

TRANSCRIPT

On Your Terms



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Episode #: 169

Profit Pillars, Business Expenses, and Resourcefulness
[Interview with Parker Stevenson]

Sam Vander Wielen:

Hey, and welcome back to On Your Terms. I'm your host, Sam Vander Wielen. I am so excited to bring you today Parker Stevenson, because Parker runs Evolved Finance, which is an accounting firm that helps entrepreneurs build profitable businesses, it spreads financial literacy, they perform bookkeeping and tax services. So, I'm just really excited because I know that these episodes in particular are always so helpful to you.

And I thought that we got into a lot of stuff today that I didn't get to cover when I had our little resident CPA, Keila, from Little Fish Accounting on the podcast before. I'll link to that episode down below, just in case you're looking for another resource on taxes and budgeting and business expenses for your online business.

But I thought that this episode was really cool because - let's just put it this way, Parker works with some of the biggest people in our industry. He has worked with hundreds and hundreds of people in the online business industry, so I think it's really cool because he has a lot of data and perspective as to what he's seen go on in our industry, what people who are typically successful do and don't do. So, I got the opportunity to ask him a lot about that.

I particularly wanted to ask him, for your sake, about what he thought people would tend to waste our money, where do we waste our money, how do we make purchasing decisions in our businesses, what should we be spending more on, what should we be spending less on, what are some of the big financial mistakes that he sees people make in their businesses. And I got to even ask him if people don't have a lot of money yet in their business, how do they invest in their business while also wanting to grow it. So, we talked a lot about that. We talked a lot about resourcefulness, adjusting our expectations. We talked about how to pay yourself and so much more.

So, I'll let you get into the episode. Keep in mind, if you've not been listening to the podcast, if you haven't listened to the podcast before or if you haven't listened to some of my recent guest episodes, at the end of the episode - after I interview Parker - I'll be back on here with you to share my big three takeaways. I had so many takeaways. It was hard for me to pick just three. But you're going to want to listen all the way through so that you can hear those at the end.

So, without further ado, I'd love to welcome Parker Stevenson. Parker is the CEO of Evolved Finance, an accounting firm that specializes in helping online entrepreneurs to build more profitable and financially stable online businesses through their bookkeeping and tax preparation services. For over eight years, Parker has been advising some of the top coaches, course creators, influencers, and thought leaders on how to make more sound business decisions using their financial data. Let's welcome Parker to the show.

Well, hi, Parker. Thank you for being here.

Parker Stevenson:

Sam, thank you for having me.

Sam Vander Wielen:

I'm so glad you're here. Will you introduce yourself to all the lovely people and tell them what you do?

Parker Stevenson:

Sure. My name is Parker Stevenson. I'm a Co-Owner and CEO of a bookkeeping and accounting firm called Evolved Finance. We serve online business owners exclusively with their bookkeeping, tax preparation, and tax planning needs. We also throw in a nice little dollop of financial literacy, and some money coaching, and business coaching with our services as well. We've been doing this for about nine years now.

Before that, I've worked at Adidas America for about five years. I was a musician before that. Very weird career path, but here I am running an

accounting firm with my business partner, Corey, who's the founder of the business. He's been doing it for 12 years. And here I am talking to you, Sam, about small business finance.

Sam Vander Wielen:

Yeah. Not weird at all in my opinion, because I think, well, first of all, it makes you unique, but also I'm actually writing about this a lot in the book that we were just talking about. I'm writing a lot about how your windy path ends up contributing so much, so I'm sure it's helping you every day.

Parker Stevenson:

Tremendously.

Sam Vander Wielen:

Well, that's really cool. We're trying to come up with a term, like a word for the people who listen to my podcast, On Your Terms, and I have personally recommended the Terminators. But I don't think that anybody else likes it other than me. You guys can let me know.

Parker Stevenson:

I'm huge of a huge fan of that.

Sam Vander Wielen:

Thank you, Parker.

Parker Stevenson:

It's just so unnecessarily aggressive, which I think is what makes it so charming.

Sam Vander Wielen:

It's just hilarious because I was like, "I can't come up with anything." So, for the Terminators out there - now, I can't say it with a straight face, though - what's something that you wish that they knew earlier about their finances?

Parker Stevenson:

It's so simple. Like, really, this isn't going to blow anyone's mind. Just pay attention to it. I mean, by the time our clients come to us at Evolved Finance, they already have six figure businesses, some of them may even already have seven figure businesses, and it's just so obvious that they didn't want to look at this part. They pushed off really creating some financial systems, looking at their financial data, thinking about their businesses from a financial standpoint. They just pushed it off as far as they could until it got so painful and it was so obvious it was an issue that they now finally had to play all this catch up in terms of learning about this side of their business.

So, I think just not avoiding it, which is a big part of what our book is going to be, is going to be that starting point for online business owners, whether their business is just beginning or their business is already generating lots of revenue. They at least have that stepping stone towards What am I supposed to do here? How does this work?

But aside from that, some more tactical pieces, I think, a lot of business owners don't separate their business and personal finances early enough. I mean, again, if you're a seasoned business owner, you're like, "Well, duh." But it's not no duh. If no one's told you to do that or you don't understand the importance of that, it's such an easy thing to just go, "Well, I'll just run everything out of one bank account." And that causes a lot of complications in a lot of different ways.

So, I think just getting that separation, really understanding your business and your personal finances are two very different things, which we can talk more about if you want, Sam. And then, just starting to accept you now have this new financial responsibility as a business owner. You don't get to just collect your paycheck and go pay your bills. Taxes are already taken out. You have this new level of responsibility similar to, I think, what you teach, Sam, you have this legal responsibility, you have this legal perspective you have to think about as a business owner now that you wouldn't have to worry about if you just worked for someone else.

So, I think the same thing on the finance side is just understanding there is that extra responsibility, but also understanding that being able to

look at your business from a financial standpoint is a super power. It's an advantage. It's a really useful and really powerful tool to understanding your business better, to making better business decisions, to being more like a CEO, to reduce stress around your business by being able to plan better and see your business for what it is, build your confidence as a business owner because you're not ignoring a significant part of your business, which most people do with their finances. So, there's so much benefit to that. But separate things, pay attention to your numbers. And wherever you need to begin, start building some financial literacy so you can really understand what your responsibilities are as a business owner.

Sam Vander Wielen:

Absolutely. Yeah. And you're preaching what I'm teaching here all the time about separation. I'm talking about separating finances all the time. And how this is one of the things as a practicing attorney, I used to go after people in their companies for because I would look at their books and see that they were co-mingling, and that's what allowed us to pierce the corporate veil. Even if somebody had an LLC, we'd be able to go after them individually. Of course, these were always high worth, high net individuals, so it made it a little tastier than most of us. There was usually a reason that they were hiding behind this thing. But I'm glad to hear you backing me up on that.

Why, though, do you think that so many people do ignore it? Like, how are they able to build businesses to six or seven figures and ignore it? And why are they doing that?

Parker Stevenson:

I think just because online businesses are a little almost like nebulous. You're just floating around on the internet selling digital products. All of our clients are either selling digital products or services. None of our clients are selling physical products. So, you can just start selling some things online or start offering some services online even if you have a fulltime job still or a part-time job. And just kind of all of a sudden, you're like, "Holy crap. I have a business. This thing is making money."

So, what starts out as a side hustle or a hobby or an experiment can quickly turn into like, "Whoa. I'm selling things. I have an audience. I have customers. I'm making money." But yet, you don't have an office space, you don't have a garage full of inventory you're trying to dump. It can feel almost like it's not really tangible because it's so online, that I feel like for some of our clients, it almost catches them off guard, like, "Whoopsie. I'm a business owner now and I'm making a good amount of money."

But I also think it's just a lack of financial literacy. It's what our first two chapters of the book I'm writing is kind of about. I went to business school. I was a marketing major, so I wasn't a finance major. I took accounting classes. I took finance classes. They taught me none of the things that small business owners need to deal with. It's all corporate level financial skills.

So, a lot of the times our clients don't really have business backgrounds, definitely very rarely have any finance backgrounds. Even if they do have finance backgrounds, it's in corporate finance. So, you get in this world of not just small business but online business, and you're like, "I don't know what I'm supposed to do." A lot of the time, your accountant is not very helpful. Bookkeeper is not helpful because they're not online business experts.

So, it's just not easy to find this information to learn about this side of your business, which is a big kind of mission of our firm and of all finance is to not just provide service, but to educate, which is why I come on podcasts like this and why we have our own podcast. But it is a little bit of online businesses don't feel as tangible, but also who's going to tell you all this stuff? If it wasn't for us, for our clients, I don't know where they would learn about it.

Sam Vander Wielen:

Yeah, absolutely. Yeah. I totally agree with you, too, by feeling like sometimes there's nothing substantive to hang on to in your business. I felt a little like I was getting away with murder in the beginning. I remember I can just post something on my website and it's for sale and then someone buys it. And then, this money that I never actually physically see

just gets deposited into my PayPal account, which I then just magically transfer over to my business bank account. It just all feels very weird and hands off. And you don't know the people. You don't see them. Yeah, it's really, really bizarre, so that makes sense.

Parker Stevenson:

That is a really good example. We actually had a client, potentially someone you would even know, she's been in the industry a long time. And when she reached out to us many years ago for bookkeeping support, she's like, "I need you guys to just help me because I had the biggest launch of my life. I had all this money coming in. I didn't know if it was okay. I literally paused my launch because I felt like there was too much money coming in and I didn't know what I was supposed to do with it, my tax, how any of this stuff works." And that anxiety was real, similar to what you said, there's just this money coming in and is this okay?

What she didn't know, that knowledge gap was paralyzing to her to the point that she stopped the money coming in because she wasn't sure what am I supposed to do here. Obviously, she got that figured out. She's never paused a launch again. She's very comfortable with making lots of money now. But it is very surreal and very murky.

Sam Vander Wielen:

Yeah, absolutely. And this is something that our listeners are very used to hearing from me about how I actually think that not having this stuff in place, not being financially literate, not being legally literate a little bit in your business, just knowing the basics of what you need to do and taking those steps actually leads to stunting your business growth, because you get so afraid of what you don't know that you freeze. And then, you're like, "I don't know if I can sell. I don't know if I should be on social media. I don't know if I can say that. I don't know if I can write that email. I don't know if I should do that launch," and it's scary for them to put themselves out there. So, that makes sense to me.

You said earlier, too, that you think that knowing your numbers is like a superpower and it's an advantage to people who do. How do you think it helps us to build our businesses?

Parker Stevenson:

Well, you're talking about your business feeling a little nebulous. Your numbers make the business more concrete. It makes it more real. Create structure to what you're doing. And I think especially for so many of our clients, people with online businesses, they think mostly from a marketing and sales standpoint, which is important. If you don't have a business that makes money, you don't really have a business. You have an expensive hobby.

So, it's a really necessary first skillset to learn Where are my customers and clients? How do I find them? How do I get them to pull out their wallets? How do I serve them and give them a great experience? So, there's all these things that are happening that start to feel like your business. But in reality, it's just a very small subsection of your business versus your numbers paint a picture of everything. Because the point of your business is can you make more money than you spend so you can turn a profit. That's it.

I know in the startup world, and all stuff I'm going to be talking about in the book, there's this like they play games, where, Are you trying to make a profit? You're not really generating revenue. You're getting investors to give you money because they feel like your business has value. So, when you go public or you sell the business, then you make your money off the value of your business.

What I love about online businesses, there's none of that BS. It's Do you turn a profit or not? If you are going to build your wealth from your online business, it's going to be because you're turning a healthy profit, which margins in an online business can be real good. That if you can see your business from that numbers perspective, which if you have great bookkeeping, you can get the financial reports you need. If you can build some ability within your business, whether it's you as the business owner or someone on your team to do a little forecasting and budgeting for the future, what do we think this business is going to look like in the future? When you combine your bookkeeping with a little bit of future forecasting and budgeting, you now really have all the tools you need to go where do I need to put my time and focus in the business to make more money?

It's going to tell you if there's issues in your business. It's going to show you where there's opportunities. It's going to inherently make you think more strategically. It's going to be a key reminder about the fact that you are doing things in your business so you can make money. Not for insert one of the many distractions or reasons that pull us away and make us sometimes forget, "Oh, yeah. There's a simple game I'm playing here, drive revenue for as cheaply as we can so we can turn a profit."

And I always like to just say that doesn't mean being cheap with your team, it doesn't mean screwing people over, or anything like that. You make money, chances are your team is going to have more opportunities, they're going to make more money. You're serving more customers. So, I don't want any of this to come across as greedy, especially because so many of our clients are very heart centered business owners. But the name of the game is to turn a profit, and it's so much easier and so much less stressful to do so when you have financial data to look at. And I can assure you, every CEO, every executive in a big successful company is making decisions based off of some sort of financial data.

Sam Vander Wielen:

Yeah, absolutely. And it tells me what lever I need to pull. I know exactly what lever I want to pull based on what I see going on. And I know now with enough confidence and data to be like, "Oh. If I pull this lever, then this will happen." And it pretty much works that way nowadays.

But that started early, right? Because I imagine a lot of people who are listening to this are thinking like, "Well, that's great. I don't have any money yet or I don't have very much money yet," but it does start early. You would suggest people start familiarizing themselves with this even when they have a little less in their bank accounts, right?

Parker Stevenson:

I mean, there's no better time to understand the basic principles of how money moves in and out of your business than when your business is small. Because then as your business grows and gets more sophisticated, you're there along the way. So, you're seeing it change and grow. You understand

the story behind it. You're watching the evolution happen. So, you're learning as the business is growing versus, again, if you kind of put your head in the sand and now all of a sudden your business is generating, let's say, multiple six figures a year in revenue, and now you're like, "Oh. I got to get in here and understand it."

It's still very doable to do it, but you just have a little more catching up to do at that point versus even if you're just doing your bookkeeping in a spreadsheet going, "Here's how much revenue we brought in this month. Here's what my expenses were." Easy. I mean, that's really what finance is. It's no more complicated than that at the core level. And so then, again, as you make more money, more things start to happen. When you then need to maybe bring in a bookkeeper, your accountant can start doing more sophisticated things to help you save money on taxes. Again, you're building on a foundation of knowledge instead of going, "I have no foundation and now I got to learn everything from scratch," and then that pushes some people to put their head in the sand even more deeply. So, it's never too early to get started and it's usually going to benefit you more so down the long run the sooner you get in.

Sam Vander Wielen:

Yeah, I'm glad you said that, because I always say the same thing about the legal side where I'm like, "Use this time now while your business is not that busy." Like everybody keeps saying like, "Oh. I don't have enough to do it yet or I don't have enough clients." I'm like, "That's why it's a perfect time. It's like cleaning before guests come over. Not when everyone's here, it's too late already." So, we need to do this now, I like that idea.

What are the top three things that we can do to set ourselves up for financial success, even maybe before our bank account necessarily reflects that financial success?

Parker Stevenson:

Yeah. I mean, it really depends on where you're at in your business. But I think we kind of covered it already in terms of separate your business and personal finances. I think build a personal budget. I think a lot of people

underestimate how much their personal finances have a big impact on the business. The more you need to pay yourself to cover a large personal budget, especially in the earlier stages of your business, the less money you have to keep in the business to invest back in the business to help it grow.

And I think getting your personal finances in order is great practice at thinking more financially because your business is really just another financial risk. It's the same as your personal finances, it just obviously gets a lot more complicated. But again, your responsibility as a business owner is, "Okay. Not only do I have to take care of my personal finances like everyone else does, now I have to make sure that the thing that pays me is actually making enough money to pay me and my team and cover all the other expenses." Versus, you're not worrying about - I mean, technically, yes, you can worry about if you work for someone else, if they are financially solvent and your paycheck is going to clear. But there's a finance department that makes sure the business is financially healthy. You're just doing your thing. You get your paycheck. It's super easy. So, your personal finances are like the gateway drug of finance. Get your personal finances in order. It can help you with your business.

And then, the third thing I would say here is do not let anyone tell you, you should do your own bookkeeping or your own accounting. Because similar, I'm sure, to the world of law, there's always a business partner or an aunt or a neighbor who's like, "Oh, yeah. No, I can do that for you. I can do your books. No, I'll file your taxes. Your business is small, it's easy." No. What I always recommend is if you can't afford a bookkeeper yet, manage your books in a spreadsheet. When the spreadsheet becomes too overwhelming for you to manage, that means it's time to hire a bookkeeper, because it means there's more transactions going on, there's more revenue, so then you need a bookkeeper to actually do it right.

But taxes, if you have a business, there's never a time where I believe you should be doing your own taxes or someone's doing your taxes for free. Unless your spouse is a CPA or an enrolled agent or a tax attorney or something like that, then great. But even then, once your business gets big

enough, I think you should be separating any family, even if they are accountants, from doing your taxes anyways.

So, again, cost of doing business is the responsibility you have as a business owner. Find the experts you need to help you with the parts of your business that could put you in jail. And the one part of your business that could put you in jail is the tax side of your business and your financial processes. Your financial systems have a huge impact on your ability to pay your tax as well. And tax is just complicated, I have a lot of opinions about that as someone who's not an accountant, but deals with the world of accounting. But the reality is the American tax code is complicated, you need someone who knows how to do it right, can file it properly, and is taking some responsibility when they sign off on your tax return that I did things right, I told the client, and take some responsibility off of you as the business owner.

Sam Vander Wielen:

Absolutely. Yeah. You and me, Parker, we could start a church together. We could trade off on what week do you want to give the business sermon.

Parker Stevenson:

As long as the word Terminator is in the church name somehow, then I'm in.

Sam Vander Wielen:

Well, it's The Church of the Terminators.

Parker Stevenson:

Sam, say no more.

Sam Vander Wielen:

I say the same stuff everyday. I'm just like, "Oh. This is nice. Finally, I don't have to be the bad guy." Maybe you and your wife are like this, like, "You take it. You be the bad guy today."

Parker Stevenson:

I'm a very friendly, jovial person, but I'm very used to being the bad cop, so it's very comfortable.

Sam Vander Wielen:

I feel like I need that because sometimes I'm like, "I'm telling you guys, you got to separate and you got to do this, you got to do that." So, yeah, I'm happy to hear.

I really like that idea of looking at your personal finances. I never thought about it like that because you're right, I mean, I could see so many people are just thinking how much money do I need to generate to cover my business expenses. But then, everybody always hits this roadblock where they're like, "Oh, wait. I can't pay myself," and they really freak out about paying yourself. I'm going to ask you about paying yourself in a little bit, because I've had a few episodes on that before for myself, and that's a very popular topic.

But I wanted to ask you what tips you have for somebody, because I feel like I hear from people a lot who say I don't have money yet to invest in my business, but I also want to grow it. And I see a lot of people who are kind of stuck in that cycle of I'm waiting to spend money on my business until it grows. To me, the subtext is always but it's not growing because you're not spending anything either. But I'm also not a proponent of people out spending their means. So, yeah, I was just wondering what tips you have for people in that position.

Parker Stevenson:

I think there's two kind of ends of the spectrum here. Just to give everyone some context, I've been behind the scenes of hundreds of online businesses, looked over a gazillion profit and loss statements. I've coached many business owners around making business decisions, understanding their numbers, helping them problem solve in their business. So, I don't say any of this just as a theory. I mean, it kind of is a theory, but this comes from experience dealing with people.

There are some people who are going to lean on a spectrum of "I'm going to bet on myself. I'm going to spend money. I'm not worried about taking on risk." Those are people who are willing to put stuff on a credit card, that I know I wouldn't do. But they're comfortable with doing that and are

willing to take on debt and borrow money from family or spend their life savings to get their business going and off the ground. It's not what I would do, but it's the thing you can do depending on your risk tolerance.

On the opposite end, there's kind of what you described, the people who are like "I don't have any money. I'm not going to take the risk other people want to take a risk on. I'm just going to feel stuck here." And so, there's obviously a big range in between those two extremes of where you can kind of figure out what makes sense for your business.

Now, I'm going to be honest here, I don't feel a lot of sympathy for people around this because being an entrepreneur is about being resourceful. You have a certain amount of resources available to you. You can think about, "Well, other people have other resources I don't have." Cool. How is that helping you to get to where you want to be? You look at the resources you have and you make a decision around what's the best way to utilize these resources so I can get to where I want to be. If you feel passionate about what you do and you believe in what you do and you are someone who's going to take action, it can just be time.

An online business doesn't need a huge investment for property, for inventory. You don't need to hire a staff before your door is even open. It can be you with a website and some email software and you go and make stuff happen. And so, I think from what I've seen and what I know about what it takes to start a business, there are so many businesses out there where you need to spend tens of thousands, hundreds of thousands, millions of dollars to get a business off the ground. And the types of businesses our clients start, you're talking about a couple hundred bucks a month.

If you need to go get a part-time job so you can afford to invest in your business, cool, do that. If your business needs to be a side hustle while you're still working a fulltime job, cool, do that. There's no roadmap. You figure out what's best for your situation. You figure out what risk you're willing to take, because there is always going to be an inherent risk to trying to get a business off the ground. But there's been no better time to do that in whatever way you want to do that and can do that in a way where

there is low risk, where there is safety. The only thing you're risking is your time.

So, so much of getting an online business off the ground is time. But if spending \$50 a month on your email software is not something you want to do because your business isn't making money yet, that level of fear around spending leans a little too far on the risk averse side. And maybe entrepreneurship isn't for you if you're not willing to invest even that amount into yourself.

So, again, assess where you are on that spectrum, and then maybe think about how can I find a way to get more in the middle. And, again, maybe you have to do some mindset work, maybe you need to get more confident in your offer and really test it, take some action. But I don't have a solid answer for everybody, but I do know that I've seen many people start businesses with very few resources and they make stuff happen.

Sam Vander Wielen:

Yeah, I agree. I do think we have to be resourceful and adjust our expectations, like you said. I talk a lot here on the podcast about how one of the bad things of the many bad things about social media is that it has really effed up our expectations of thinking that everybody got to where they are overnight, or that it was easy, or they didn't make sacrifices, and all this kind of stuff.

And so, I'm pretty open about the fact that it took me several years to build up a multi-seven figure business. And when I started, I worked part-time as an attorney. When I told them I was leaving, they asked me to stay and I was like, "Oh. I really want to go start this business," but it was so tempting. I negotiated with them to go down to part-part-time at my full salary for six months because they needed an attorney that badly to fill this role, so that I was making the same amount of money for, like, 15 to 20 hours a week of work. I stashed that up like crazy to build my business. And so, on the side at nights and weekends, I was building up my business. I sold stuff online. I sold stuff on Facebook. I was doing little side projects for people. I was doing all kinds of stuff, literally cashing in

my piggy bank that I've been stacking up. I think that maybe gave me my, like, \$100 to deposit my business checking account when I started.

So, I just think people don't share those examples sometimes to expect that this is all going to happen without any sacrifice is just unrealistic, in my opinion.

Parker Stevenson:

Yeah, I agree. It's a little bit of tough love, I think. But there's just so much exposure to entrepreneurship and so many people who think it just sounds so cool and it's something I want. But it's like, "Well, how much do you really want it? And do you have skills that are going to allow you to be an entrepreneur?" And, again, I think resourcefulness, perseverance, it's so freaking cliché, but it's true. I almost exclusively speak to entrepreneurs throughout my workday, and all of them, all of them have built six, seven, or even eight figure businesses and they have all those qualities, they went and made it happen.

But I think it's also important to understand your journey doesn't have to match anyone else's. You figure it out in whatever way makes sense for you. I don't care what another business coach says you should do. If you know what your resources are, you know the skills that you possess, the abilities that you possess, you piece those together however it works for your business, and just getting started is half the battle. And if you figure out whatever way you need to, to get started, you're further along than where most people get.

Sam Vander Wielen:

Yeah, absolutely. And I often remind them that building a six or seven figure or 89 figures - I often joke - business is not objectively the best thing. If what works for you, your business does something and it fits into your life, or supports a better lifestyle, or you're just doing good in the world - God forbid - I don't know, that's fine. It doesn't all have to be this.

And there's a lot about what I do, I often tell my friends, I get messages from people a lot being I wish I had your business. And I often think you

wish you had the result of my business of what you see, but I don't know that you wish you would have done all the things I had had to do along the way. And there are a lot of sacrifices, a lot of things that were given up, a lot of betting on myself, a lot of not knowing if that investment was going to be worth it, and all of that kind of stuff, really pushing for myself.

And, I don't know, I just recorded a podcast episode yesterday, actually, about wanting the outcome of stuff. I gave the example of looking at Serena Williams and being like "I want to be Serena Williams. I just want to be on that court playing like her, winning like her." But you would not have wanted to be Serena Williams waking up at 4:00 in the morning, working out, getting the injuries, the feedback, all of the stuff, the attention. It's hard.

Parker Stevenson:

Sam, we could talk on a whole other podcast about this because I have so many thoughts and theories about sacrifice for results, because I can assure you I wouldn't sacrifice to be Serena Williams or Tiger Woods or Michael Jordan, or whoever, whoever is truly the best at what they do. And I've seen what people give up to have certain careers, to have businesses of a certain size. And, again, I think you can't see those sacrifices.

And a lot of business owners don't always talk about those sacrifices, because the people who have made them don't have coaching businesses. They're just running their successful businesses now. And the business coaches that do talk about business development typically aren't going to talk a lot about their own sacrifice because they don't want it to sound so hard. Which I don't blame them because you want this to feel accessible so people can take the shot, but you have to take your steps.

Like it took nine years from when I started the business to now to have all the things and all the results that Corey and I have been able to create for Evolved Finance. But I wouldn't have changed the journey at all. It's 100 percent been worth the sacrifice, but it's been our sacrifice, our decisions, our ups and downs. So, it's like, of course, I'm willing to do that because it's mine. But you can't compare what's your path with someone

else's path, because you may not be willing to do what someone else did with their circumstances to do it. So, figure out your own path, figure out what works for you, and that's all you can really do.

Sam Vander Wielen:

Yeah, absolutely. And I mean, especially here in America, we've prioritized money as being the ultimate thing. But that doesn't have to be true for you. And it can also be true for you and that's fine too. I'm just kind of open to all, like whatever you want to do is cool for you, just make sure it's what you want to do. That's all. And not what everybody else is doing because it's what everyone else is doing.

What's something that you think that a lot of business owners waste money on?

Parker Stevenson:

Oh, almost anything. And I don't say don't spend money in your business. You have to spend money to make money. Once you get to a certain point, I think it's more about not what they're spending their money on. It's more about the intention behind what they're spending money on.

We were talking about resourcefulness earlier. The resourcefulness doesn't go away just because now you have some team members, you're making a fulltime income, you got all the things that you saw other business owners have and now you have them. You still have a limited amount of resources. And there is a certain amount of experimentation and taking shots in the dark and just figuring things out as you try to get to each level that you want to get to in your business. But kind of what I alluded to before, there's just a lot of distractions.

There's a lot of business owners who get to a point where they go I don't know what to do next and I'm just going to spend money on things and hope everything works out. I know the word visionary is used a lot for business owners who are the sole owners of the business. And strangely enough, I've met a lot of entrepreneurs who do not have a clear vision of what they're actually trying to build, even though they are "the visionary". So, I think the more you have a vision of what you're trying to build, then the less

likely you're going to spend money on stuff that isn't important for your business now.

Sometimes I've seen clients spend money on things that that's the thing you should spend money on, just maybe that should be two years from now or eight months from now. That shouldn't be your priority in this moment. You should be using that money for something else or saving that money to build up your three months of operating expenses or whatever it may be.

And this kind of goes back to your numbers. Like, if you have clear financial goals for your business within the next 12 months, it's so much easier to make sure you're not spending money on unnecessary things because you go, "This is where I'm trying to get to. Everything else is a distraction. If I spend money on this thing and it helps me get to that goal, then great. If I spend money on this thing and it's not really in alignment with what I'm trying to accomplish this year, then I probably shouldn't spend money on it right now." So, it's that level of focus, intention, clarity. These are all words I think our clients at Evolved Finance want to punch me in the mouth every time I say because I say it so often.

But some of our most successful clients, they have focus, they have clarity, they have intention. And that focus, clarity, and intention grows as the business grows. You're not going to have as much of that in the early stages of your business. It's something that you develop and grow as your business grows. But you have to at least have some sort of plan and direction of where you're going to go. Otherwise, you will spend money wildly, irresponsibly, and ineffectively if you aren't thinking about a plan, being strategic with where you want your business to go. Just going "I sure hope I make as much money as I can," that's a strategy that will only take you so far for so long.

Sam Vander Wielen:

Okay. I like that a lot. So, spending more with intention and with a plan of getting you closer to the goal, which requires you to be kind of clear about your goal, but getting closer to that.

Parker Stevenson:
Having a forecast.

Sam Vander Wielen:

Yeah, exactly. I like that. It's a really silly example. But I was just thinking as you were saying that that I was watching a YouTube video the other day about buying clothes, because I'm somebody who doesn't like to buy a lot of stuff, and I only buy from sustainable brands and all this nonsense. So, I researched a shirt for, like, a year before I can buy it because I'm like, "What's the labor cost of this thing?" So, anyway, I was watching and this girl was saying you should have three words for your style. You should know what your three words are. And when you go to purchase something, if it doesn't fit within those three words, it's like, "Why are we buying this? Does it get you closer to your style vision?" And I was like, that's a really good way of thinking about budgeting for that.

So, I'm kind of thinking about that for the business of like me, I always want to buy everything beachy and French coastal vibes, as I'm wearing my striped shirt. And so, when I look at something, I'm like, "Does this fit? No. That's not getting me any closer to what I want to do." So, that's what I think we should do for our businesses now.

Parker Stevenson:

No, I think that's really smart. And, again, I'm not saying don't spend money in your business. You should be 100 percent confident with every investment you make. That's not realistic. It's not. The Lord knows Corey and I have spent money on stuff that didn't work out and all that. But I will say, the more focus and intention you have, the less likely that's going to happen.

And maybe this is a more satisfying answer, if there is one area of your business that is, I'd say, the toughest to manage and the area you really have to put your focus and intention into, it's team cost, it's labor costs. That is the biggest make or break sort of bucket.

The book I'm writing is called Profit Pillars, and we talk about the four different profit pillars you have in your business, which are essentially

like four buckets of expenses that are all kind of related to each other. That when you look at them in a group, you can gain a lot of insight into how your business is doing, especially when you kind of have metrics to compare, which we give those metrics in the book. But labor cost is one of them. It's your contractors. It's your employees. That is every business, not just online businesses, every business needs to manage those labor costs.

And, again, I think everything we just talked about, about focus and intention, makes hiring a lot easier. So, you're not hiring people to do things that isn't really important in your business right now or things like that. So, a more concrete example would be team costs are a big one. That's one of the trickiest ones to to manage as your business grows.

Sam Vander Wielen:

Yeah, I can imagine. So, if there are four profit pillars and one of them is labor, what are the other three profit pillars?

Parker Stevenson:

So, we would have your Leading Conversion Expenses is the first pillar. These are all the expenses directly associated with generating your leads and converting those leads into customers.

Sam Vander Wielen:

Like Facebook Ads, for example?

Parker Stevenson:

Facebook Ads or Facebook Ad Manager, or even something as basic as merchant fees. If you're selling courses, every course, Stripe is going to take their cut or PayPal is going to take their cut. So, you can see who's taking their cut before the revenue starts to pass down to the other expenses. So, there's very specific expenses under the Leading Conversion Pillar that is specific to online businesses.

From there, it then goes into the Offer Delivery Pillar, which is what does it cost you to deliver your offer to your customers. And so, for online businesses, this could be live event expenses. It could be coaches,

teachers, instructors in your program. It could be the printing and fulfillment for shipping a book or a journal out to a customer who got into your coaching program. Whatever it may be, it's just kind of depending on your business model.

And then, you get into your Labor Cost, what is it costing you to pay the team that's helping you run the business. And then, you have your General Operating Expenses, which are going to be a lot of the smaller expenses that individually don't really make a difference in your business. But when you add them all up into one group, they start to take a bigger chunk. That can be software. It could be your continuing education. It could be your utilities, your legal and professional fees, which is where your services and my services would land on a client's P&L, I guess if you were doing attorney work. So, there's all these other smaller expenses that, again, make a big difference in a business when you look at them all together.

And so, what we do, our clients, we give them a dashboard that breaks their expenses down in a very clean, simple executive way so they can see, like, "Oh. Am I overspending in one of these pillars?" And then, if they are, then they go into their profit and loss statement and go, "Okay. What are the individual expenses that are bringing me to a higher pillar than I really want it to be?" And it just makes the analysis process more structured, more clear and easier to understand.

Sam Vander Wielen:

Okay. That's really helpful. I appreciate you breaking that down. I imagine you see a lot around Facebook Ad expenses or other kinds of social media ad expenses, what are your thoughts on it? People know that I run a lot of Facebook Ads, but I waited years and years and years to invest until I knew if it financially didn't work out that I was fine. It was going to be a blip on the radar and so it was okay.

But because I'm always out there telling people, like people come to me, they spend their last dollar and be like, "I don't know what to do. It's not working. I'm thinking about trying Facebook Ads." I'm like, "No, no, no, no, no, no. I started Facebook Ads when everything was working great and it was like pouring fuel on the fire." So, I imagine that you have a

lot of experience in this, what tips do you have for people about investing in ads?

Parker Stevenson:

Yeah. I mean, I know that there's so many different Facebook experts with different perspectives. From a financial perspective, what I believe to be the prudent path is, if you can't sell your offer to a warm or hot audience like it's shooting fish in a barrel, then ads are not going to solve anything. Your offer needs to be undeniable. The way you communicate and position your offer to your customers needs to be super effective. And that's just, again, to convert a warm or hot lead to a customer, which is the people that are following you on social media, the people who are on your email list, the people you're cultivating a relationship with, and there's been some sort of trust built over time that whenever you do a launch or promote something, it's like, boom, you're selling it. Again, like shooting fish in a barrel.

When I see clients who are like, "Okay," maybe it's just okay results from selling to a warm audience. When they start dumping money into ads, a cold audience is going to be even harder to convert, which means you have almost zero chance of getting a return on investment.

Now, I know there's some coaches and experts that would say, "Well, you know, the way you learn about what your client's want is you run money to ads or you run ads, you spend money, not a lot, but you spend money. You get feedback and data, you adjust and you go, and then you tweak things and then try again, and work your way up from there." If you have the cash to do that, by all means. It can work. I'm never one to say that that's impossible.

But I know from a financial perspective, there's so much you can do as an online business owner to get in front of an audience, to sell. Even just a small group of people and show and prove people want the thing I have to sell. I'm really good at selling it. Now, what if I just had more leads and more people seeing my offer, what would happen? Then, great. Go through that experiment.

But just from what we've seen with our clients, we've seen a huge downturn in Facebook Ads investment from our clients who do have proven offers, who are really good at selling what they sell, because Facebook Ads have gotten more expensive, it's harder to track. So, Facebook Ads are more difficult than ever before to make work.

So, Sam, if you're doing it and it's still working for you, congratulations. You are the elite. You are one of the business owners who's still been able to make it work for their business even with the increased costs and the more difficult [inaudible].

Sam Vander Wielen:

It's not as good as it used to be, but it's still working plenty fine. But the heyday, I think, is over or over for now, I don't know if it'll come back. But are you seeing people invest in something else instead? Like, are you seeing a trend?

Parker Stevenson:

I've had that question so many times, I feel like, in the past couple years. And the answer is not really, like nothing. When Facebook Ads started working, it just went whoosh across all of our client's business. Everyone was doing it and obviously having success to varying degrees. But everyone's like, "I'm going to ramp up my business and increase my revenue." And it worked for some of them.

But now, I think it's kind of gone back to the drawing board. It feels a little more like it's 2015, 2016 where it was like people weren't really dumping a bunch into ads. It was an organic growth. It was content marketing. It's social media. It's maybe a little bit of affiliate stuff. It's podcasts. It's the hard stuff, like the stuff that's slow and steady and takes time. But right now, we're not seeing a fast track. And Facebook Ads felt like a fast track. And now it's kind of back to the drawing board of just like good old fashioned organic marketing and patience.

Sam Vander Wielen:

Yeah, yeah. That's kind of what I'm seeing on my end. And it's pushed me to get back to my roots a little, which actually I thought was kind of fun.

But I've always been an SEO person, I kind of built the business on the backs of SEO. Feeling like with what we do in particular is highly Googleable and so I was like I'm going to go with that, try that. And so, this has only pushed me to go back to that even more, which I think it's kind of coming back to the thing that's always worked for you all along. Like, you've gone out, you tried the hot new thing, and then you're like, "Oh, shoot." Just the good old fashioned old stuff, it works really well.

Parker Stevenson:

Well, yeah. And that's kind of part of business ownership. There's going to be trends in marketing. In marketing, there's going to be shifts in the marketplace. Lord knows the pandemic forced a lot of our clients to be resourceful and solve new problems they've never had to solve before. So, that's kind of what we sign up for here.

Sam Vander Wielen:

Maybe you feel like you've shared a bit about this already, but what do you think are some of - I guess it's always helpful to summarize. And if any of the Terminators are like me, sometimes you have to hear things a few times. I'm really going to work this. I'm just going to force it.

Parker Stevenson:

I'm going to stop laughing. I'm going to stop laughing every time you say it, because I want this to happen and I want to normalize it for your audience. So, whenever you say Terminator, I'm going to be straight faced and go, yes, that is the name of your audience. There's nothing humorous or weird about it at all.

Sam Vander Wielen:

I'm super visual, so I can't stop picturing the logo design of the Terminator who wants to build her business or their business. It just is in my mind now, and now I can't get rid of it. It's like the cozy version because I'm a super cozy person and I'm like, "This is the cozy Terminator version. You know, the one who carries a wool blanket and has slippers on. That kind of Terminator."

Parker Stevenson:

I can get on board with that Terminator. That sounds much more inviting than the one with massive guns.

Sam Vander Wielen:

Yeah, not that one. I hate guns, so that's not going to work for me. So, we're going to have to have other stuff. So, maybe the Terminators want to hear this again, but just if we could tell them some of the mistakes that you see happen most often. I guess what I was thinking was you probably have a lot of data on people who are not necessarily successful, what are some of the things that they're doing most often that you're like, "Ugh. Stop doing that"?

Parker Stevenson:

Yeah. I think it seems so simple and maybe this is a little more advanced. But a lot of our clients, I think, get to a certain point with their offers and assume like, "I've made this much money selling the things I sell. It must be good. I just got to keep pushing and scaling it." And aren't willing to go, "Is the way I'm positioning my offers, am I pricing it right? Am I really packaging it right? Am I selling it in the way that a larger audience actually wants?"

Product marketing, like the way you create your offers and what you sell, what comes with your offer, how you price, it's everything. It is everything. Your ability to market. Marketing becomes so much easier if your product is actually put together in the right way, at the right price point, for the right people. So, really understanding your offer and who it's for and how you're going to position it and how you're going to deliver on it - I know it's kind of a general conversation here that can go in a lot of ways - is so underestimated because, I think for so many of us, we go, "I made the thing and it was really hard to make the thing so it must be good, and there's some people who have bought it."

But it's like you and I are both writing a book at the same time. Our first drafts are going to get torn apart by our editors. Oh, my God. It's going to hurt my feelings so much.

Sam Vander Wielen:

Yeah. [Inaudible] to that part. I'm going to have a good cry that day.

Parker Stevenson:

Well, literally, we just put an ungodly amount of hours, not even just to the book itself, but the book proposal and to submit that and go, "I did it," to go, "Cool. That's step one," or maybe step two. Book proposal, step one. Your first draft, step two. Now, great, we're going to edit the crap out of this, and you got to get ready to launch this, there's all these other steps. Sure, people would read the first draft of your book, but it's probably going to suck. It's not going to get the results you want. And we got to edit this thing. We got to improve it.

So, I think that's something a lot of our clients don't always think about, is, improving their offer, making it better, all the things I just said.

The other mistake I think I see a lot of people do is they just sell too many things. I know that's not as finance-y as people would think.

Sam Vander Wielen:

No, I think it is, It spreads you thin.

Parker Stevenson:

Well, yeah, they think finance is like, "Don't spend money." But it's like, no, it's your entire all encompassing financial strategy, including what are you selling, how many things are we selling, what's the price we're selling them for. And if there's going to be a theme word for today - aside from Terminators - it's going to be resources. And every business has a limited amount of resources. And if you have a limited amount of resources and you're trying to sell eight different things, you're probably going to do a fairly mediocre, if not a subpar job of selling all of those eight things.

Now, imagine if you took all of your resources and got really good at selling one to maybe three things, because I understand sometimes you have a main offer, you might have to have a down sell, an upsell, complimentary. I get it. I've seen so many businesses that I can't just say every business can sell one thing and that's it. But the more you're down to selling, like

you have a flagship offer that your business is focused on selling so you can not only create operational efficiency – which is code word for not spend as much money – on supporting the business selling that one offer, but it just makes your marketing more effective, it helps you to get really good at selling that one thing over and over again.

And then, when you need to add other offers in, complementary offers, it's part of an overarching product strategy that's focused on whether have down sells, whether have up sells, I still know what's the flagship offer, what's the thing I'm trying to get people into. And that level of simplicity is huge. We've seen clients go from struggling to turn a profit in low six figures to hit that seven figure range as soon as they stop selling so many goddamn different things. It's huge.

And so, those are the two things, I think, from the revenue side I get frustrated with. The last thing I'll say is when – God, sometimes I feel like I'm just a curmudgeon business dad here.

Sam Vander Wielen:

Join the club.

Parker Stevenson:

Yeah. I guess it's just the nature of what we see and what we do.

Sam Vander Wielen:

We see all the bad stuff. We see all the sausages, man.

Parker Stevenson:

Yeah, exactly. A lot of sausage has been made in front of my eyes. But I think if you're one of those lucky people who your business starts to grow quickly and you're like, "Oh, crap. What do I do here?" One of the instincts we've seen our clients go to is I just need to hire more people and they'll solve the problems and then we'll worry about it later. You have to be strategic, whether you're hiring your first VA or you're hiring your first fulltime employee. Or you're like us, we literally just hired. There's 18 of us now at Evolved Finance. So, we just hired, outside of Corey and I, our 16th employee.

There needs to be some strategy behind that. You need to have some clarity around what are the roles in my business, what really needs to be there. Which again, ties back to Do you have a vision? Do you have focus and intention with what you're trying to build? Because like I said - I kind of want to bring it back to the labor stuff - I've just seen so many business owners sometimes let ego get in the way and go, "I'm going to hire a director of operations." And it's like, "You don't need a director of operations. You need an operations coordinator to start with." Or a business owner that's like, "I'm overwhelmed. I need a unicorn to come in and fix everything in my business. It'll just know." And they pay a six figure salary to someone that's never going to actually fix their business, because the business owner needs to do some work to show up and figure out how to clean up some of their messes themselves.

Or even as simple as thinking, "Oh. I'm going to start a podcast." And it's like, "Cool. That's not a bad idea." But you have all these other opportunities for things you can be doing that's going to help you generate money right now versus podcasting is a long term strategy you don't really have the money to do right now. Why are you hiring a podcast company to start doing a podcast when you have so many other things you should be doing first to generate more revenue for the business right now?

So, team, just knowing when to hire people, knowing what kind of roles they should have in place. I've just seen clients get really kind of confused and overwhelmed with when to invest, who to invest in, stuff like that. And the way you get ahead of that is just having some sort of clarity around what the heck are you trying to do in your company.

Sam Vander Wielen:

Yeah. It seems like so much of what you're sharing today is about that clarity over what is the goal, where are we headed. And then, making all those decisions in accordance with Does this actually move me forward? Is this a distraction? Is it just keeping me busy? Am I doing this just because I feel like I should be doing this? All of that.

Parker Stevenson:

Yes. Great examples.

Sam Vander Wielen:

Yeah. And I feel like as somebody - oh. Sorry. Go ahead.

Parker Stevenson:

No, no. Please finish your thought.

Sam Vander Wielen:

No, I was just going to say, I mean, as somebody who has only sold two products for seven years and is surrounding between 6 and 7 million on one of them in that time period, now I just can't agree more with you about keeping it simple. And I have, like, a whole section of my book dedicated to building a high quality offer. Not high quality offers, but, literally, I'm writing about this in the book right now about not just building the high quality offer, but how I'm continuously going back to that offer and making it better and better and better. And I'm just treating it like it's this thing that keeps on growing and growing and growing.

And I never thought I would have thousands and thousands of people in it at this point, but that's because of that focus, that just really intense focus. All of these people have asked me to create different things and offer different services and be this and be that to them. And I was just like, no, I'm keeping my head down. This thing works. People like it and I can make it better.

Parker Stevenson:

Sam, I joined Evolved Finance nine years ago. My business partner is the founder and COO, Corey. He had been doing it for about four years before I got involved. Just this year, nine years after I started in the company, we added a tax planning and tax preparation service, so we're now going to be doing taxes.

It took us nine years to get there. It was a no-brainer. It seems so obvious. People told us we should have done it sooner. But we had so much work to do in getting our bookkeeping service locked in, building up the team, building up the competency, building up the expertise, learning our

lessons, building the systems and processes, that now, just now, nine years later, we feel like we now have the capacity to bring on the tax side of the business responsibly, without having a negative effect on the bookkeeping side of things. And service-based businesses are a little different than selling digital products. There's a little more at stake there.

But just another example, we built a seven figure business off of one service, one service. And now everything we add on is going to be icing on the cake. It's clearly going to fit in with what our main offer is. Maybe we move slower than some of our clients would want to move, but it's been super sustainable. And we're so much more prepared to offer the tax service than we would have if we tried to do this even as recently as three or four years ago.

So, again, you have to figure out - I'm not going to go down this rabbit hole because there are always these little exceptions. But I think for everyone listening, assume you're not the exception, get really good at selling one thing. It truly is one of those universal laws of business that I've seen work for business owners over and over and over again.

The thing I was going to say earlier, though, Sam, is, I think, you know, strategy planning, that sounds like something a pale dude with glasses would tell you on a podcast, right?

Sam Vander Wielen:

Which is definitely not Parker, by the way, just for everyone who can't see this video.

Parker Stevenson:

If you're just watching the audio, I'm very tan. My vision is perfect. No corrective lenses whatsoever. But I just want to encourage everyone to think about there's things in our lives that happen out of luck. And some of us, I think most people, will just go through their lives just going, "We'll see what happens." Some good things happen, some bad things happen, but you likely won't get to where you actually want to be in any facet of your life.

So, I think when it comes to running a business, being strategic, trying to think ahead, these are things that – again, I’ve seen business owners get a little lucky, fallen right off or in the right place, and they make money and they get to a certain point, they can get to a certain level just winging it. But I’ve seen every business hit a ceiling. And that ceiling may be for you not getting your business off the ground or that ceiling may be I’m never going to cross half-a-million dollars.

But, eventually, there’s this time where the universe will show you through your business, where it’s like, “Maybe you should have a plan. Maybe you should think ahead a little more than just today.” Because, again, whatever you have in your life, if you have clarity of vision around what you’re trying to accomplish, the chances of you actually accomplishing that improve significantly.

And I’m not even coming from like a woo standpoint. If you’ve ever worked at a major corporation, the CEO is not just winging it every day and go, “Hey, y’all. Let’s sell as much as we can.” There are high level conversations around what’s trying to be accomplished, what are the goals, where are we trying to take this business that is very much rooted in the tangible real world. So, if you want to take it from a woo standpoint, awesome. If you want to take it from a hardcore business standpoint, awesome. But for the love of God, eventually, when you’re ready, have some sort of goal, some sort of vision for what you’re trying to build. And it’s just amazing how so many other things can fall into place once you do that.

Sam Vander Wielen:

Yeah, absolutely. I’m so glad you shared that. I mean, speaking of goals, I feel like a lot of people often try to set the goal of how much to pay themselves or how much they’d like to pay themselves, probably based off of their personal budget or ideal lifestyle or something. Can you talk a little bit about paying ourselves, how much we should be paying ourselves, how do we come to that number, all of that kind of stuff?

Parker Stevenson:

Yeah. I mean, again, I think a lot of business owners go, "Just give me a formula. Give me something I can copy and paste." And when you work in the world that I work in, there's some things you can do that. Again, our Profit Pillars are kind of like a copy and paste into your business and you can now financially analyze your business just the way we do with our clients and all that.

When it comes to paying yourself, that's just such a deeply personal thing, such a circumstantial thing. This is where nuance is so important. It's, of course, great to learn from other business experts like you're doing listening to this podcast. But you need to take the information you receive and filter it down into What's the nuance of my business? What are the circumstances of my business? What's the context of my business? And I think it doesn't get much more personal than what are you going to pay yourself?

So, going back to the personal budget, I think it's really important that you know how much you need to make. Because if you're like, "Well, I'm going to make the jump into going full time in my business." "Okay. Well, you better hope your personal budget is really buttoned up and that you're not overspending because you want to keep your personal expenses as low as possible, so you can have as long of a runway to get your business off the ground and get it working. Or make sure you personally saved enough money that you can support yourself for long enough to get your business off the ground." Your personal finances have a huge impact.

We've had clients where they had high paying jobs in the past, like lawyers. Most of them always seem to be freaking lawyers where they were making tons of money. They want to get into the online business space. They built a business that's successful. But the business isn't paying them what they were making in their past careers so they're always kind of pushing the limits of what their business can afford them because they're trying to maintain their lifestyle they used to have, when it's like you might get back to that lifestyle, but you might need still some more time. You need to adjust your personal finances to give your business a better chance of thriving and getting to where it needs to be.

So, you have to make the decision around what you want to make, what you need at a minimum to support yourself. But, again, that doesn't mean you have to just quit your job and go for it. We've had a number of clients who have built their businesses up on the side. You can either invest time or money. Pick which one you want to do there. So, I think in terms of paying yourself, that knowledge of what you need to make is really important.

Again, we've had clients who they have a spouse that their income pays all their bills, so they don't really need to pay themselves that much in their business. They can just invest every dollar back in their business to help it grow so it makes way more money down the road and they generate a higher profit faster down the road. Or we have clients where I'm the sole breadwinner, if I don't pay myself, none of our bills get paid.

So, I think you need to understand what your circumstances are as the business owner. So, again, you can assess risk and figure out how you want to utilize your resources to decide Do I have to get paid now? Can I wait to get paid later? You have to kind of figure that out.

For our clients who they have a business that's generating revenue, there's some easy ways to kind of figure out what the business can afford you. Like the dashboard we give our clients, we're able to show them here's what your averaging in profit each month. Because a lot of our clients businesses, their revenue and expenses - well, expenses can stay the same but the revenue can fluctuate. Profit fluctuates because of that. So, it looks like some months I can just take out a ton of money, other months I'm not going to get paid.

So, what we like to do is kind of even and flatten that out for our clients by going, "Here's your average profit." If let's say that average profit is \$12,000, cool. Now you have some visibility to go, "Well, where we're at right now, my spouse's income, my personal income needs, or if I'm the sole breadwinner, I'm going to use seven grand. The numbers are showing me I can pay myself seven grand, leave a little money in the business. I'm good to go." So, you need some data points, How much do I need to make? How much can the business afford? You figure out what's in the middle. Of course, our clients are just making money hand over fist. That's a really easy

decision to make because they're making tons of money. They can easily afford their lifestyles. That's easy.

It's tougher especially when you're at the point where it's like the business is just making enough profit for me to pay my bills and pay my taxes, and that's it. That's always kind of a sticky place. But what we recommend to our clients is figure out what that salary is, pay yourself that salary every single month. And the way you build your wealth from your business is you pay your salary, you keep your salary the same until you build up three months of operating expenses in your business. We have a whole chapter dedicated to this. I'm actually literally writing it right now, which is crazy good timing. It's like, literally, the chapters in front of me right now. It's weird.

But once you build up those three months of operating expenses that you know like, "Hey. I have a three month runway where I can get paid, my team can get paid, all the bills can get paid. So, if something goes upside down, myself, my team, we have time to figure it out and we're going to be okay." And some of our clients go, "I want four months or six months." Cool. If you want to save more, that's great. But once you get to that point, you've got a big runway there. So then, if you have more money than you need saved up in the business, then you take a nice juicy bonus. You're still making your salary. You're getting that consistent income. Maybe have a quarter where you did really well, cool. If you only need 50 grand in your business and you're sitting on 60, take a \$10,000 bonus.

So, we kind of tried to help our clients create some sort of a system where you can be responsible with the responsibility you have to yourself and your family to pay your bills, while also acknowledging I need to make sure my business has cash in it, because if I have a bad month and things go upside down, now it's going to put me in an even worse financial situation to try to figure out. My business goes in debt. You can dig yourself into a pretty crappy hole there. So, that's where as your business grows, you can decide, Do I want to continue to take bonuses? Or maybe now the business can give me a raise where it's like, my bonuses are so big, this is ridiculous. I just need to pay myself more on a monthly basis. You can kind of trust your instincts around that.

But the reason so many business owners always ask this question in the early stages of their business is usually because they're in that sticky place, where they're not making enough to pay themselves yet or they're barely making enough to pay themselves and their taxes so they feel like there's some secret there. And the secret is, know your personal finances, know what your business can afford, and learn the nuances so you can figure out what makes sense for you. Is that a cop out of an answer or does that make sense?

Sam Vander Wielen:

No, it makes total sense because I've talked a lot here about how I think it's a lot of pressure to put on a baby business in the beginning to provide you with a fulltime lifestyle salary for the start and it's just not realistic. And so, I'm glad, I feel like we've talked a lot today about how there are examples of other things that people have done, or how it takes time, and how this is a little bit of a messy start in that respect that it's maybe a unicorn scenario to have a business that comes out of the gates supporting your personal lifestyle. That's a lot to ask, I think.

Parker Stevenson:

And that's where you figure out - like what you did, Sam - I'm going to work fulltime, work on the business on the side; or I'm going to go part time, work on my business on the side; or we're going to sell the house, we're going to make huge lifestyle changes, lower my expenses so the business doesn't have to support. You figure out what makes sense for you. I think for me, I'm just always looking to emphasize there's no magic one size fits all answer for everybody. You're an intelligent, capable adult. Know your situation. Collect the data you need to collect, the information you need to collect about your situation, and then make a grown up decision around what you think is best.

Sam Vander Wielen:

Absolutely.

Parker Stevenson:

Welcome to entrepreneurship. We're all just figuring it out as we go.

Sam Vander Wielen:

You've got this. Yeah, definitely. Yeah, I'm still figuring it out as we go.

Parker Stevenson:

And you will never have it figured out, Sam. Our clients making eight figures, they're still trying to figure out what they do for the next step, like, "I've never been here before. What do I do next?" You're always going to be in this uncomfortable place of, "Oh, crap. What do I do now?" And, again, welcome to the feelings of entrepreneurship. You either get comfortable in that discomfort or you stunt your growth, you hold your business back. And that's fine too. If you just want to hit a certain level and stay there, that's great. But no one ever fully figures it out. We're all constantly problem solving and learning.

Sam Vander Wielen:

Yeah, for sure. Well, I have loved this conversation today and like we've both said, maybe we'll have to do a follow up episode because this was so helpful. I'm going to share my takeaways at the end of the episode. If you haven't been listening to my guest episodes for a while, it's something I do now. After the episode, I'll kind of give my top takeaways from everything that Parker has shared.

But, Parker, before you go today, will you tell everybody where to find you? I know you have some good free stuff for them. Will you share about that?

Parker Stevenson:

Yeah, sure. If you just go to Evolved Finance, E-V-O-L-V-E-D, evolvedfinance.com, that's the place to go. If you're interested about our bookkeeping and tax services, you can schedule a free discovery call. If you're not there yet, then we have a free audio course. It's not going to be up forever because a lot of what we talk about in the audio course is going to go in the book, so do not sit on that. Or even if you want to stay in touch with us for when the book launches, by all means, download the

audio course, get on our email list. We'll obviously be talking about the launch of the book next year when it's ready.

I have a podcast as well, it's called The Bottom Line by Evolved Finance. We talk with our clients about their financial stories, their money journeys, as we call it. So, it's kind of like everyone that comes on to it says, "Oh, cool. I was a podcast guest and I essentially had money therapy in front of your audience. Awesome. Fascinating." So, if you really want to get a dose of, "Oh, everyone's trying to figure this out and I'm going to figure it out too," that podcast is a great place. You can also follow us on Instagram, @evolvedfinance. You can follow me on LinkedIn at Parker Stevenson.

Sam Vander Wielen:

Oh, cool. Okay. We'll link to everything down below, including your podcast. We'll share about the free audio course and everything. Thank you so much, Parker, for being here.

Parker Stevenson:

Sam, thank you. I feel like I just made a fellow like finance law best friend in business here today.

Sam Vander Wielen:

You did. Yeah, you did.

Hey. Hey. Sam, here again to share my takeaways from that interview with Parker. I hope that that was as helpful to you as it was to me. I know I kept joking with Parker throughout the show, well, for one about wanting to call you all Terminators because I secretly do, so you can let me know if that's cool with you, if you like it. Or maybe nobody gets my sense of humor, I don't know, for that.

But, also, I feel like he hammered home so much of what I'm sharing with you here each week about doing things right, it doesn't have to look like everybody else, taking your time. Really carving out your own path. Doing it on your terms. So, I thought that his advice was all really, really solid. So, I hope it was helpful to you.

Okay. I want to share my three big takeaways. It really was hard for me to narrow it down. But here are my three takeaways. Number one is that I thought Parker talked a lot about spending with intention and having a plan or a goal, or really understanding what you're working towards. Maybe you don't know exactly how you're going to get there, but you understand generally what you're even working towards. And I thought that was particularly cool when we were talking about how to make purchases and what to spend our money on or what do people waste their money on. And he said does this purchase get me closer to my goal, which then requires you to know what your goal is. So, that was my number one takeaway.

The second takeaway was about adjusting your expectations about how much money you can make, how quickly, how much you'll be able to pay yourself off for a while. Even if your business makes money kind of quickly, I thought his breakdown was really helpful of understanding we're building up three months of our expenses and we need this and we have to pay for that and we have to pay for taxes. So, I loved his suggestion of really knowing your personal budget and using that to influence really how much you need to pay yourself and really getting your personal budget dialed in. I thought that was so helpful.

The third takeaway was about knowing how your spending based on the profit pillars in your business. So, the four profit pillars that he talked about, and then he's going to be writing about, obviously, in his book that he has coming out next year, were labor, number one; two were about your leads, like where your lead conversion expenses are coming from; three was the offer or delivery of that offer; and the fourth were your operating expenses, your general operating expenses. So, I thought that was a really good way to look at it and I could see that being a helpful breakdown of looking at your expenses in your business and being like, "Whoa. All my expenses are really lopsided in labor," or whatever, and using that to maybe help slow the bleeding of sorts.

So, those were my three main takeaways. I hope that this episode was helpful to you. I would love if you reached out to me, if you reply to my email, if you send me an Instagram message, @samvanderwielen, let me know

if you liked this episode and if you thought it was helpful. It's always helpful to me if you could just text it to a friend real quick, like text them a link and say, "This is a great episode, I think you'd like it" or "This is a good show, I think you would like it." And of course, if you leave a quick rating or review wherever you listen, I'm so, so grateful. Thanks so much for listening and I'll see you in a few days.

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