently.

[0:16:40.8] ST: That's a good point. That's definitely something I think you can justify, a certification to say, "Well, I want to start this business. If I have these certifications, I'm going to be able to say I'm certified. I'm going to have the training that I really need to be able to serve my clients all of these things." That's like a test you can do for yourself too is, "Okay, let me justify this to myself even, like what really –" or maybe use your partner and see if they're like, "Maybe not." Or if they're like, "Oh, yeah. I get it."

Then you're like, "Okay, maybe that's a better decision." Because there is going to be some expenses that you can totally justify, and they are, they're going to be the thing that helps you turn your business around and start making money. Then there is going to be things that can maybe wait until later, or just aren't the best option right at that time.

[0:17:29.6] CS: For me, that was bookkeeping for me and when I was deciding to hire you. I had to look at it and be like, “Aw, I’m not tracking this at all.” I have the best of intentions, right? I have done it a million times in my head, where I go to the café and I sit down and I treat myself to a lunch at some outdoor patio and get all my bookkeeping done while I’m sipping on a latte at that patio cafe. That never happened.

Enter you, who is a monthly expense for each of my businesses and it’s been wonderful just because even though there is not an ROI there, it freeze up my time to do things that do give me an ROI. I’ve been able to like, now with our new website we have sales coming in every day, which that wasn’t the case before. It’s really great, because working with you was what enabled me to have that kind of time to build up to that.

It might not be a direct ROI. If you’re looking at things like bookkeeping, or a trademark, or coaching, it might not be something that you can directly tie. But the things that you’re doing with your money should be accelerating your growth, not stop-starting it, which I think online courses have a tendency to do if you’re more of a course collector. That’s like a hard conversation you have to have with yourself.

[0:18:59.6] ST: That’s so good, because I’m all about value. Sometimes the return on investment – you’re exactly right, sometimes it’s not money and that’s – bookkeeping is a hard one, same as maybe hiring a virtual assistant or something like that, right? You’re looking at it. You’re like, “Well, this money per month isn’t going to bring me anymore sales.”

Think about the value in it. What did that freed up for you? It freed up hours, which is going to be – a lot of contractors of social media person, or maybe a coach or a virtual assistant, all of those things you have to look at, “Okay, I’m spending this much time.” Or, “I’m not spending any time at all, but I know that it’s going to give me this information or do this for my business.”

You have to look at the value and think like, for me there is a lot of things that I have people assisting Steadfast with, because I could maybe do it, I’m sure I could probably do it, but I value my time very, very highly, because I’m a wife and a mom and a sister and a daughter and blah,

blah, blah, blah, blah, blah. Fill in the blank with all the things that I am, so I value my time really, really high.

I think if I have to spend a few hours a week away from my family and all the other things, it's just not worth it to me. Some things I don't say, "Okay, I'm paying this amount of money per month, which is in turn going to give me this many more clients." But sometimes, it's just my time back. In that, if I'm not spending the five hours per week that it might take me for a task, I can even allocate that five hours and say, "Okay, that gives me a couple of hours to work on my business and a couple of hours to spend with my family."

In those couple of hours that work on my business, it might end up getting me some clients, because maybe I am networking, maybe – whatever it is I'm doing with that time, so I think that's a really good point. Another thing to consider is just – it's not always going to be direct, like I spend \$500, I double that and get a \$1,000 back. Sometimes it's going to be – you just look at the value. Sometimes it's going to be just getting your time back, or just getting something else that's valuable to your business.

[0:21:10.7] CS: Yeah. I mean, this is like me hiring a housekeeper.

[0:21:13.9] ST: Exactly.

[0:21:14.3] CS: What's the return? The return is that I have peace of mind and that I don't have to scrub my toilets.

[0:21:20.2] ST: Right. You get a few hours of your time back, right? Yeah.

[0:21:23.0] CS: It's amazing. This is spot on.

[0:21:26.2] RP: There's so much hesitation though.

[0:21:28.6] CS: I know, but I –

[0:21:29.2] RP: I know. There is just so much hesitation with investing in this, because it's like, "Oh, but I can do it myself and it only takes 20 minutes." But those 20 minutes are up.

[0:21:39.4] ST: They do. Then I always just challenge the question of is it being done right? There are things that I was doing in the beginning, I might have only been spending 20 minutes on, but I can assure you I wasn't doing it the right, or the best way.

In the beginning, I made my own logo and made my own website. They were horrible. I'm glad they're not out there anywhere today for anybody to see, because it was laughable. I did it, and maybe it didn't take me much time, but it really took me a ton of time. But I wasn't doing it the right way or the best way. As soon as I hired someone to do that, then up came my – all my branding, I think it's great. It's beautiful and it's –

[0:22:25.2] CS: I think it's great. I'm guessing that you didn't invest in that from the get-go. It was like over time you were able to make enough money so that you can invest in those bigger changes, right?

[0:22:36.5] ST: Yeah. That's something in the beginning that I just was like, "Okay." I looked at what it would cost for someone to do that for me, and that just wasn't one of the things that I wanted to spend money on in the beginning, because to me I could clients without having the perfect logo and the perfect website, because a lot of that was just me wanting that.

I did. I got clients with the website and the logo that I made. That wouldn't be forever, and I think because of my branding and because the way my website and everything works now, I think that our audience has opened up a lot more, especially to Creatives because it's appealing to them and mine probably wasn't.

It wasn't something that I had to do in the beginning. Yeah, again that's one of the decisions that you have to make, and when you can get there and you can finally budget it in, then do it.

[0:23:28.9] CS: Have you heard about MemberVault? It's a new course delivery platform for online educators that focuses on one thing; engagement. But what the heck is engagement, you

might be asking me? Why does it even matter? Well, have you ever purchased an online course and yeah, maybe forgot to finish it? My hand is raised.

This has happened to me definitely more than a few times. Guess what? I never purchased from these course creators again, like anything. The courses that I have finished, well let's just say I'm more than a life-long fan. I've joined their masterminds, I've bought their coaching programs. I generally try to support them as much as I can all along the way.

If you are looking to fall into the ladder camp and you want to create raving fans for your platform, make sure that you go to creativeempire.co/membervault. That's creativeempire.co/M-E-M-B-E-R-V-A-U-L-T to get your free 30-day trial of the software.

Not only will you get 30 days free, which should be more than enough time to get up, maybe even a mini-course for you. You'll also receive free access to the course that's going to show you how to do this. This course is called the DIY roadmap, and the folks over at MemberVault have set this up just for you. It's normally a \$97 course that they're giving away for our listeners for free. All you have to do to get it is go over to creativeempire.co/membervault.

This course is going to help you build your own online teaching platform that boost your income and sells itself without you even having to go through a launch. Again, normally that's a \$97 course that they sell on its own, but they're giving it away to you guys for free along with a 30-day trial.

[Creativeempire.co/membervault](https://creativeempire.co/membervault) is going to get you all those goodies. Go get them today.

[COMMENT REVIEW]

[0:25:34.4] CS: Hey, thank you Elisse Ladi who said, "Reina and Christina have done an amazing job of curating amazing guest speakers. It doesn't matter who they are talking to or if they are having a conversation with each other, I always learn something. I really need to start listening at home, so I can take notes. Keep up the amazing work Reina and Christina."

Thank you so much Elisse and thank you to all of you who leave a rating or review for us on iTunes. We don't ask much from you. We just ask that if you enjoy the show, you go over there and you leave us a rating, maybe even a review. It means so much to us and it really, really can help us improve and keep bringing you this great content and even better guest that you guys request.

It makes it easier on us. So help us help you. Go leave that rating or review on iTunes.

[INTERVIEW]

[0:26:22.4] CS: One of the things you also did was you just made it so intuitive and so easy. It's so funny, because it's like, this is simple stuff. I've been noticing this a lot this week, where if you have a business and you just make things easy for people, they do it and they work with you. I actually full disclosure, I am going to see this new therapist and I was like beside myself upset, because he had this Word document that you had to download and print and whatever. Or like insurance. Any time I have to deal with insurance, I'm like, "It is almost 2018 people. Just get some kind of electronic signature softwares that I can fill this out in a Giffy, get it back to you and we're both happier, and you're out \$10 a month, or whatever it is."

Just figure out, like audit your own systems, what you've clearly done a lot. Figure out where the friction is, because working with you was so seamless. I think I just shared everything with you via LastPass. You handed it off – you probably did a lot of work on your end to hand it off to your associate bookkeeper that I work with.

For me as the consumer, I will never work with another bookkeeper, because the process was so simple and so seamless that it was just like, "If it's this easy to work with her and she's taking all that work off of my plate from the get-go, I can only imagine how much better it's going to get along that relationship."

Where there is like, were you having problems booking, or you feel like you need this fancy system that's like code that you embed in your website to process inquiries and blah, blah, blah. If that's working and that's frictionless for the people that are trying to work with you, great, then it works. If that's ending up with misleads, because the code isn't embedded properly or whatever, just make it simple. Let them just e-mail you.

Go on your way, but do everything on the backend so that it seems effortless for them. I think that's something that you – I mean, there is three things that we've talked about here in this conversation today that you do really well.

The first is obviously bookkeeping, like bare minimum. The second is delegation, which you've really mastered, I feel like. Then the third is making things so frictionless, so seamless for your clients. Again, like Reina was saying, this didn't all happen overnight.

What were some of the things that you did to realize, like these are processes that you could improve, or maybe even talking about some of the failures or hiccups you had along the way, if you try to maybe delegate something and it didn't work out? How did you learn how to do it the "correct way?"

[0:28:58.8] ST: Well, thank you so much for saying that. That's super nice of you. It was a process. If you would've come and signed up as my first client, I mean I did have electronic agreements from day one, so I'll give myself out. The process wasn't as great as it is now.

[0:29:15.7] CS: What kind of hiccups have you had along the way? One of my VAs, she decided to take a fulltime job and I think she was just traveling and her life was busy and she didn't get back to me entirely about what was happening, and wasn't really transparent on the issue. It ended up costing me a lot of money, because my clients were upset, my customers were upset. There were things that were missed, deadlines, things like that.

That was a real lesson to me and creating more standard operating procedures, those SOPs that we talk about sometimes. That when she stepped away unexpectedly, we would've had a better system in place to take care of what was missing. That was like a lesson that I learned. Were there any lessons that you've learned in creating these systems or in delegating, or even in bookkeeping from the start, like any kind of failures that you feel like you should – you could talk about here?

[0:30:09.1] ST: Yeah. Systems along the way, that has been progress. Really what I realized, I guess, I don't know, maybe two years ago now, something close to that is once I started

growing my team more and more, I realized a lot of my processes were only in my head, or they were scattered. That was something really big that I learned and I would recommend, like even if it's just still you and your business, start documenting everything.

I took Heather Crabtree streamline with systems and that really helped me, because she has a whole guide book. It was like, "Wow, I have all of these in my head." It was nowhere. My first employee that I hired, like thank God, she's still with me and she's amazing, because I was probably all over the place sending her little snippets here and there. Now I have everything, so when I onboard a new team member, when I onboard a new client, ongoing client care, or ongoing with my team members, it's all documented and I can look and say, "Okay, this is what we do, this is how we do it, this is when we do it."

That was really a process, and then some things that are in the guide book, I hadn't really thought of a process. I had to put something together and really think that through. That was definitely, I would say a hiccup in the beginning. Then now that I have a process, I mean I know that every single client is going to get the same onboarding process. They're going to get the same care, which is really great, because as your team grows, so if it's just you right now – a I was just talking to someone about this the other day, like you never know when your growth is going to come. It might come really, really quick.

It is so much better to be prepared, especially if you're a product-based, or even if you're service-based. There could be one thing that really sets your business off, then all of a sudden you're getting calls like crazy, or orders are coming in like crazy.

Imagine, if that had happened to me and I just had everything in my head, I mean it was chaos for a little bit, because that was starting to happen and that I was just – felt like I was slowly spinning out of control, because I knew I needed all these help. I needed to do all these things, but it was like, "Ah." Even taking the time to tell them how to do it or whatever.

If you have everything when that growth comes and you start expanding your team, you started taking on more clients, selling more products what it is, to have all of those processes in place where you can open up a document, share it, whatever, that will be huge.

[0:32:47.8] CS: That's key what you said. Is that it was in your head, you really know it, but you didn't write it down. I know, I took the same course and Heather really stressed that that you had to write it down. When I first heard her say that I'm like, "Yeah, I'll get to it. I know. I know." It's so true, like just getting it all on paper. My fear was that I would get it out on paper and I would need to change it. Guess what, I did.

[0:33:10.0] ST: You can. You can change it.

[0:33:11.6] CS: Right. It's so much easier once it's written, because you're not remembering it every single time and writing it out 10 million times. You just put it in a SignUp once, save it as a template, which if I'm blowing your mind right now it's I promise easier than I'm making it sound.

I'm not even fancy enough to know how to use templates on Asana, so I'm just copying and pasting. But that's still faster than me trying to remember every single step and leaving something out.

[0:33:35.7] RP: Our brains are so unreliable too that –

[0:33:38.4] CS: Really? I want to hear this, because Reina is good at the psychology stuff.

[0:33:41.7] RP: No. I mean, like we have so many things happening every single day. If we have to go back and remember, "Okay, when I create a blog post, these are the 17 steps I have to do." It's easier to be like check, check, check, done, done, done, and follow that protocol, rather than being like, "Okay, here is what I do first and then this is what I do second." It's just so simple to be able to open something, follow the rules, so to speak, because we're really good rule followers most of the time. Our brains are like having to work double time if we have to create the system while we're doing the process.

I mean, this is great. I think documenting your processes, bringing people on all of that is golden staff. What are some of the other – I mean, did we drill into the bank stuff yet? We talked about this off air a little bit. But in terms of what people are doing wrong in their money stuff, what are – what are you seeing behind the scenes?

[0:34:38.5] ST: Yeah. Some of the biggest things that I'm seeing, so first off which I think we touched on would be not tracking it at all. That's big mistake is not tracking it, definitely do that. Then another big thing is mixing business and personal. Especially when you're starting out and you think, "Well, let me just test this. I'll just see if I sell anything. I'll see if I can book any clients." Then you start to do one invoice, two invoice, however many and it starts coming into your personal account. Then before you know it, it's out of the end.

Don't mix business and personal, if at all possible, which is totally possible not to, because I'm going to tell you it's so easy to just go and open up another bank account. It doesn't have to even be what the bank considers a business bank account. Unless, you're a corporation, you can just go to the bank and it can still be under your name and just say I want to open up another checking account, savings, whatever it's going to be.

If you do have your business license already, or if you're a DVA or something like that, you can show them that and say, "I'm going to be using it for this." Then it can be your name and then your DVA underneath it. It does not necessarily have to be a bank account where – because a lot of business bank accounts, you might have a monthly fee. That might not be an expense that you want to take on right in the beginning.

There is no problem at all to have what the bank considers a personal bank account, but just make sure that you're using that bank account specifically for your business. If you're starting from scratch and let's say you didn't take out a loan, you don't have a credit card and maybe you took some money, you're taking money from your personal funds.

Go ahead, write a check or make a transfer from your personal account to that new business account and start using that, because for many reasons. When you're really doing your bookkeeping, like you don't want to have a lot of mixed personal and business because even when it's just you, like you said Reina, our brains are just not reliable sometimes.

Let's say you go back in and you see five-target transactions, because that would be me. You have five-target transactions and you're like, "I can't find the receipts. Which one was business? Which one was personal? Because I know that I went and buy some paper and pens and office supplies, but then I know the rest was all personal."

If you have it separate, then you know the four that are in your personal account are your own, they have nothing to do with your business. One in your business, “Oh, yeah. That was the office supplies.” Another thing is if you do ever get audited by the IRS and let’s say they start asking for bank statements. They want to see proof of things. If you start showing them, like if you have to pull out your personal bank statements and they’re going to see everything, they’re going to start questioning those target transactions.

They might, you know, “Okay, well let’s see. You’ve got five-target transactions. There is none – how can you show me that this one truly was the business expense?” Well, hopefully you have your receipts saved, because they’re going to want to see that.

If you don’t, how can you justify that to them? How can you ever prove that these were personal and this was business? It’s going to be really hard when they’re all jumbled together. Yeah, I think that’s a big mistake that I see. It seems a little intimidating, or sometimes it seems like too official to go and get a add bank account that’s for business. Don’t make it more than this. Just open up another bank account, specific it for business and use it as that. Then that way you can do your tracking, your bookkeeping and everything from that account.

[0:38:12.8] RP: So good. Yeah. I have two piggyback questions off of that. These are questions that I actually ask my own bookkeeper at some point in time. What can officially be put on your business card, or what is a “business expense?” That’s my first question. Then the second one is do we need to save all of our receipts from Target?

[0:38:34.0] ST: Anything that has to do with your business, as far as what can you use, like what can you use your business account for, think of anything from starting out, subscriptions, maybe the website, hosting, maybe you hire someone to do your website. Think of anything that it really takes to run your business and you can use your business account for that paying contractors.

Anytime that money goes out and you can say, “Okay, that truly was for my business.” Maybe you went and met a potential client at Starbucks, put that on your business card. Now if you’re driving past Starbucks on your way to your studio in the morning, that is not really a business

expense, so that's something that I would say put it on your personal. Don't put that on your business. If it truly is a business expense, that something is being done through and in your business with that purchase, then you can use that account.

Then your second question was – is about do you need to save your receipts and how long do you save them? Yeah, so your receipts if you ever get audited, the IRS definitely is going to ask receipts. If you get out of that, there is going to be – there's some reason behind it, right? More than likely, they're going to ask to see some receipts.

The great thing is that they will accept digital receipts now. I am not a paper person. I use notebooks every day. I'm that type of paper person, but I can't stand just keeping little receipts and folders and things. For me, I'll just snap pictures of receipts and save it to Google Drive. Yes, you need to keep your receipts. If it has something to do with your business, keep your receipts and you're supposed to keep them for seven years.

Go digital if you can. If you're making purchases online and you're getting e-mail receipts, either make a folder in Google Drive and send it there, or make a folder even in your e-mail that is business receipts and put them there. Then for things like Target purchases where you're getting a physical receipt, just make it a habit to, "I'm going to go get in my car, snap a picture and then upload it to Google Drive or something like that."

Like Christina mentioned, she uses Shoebox. That is like think of, you know a lot of people will say – I still have clients that will come and say, "I have all these receipts in a box. Now what? What do I do?" That's what Shoebox does for you. It allows you to just collect all your receipts, throw them in an envelope, send it off to them, they'll scan them in and make them digital for you, so then you have them that way. Whatever works for you, but definitely any money that's flowing out for your business, keep that receipt.

[0:41:15.9] CS: The minimalist out there are going to love Shoebox. I think we probably have an affiliate link, because that would be cool if we could throw that into the show notes for you guys and get you 5 bucks off or whatever.

Yeah. I love it. It's such a great service. They just send me this magic blue envelope they call it and I throw all of my receipts in there. I save them all in my wallet, so any time I go out to lunch or grab a coffee with a potential client, or go to Target and buy stationery which is every day, I save that receipt and I put it in my wallet. Then about once a week, I just dump it all out, dump it in the magic envelope and mail it away. It's like pre-sealed, prepaid, I don't have to do anything. It's mindless. I just put it in the mailbox and it all shows up. They scan it digitally and then Jessica who works for Stephanie goes through it all and adds it and connects it to my credit card and bank statements, so that we know, "Okay, this \$250 was spent on whatever at Target." So we can connect that really easily.

Yeah, I haven't even asked. I'm curious, is there anything else that you can do to protect yourself against an audit, like should you buy audit insurance? Is there anything besides just keeping good bookkeeping records and staying organized as a business owner? Is there anything else you can do to help yourself?

[0:42:32.3] ST: Yeah. I mean, I just feel like you never know, right? I mean, I've had clients get audited for weird things. I think sometimes we think audit and we picture someone from the IRS coming knocking on our door and sitting in our office with us for days. Or maybe that's just me, because when I worked in corporate that is what it would be. But an audit could be so simple.

It could, like I was talking to someone a couple of months and she was audited this past tax season just because, I guess you could say they didn't believe that she was really being reimbursed for some of the things that she was saying she was being reimbursed for.

Some of the expenses, because she is a nomad and they were just like, "Come on. Show us proof of this." It was all done through e-mail. The audit was done through e-mail. You really just don't know, but she had the receipts and could say, "Yeah, I did do this. Then they did reimburse me and here is all of the proof."

If you're organized and you're keeping that, that audit could be really simple. There might not be a way necessarily to get around something like that, but having everything just – it made it really easy for her to just say, "Oh, okay. Yup, I'll send you those receipts." Super easy. Very low stress.

Then I would just say tracking from day one is going to really reduce the risk of being audited. I think I'd feel comfortable in saying, because if your tax return is nice and clean and there is not a lot, like in the miscellaneous expenses and you've really a few line items of detailed expenses and can really show proof, I think you have less of a chance of being audited, because it's red flags. That's the thing with audits. We don't know what that red flag is going to be, but being prepared and having everything there is going to make it so much better.

[0:44:24.3] CS: Totally. Yes. I would say a 100% to hiring somebody to help with you with this once you get to that point in your business.

[0:44:30.2] RP: Go find Stephanie. Another plug for people who understand creative business, because a lot of the local people that I talk to who are bookkeepers didn't really understand what was actually an expense and what was personal. I was like, "No, this is all for my business." Having people like you understand, like we have some weird things that come up in our businesses and we need to get rid of them. Things for stock photos and like, while being rate for that.

[0:44:55.7] RP: Try explaining online courses to anybody who is not in this industry and it's hilarious.

[0:45:00.2] CS: Yeah, exactly. It's like, that's not an expense. I just really appreciate people like you who are left reigned, who can't take care of people's business finances and give us the peace of mind, to be able to keep running the businesses that we want.

I just wanted to ask you a question about are there any CPAs in the creative space that you trust that – I mean, you don't do that work, right? Do you partner with any, or any that you'd like to plug?

[0:45:24.6] ST: Yeah. A couple that I've worked with consistently; Amy Northard, CPA. She is the accountant for Creatives. I would say 80% to 90% of my clients probably use her to do their taxes. It's so seamless and – She is also one that gets Creatives, right?

It's so true, because I've had so many clients come and say, "Wow, I just feel like you didn't throw any big words out there. You knew what Shopify was, or you knew what Squarespace was and you knew those square transactions were, because sometimes you probably can relate to this Christina, dealing with old school attorneys. There is old school bookkeepers and accountants and CPAs out there that are like, "What's this online thing? What is Shopify? What is that?"

Yes, Amy Northard she's amazing. She gets it and she makes her tax return pretty, which is just so amazing. If you have a bookkeeper, like she'll work with them and we can just interchange information, things like that. Then Drisa is another one that I've been working with. It's called DAC Advisory. She's out in California. Amy is in Indiana, Drisa is in California. They both work with anyone from all over the US though.

That's another thing I'll just throw out there is I think sometimes, like you said Reina, like talking with local people first. That's like, "Oh, they don't get me. They don't understand this." That's like the greatness of technology these days, right? We don't really have to have someone right in our local area. If you have someone local, that's great. If not, you can reach out to anyone. If you're in the US, reach out to anyone in the US. They can do bookkeeping, or tax returns anywhere. That's really cool too.

[0:47:17.2] CS: Yeah. This doesn't have to do with that. I think everything you just said is true, but I wanted to just give a quick little anecdote, earlier when I was at 90 Day Year Live in San Diego earlier this year, it was interesting because I went to the tax and bookkeeping discussion and there were about 50 of us that were in that little panel.

The guy that was leading the discussion, his name escapes me, but he was great. He asked us to stand up if we had ever been audited. About nine people out of this 40 to 50 people, they stood up. Nine of them did. Then he asked, "Please sit down if you owed the IRS money." Only one person kept standing and he asked, "How much did you owe the IRS?" The person said, "Actually, it was about even. I didn't owe really anything, but like 20 bucks or something."

I thought that was encouraging, and that if you do get audited, it's probably likely that you're not going to owe the money to the IRS at least anecdotally. I don't think it's something to be scared

of. It's just something to accept and maybe budget sometime our money for and just expect that it's going to happen. When it doesn't happen, take that as a little bonus, or a little blessing every year. Just a little anecdote.

We wanted to wrap-up and be mindful of your time, Steph. Can you tell us when you're looking ahead into your Creative Empire, what do you see?

[0:48:38.6] ST: I see us helping more and more creative businesses. Like I said, we love what we do, love to work with Creatives. I really want to help as many as I can. I think one thing that I really want to put out there is I know bookkeeping and accounting, taxes, all of that does seem intimidating.

Hopefully, like I said in the beginning, hopefully you see from this conversation it really doesn't have to be. I want to just make that known, is like you know what? We're here for you. We're on your side. We might be different. I might be left brain, you might be right brain, but we can still work together really well.

I really want to have every creative business out there know their finances, be able to have everything in order and organized and just not be stressed about that anymore, because I'd say probably be safe to say 10 times out of 10, every new client and every person that calls or e-mails us, they're just stressed and overwhelmed by the bookkeeping and accounting. It doesn't have to be that way. We want to be the people to help with that. We want to be the people to ease that stress.

[0:49:47.7] RP: Where can everybody find you, or if they're looking for DIY options, your blog is a great resource. Where can they find that blog?

[0:49:55.2] ST: Yeah. steadfastbookkeeping.com and you can find our blog there, and there are tons of DIY things there right on our homepage. At steadfastbookkeeping.com, you can download our creative entrepreneur's bookkeeping guide, which I've talked about the who, what, when, where and how of bookkeeping. It answers tons of questions and it's not boring, I promise. It's pretty to look at. Whether you print it or whatever you do, it's a free download.

Check that out. It is so much information. It's really pretty. Then you can find us on Instagram where we give tips too @steadfastbookkeepingco.

[0:50:32.9] CS: Thank you so much for coming on the show today, Steph. Everybody listening, go do your bookkeeping and build that Creative Empire.

[END OF INTERVIEW]

[00:50:42.0] ANNOUNCER: Are you ready to build your own empire? For more information, show notes, downloads, and tips on how to do it, head to www.creativeempire.co, where you can find out more about this week's episode and the two lovely ladies behind it all, encouraging you to build your own creative empire.

If you enjoyed this week's show, it would mean so much to Reina and Christina if you could take two minutes to go to iTunes and leave a review. It's a little thing that makes a big difference for the show.

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