

upcoach

MAGAZINE

Issue 12 | July 2022

FEATURING

Mastering the Game

Also in this edition ...

ASSET PROTECTION

| SMART BUDGETS

| FINANCIAL WELLBEING

FREE BUSINESS ADVICE IN EVERY ISSUE!

“ ... spend some quality time getting to know your financials really well ...

Life is filled with awkward moments. Like the moment you say I love you and they don't say it back, or the time you tell your workmates that Sharon isn't very good at her job and then Sharon finds out, or like when you're having a strategy session with myself and I ask you what your gross profit margin is, and you stare at me and then blurt out “my bookkeeper looks after that”. The point is, that these awkward moments can be avoided, you just need to be prepared and put in the practice.

Every week, the Business Growth Experts at Upcoach run free strategy sessions with business owners that are trying to grow their businesses. During these sessions, I couldn't tell you how many times that, when I ask about financials, I get blank stares or silent replies.

There are some very simple numbers that EVERY BUSINESS OWNER needs to take responsibility for and understand if they wish to grow a successful business.

Those numbers are in relation to:

- 1. Sales
- 2. Expenses
- 3. Profits
- 4. Cash

Every week I teach and educate my clients on how to grow their sales, reduce their expenses, increase their profits and hold onto cash. You're probably reading this thinking, “yeah I know that” but if I asked you more in-depth questions like, what is YOUR gross profit margin, what was your cost of goods last quarter, what is your

“ ... I couldn't tell you ... how many times I get blank stares ...

monthly sales target, or what was your net profit last month, you too, may draw a blank.

If there's any one piece of advice I could give to business owners, it would be to spend some quality time getting to know your financials really well and understand the relationship of how your business activities affect the money you earn and keep. After all, if you're working hard and not making money, (or profit) then what's the point?

It's because of the above, that this edition is dedicated to developing your FINANCIAL WELLBEING. Within these pages, you'll learn the relationship between how you think about money and what you earn, you'll find out how to create a budget for your business, and learn the habits to mastering your finances. Our Guest Author, David Jamieson from PKF Accounting, shares his wisdom around Asset Protection and we celebrate another story from one of our successful Upcoach clients.

May the 'financial force' be with you!

Chris Herbert
Editor of UPCOACH Magazine



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- ✓ More Efficient
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What's in this issue

Issue 12 - July 2022



Mastering the Game Copeland Projects

Being a builder is tough. Particularly in today's ever-changing market. Speaking with potential clients, material shortages, managing projects ... it can seem overwhelming ...

“ ... do it early and seek the right advice.”

GUEST AUTHOR



Protect Your Hard-Earned Wealth

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Rewiring Your Brain Around Money, Business & Success

With Nick Psaila

If you have ever been in business, you know the stress associated with money. Whether you are bootstrapping your way to success or living the dream as a seasoned 20-year veteran, somewhere along the way you have had challenges with money. From a lack of sales to managing cash flow, in some way, shape or form money plays a significant part on the daily activity of any business.

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... what you may think is a normal interaction with the dollar, the pound, the euro or the hundreds of global currencies is in fact far from normal.

Now for the record. There are many businesses that have matured to the point of managing their finances well and that money is flowing in and out nicely. However, in my experience working with businesses ranging from startups to doing \$100 million in sales, the pressures around money are still relevant. So why is it that as business owners we have this deep tie to money?

The answer isn't as clean cut as you may think. In actual fact, balancing the cheque book doesn't have much to do with your anxiety, panic or even in some cases, grief or loss caused by currency. It's much much deeper than that.

You see as sentient beings, we have many “bodies” ranging from the physical, mental, emotional, spiritual and esoteric body. All of them play a role in our life here on planet earth and they all have an interaction with money. The point here is this: *what you may think is a normal interaction with the dollar, the pound, the euro or the hundreds of global currencies is in fact far from normal.*

For Example: Let's take the emotion of fear. Imagine as a child your parents were the average Ma and Pa with stable jobs and a good income. You lived in a suburban home and things were going nicely and then one day out of the blue, your father got made redundant and for whatever

reason he struggled to get a job and replace his income. The pressure started to mount, savings dried up and the loan repayments just couldn't be met, thus leading to the sale of the family home and for the next five years, everything was a struggle street.

“
.. a belief that a loss of money will equal a loss of lifestyle ...

Your interpretation of that series of events led to a fear around money and the loss of normality in your life, which led to your family having to watch the pennies very closely. Perhaps even having to see your parents argue over bills and really tighten the belt for everything. More than likely you embedded a belief that a loss of

money will equal a loss of lifestyle and a path towards struggle street.

Now what has that story got to do with your business bank account and finances?

It doesn't really have anything to do with it. You are now 30 years older than the child in that scenario, however the fear still feels very real. Now your mental and emotional state of being, makes your association with money fundamentally based upon fear. This is why everytime you look at your bank account and things are looking a little grim you automatically start to replay the doomsday scenario from years before. Crazy right?

Now let's take a look at another example. Personal incompetence. Wow, this is a doozy!!

You have been in business for five years and decide it's time for expansion. You start to buy new machinery and equipment to grow your civil business, the

... cont. pg 8

Government contracts are looking good, new staff and a bigger office is needed. All indicators are looking on the up. Then along comes a shift in leadership, a policy change and the promised work is now put on the back burner. But wait, these were meant to go ahead, we are ready for them now, how could this have happened?

The repayments are starting to add up, the new office lease is relentless and the wages are eating into the existing income from previous work that's about to finish. You start to look for solutions siding up to business loans and using personal savings all while keeping up appearances to your colleagues and family. From the outside things are great however the city of Rome is crumbling from within.

You know it's only a matter of time before this becomes a publicly messy situation.

You ask yourself how could this have possibly happened to me? A year ago you had money in the bank, a new car, 2 holidays, diamond rings for the wife and now you are skipping on the BAS and Super commitments. You know where I'm heading...right?

Rather than you being able to process the situation as a change

in policy that's out of your hands, you take it on as this was all your fault. *How could I have been so stupid* is probably the term you use with your closest friends. *Why did I make those stupid decisions. I can't believe I got us into this mess.* And the list goes on and on.

Another common cause of financial mismanagement is Loss of Love. (sounds weird right?)

“
... my dad to
this day feels
like a failure,
and is all
alone ...

Regardless, let me share this: I met a guy at an event that mentioned he owned several takeaway shops. At one stage of the journey the shops were super successful. I'm talking private schools, tennis lessons, Range Rovers and Chanel Bags successful.

(I had no idea takeaways could generate that kind of cash, but what the hell)

Then over the past three years he said they started to experience a serious decline. Taxes weren't paid by the accountant, spending

was out of control and that the pressure was killing him. So I asked *“why don't you sell some of your assets, back the pressure off and recalibrate the business?”*

To my astonishment he answers *“How am I going to tell the Mrs she can't go shopping or drive the Range Rover anymore”*. I was stunned. He was dead serious. He then went on to tell me that he had to borrow over \$750K to changeover from one boat to another even though he knew that the businesses were on the downturn. Here's the kicker...when I asked him again about telling his wife, the truth came out: *“If I told her the truth she would be the talk of her group and then she might even leave instead of downsizing and giving up all her luxuries”*.

He then went on to share that his parents went through a similar situation and separated. He said *“my dad to this day feels like a failure, and is all alone. There's no chance I'll do that, even if it kills me”*

I mean, I couldn't make this up!

So how do you get in control, be harmonious and not make decisions based on your past conditioning, plus, be able to deeply understand your connection around money and success. You need to identify the root cause of the conditioning that you may have and your recurring experiences around money.

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You ask yourself how
could this possibly
have happened to me?

Here's how:

1. Understand you are not your Past:

Most conditioning is already embedded into us at a super young age (Between 1- 10 years old) In fact, It's actually associated with one of our internal energy centers that's based around Safety, Security and Tribal Association. It's what we are brought up with and stems from how we are so heavily influenced by our parents, grandparents and so on. Basically if they were a particular way with money, YOU became that way with money until such time you started making money decisions on your own. However, the basic programming is still within you. In many cases its dormant until such a time that when a situation happens, it rears its ugly head.

The last story I shared with the takeaways guy is playing out the program perfectly. You see the truth around his reality is it's all about 1. Safety - the toys he surrounds himself with 2. Security - by having all this stuff, he feels Mr Cool and 3. Tribal Association - is being able to hob knob with your peers, so called friends and the community showing off your trophies including the wife. If he only took a second and said to himself *“I'm good enough as I am”*, reprogrammed his mental and emotional state and experienced that the scenario can be repaired, he could have changed his actions.

2. Identify Patterns:

Humans are interesting creatures. We are very habitual and unless we either have a wake up call or a near death event, we pretty much live life in patterns. Think about it: Your breakfast has probably been very similar (unless you're on holiday and go and smash the buffet) for the last five to 10 years. It's not due to the lack of choices either. It's just that you get into that routine and are programmed from an early age to eat that. The same applies when it comes to money and success. You're in some way shape or form programmed into reacting in a particular way over and over again. This then creates a pattern or a default setting. Research has shown that if all the money around the world was distributed evenly between everyone on the planet, within a few years it would end up in the same hands that it exists now. The rich vs the poor. I mean how does that even happen? It's all due to the association with money. So next time you have a stressful experience with money, ask yourself if you have been here before and what type of feelings you have. What are your thoughts about the experience and how are you reacting? If you can establish a pattern, then you know that it can be changed. Its UP to you. You have the power to decide!

3. Change Requires a New Input:

If money causes you stress, then its time to change. Stop talking and start doing. Just as you were programmed from your past, realise that YOU ARE NOT YOUR PAST. You can start to get financially savvy. Understand that it's just currency and that it fluctuates.

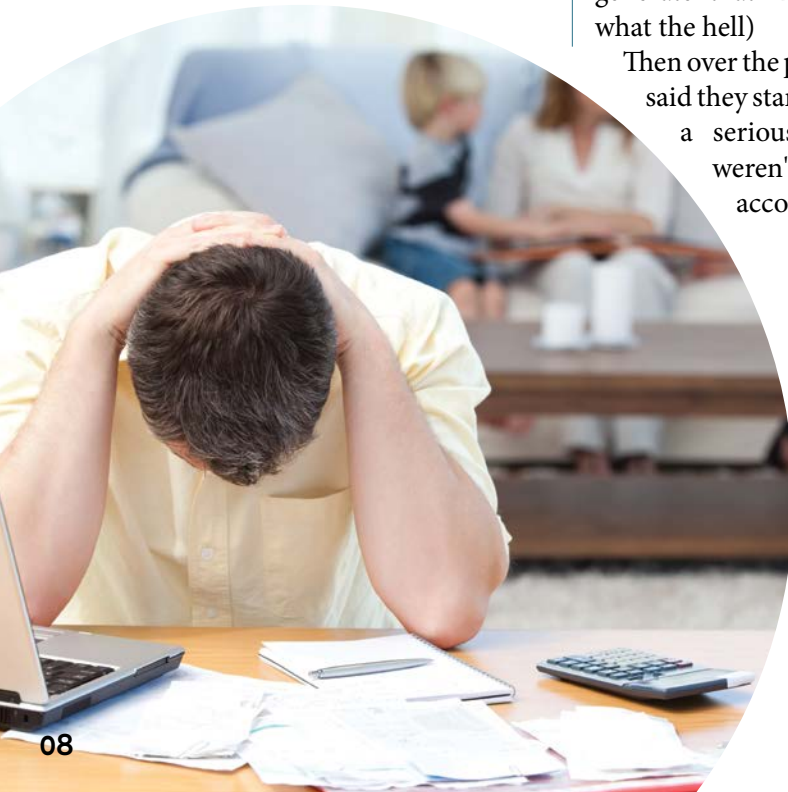
Once you have made the decision to change, you can now start to reprogram your mental, emotional and spiritual state from a different point of view. Recalibrate your feelings and your reactions. Think of it like this: You open the account, things aren't looking rosy, so you can say to yourself *“Well I have the ability to change this, so what do I need to focus on to get the bank balance up”*.

Nick Psaila

Nick is the Founder of Upcoach Business Growth Programs. As a celebrated business speaker, coach, thought leader and author of Up-ology and Striking GOLD, Nick has helped thousands of business owners to achieve success.

“
YOU ARE
NOT YOUR
PAST

In business, your relationship with money and success needs to be positive. Shifting your attitude to that of gratitude is a very powerful way to cut through the weeds (negative thoughts and programming). You can then begin to learn about money, shift your habits and start to really look at the solutions rather than the problems. It is within you right now to manage **you**. Like the legend Michael Jackson once sang *“I'm starting with the with the man in the mirror”*.



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Mastering the Game

The Journey behind Copeland Projects
and their Award-Winning Success.

Being a builder is tough. Particularly in today's ever-changing market. Speaking with potential clients, material shortages, managing projects, leading employees ... it can seem very overwhelming at the best of times. But for the team behind Copeland Projects, it's all part of the journey towards crafting their success.

... cont. pg 12



Back in 2014, Nick and Sam Copeland had arrived at a life-changing intersection. With a growing family, up and down contract work, and the frantic daily hustle, this decision was to be a pivotal moment in their lives. At that time, Nick was working as a contract carpenter and doing work for various builders around Brisbane. Life was good, but there was a thirst for more.

It was at this point that Nick made the decision to grab the bull by the horns and start a building company, to go out and do projects on his own. Besides, this wasn't new. He had successfully run projects and worked for other building companies before, but this time it was on his terms. The decision was made, (and what a fortuitous decision that was!)

Fast forward to the present day and Copeland Projects (copelandprojects.com.au) has now become one of the most sought-after builders in Brisbane. Leading a full-time team of 12 employees, managing multiple large-scale projects, and steadily growing the business, Nick has transitioned from a one-man band carpenter to a professional construction-industry entrepreneur. When asked about

“ ... Copeland Projects has now become one of the most sort-after builders in Brisbane.

those early years, Nick replies, "the first five years were extremely challenging for us in business, it was very much a learn-as-you-go experience. We made a lot of expensive mistakes, but I see that as part of the learning process. We're definitely wiser now."

Specialising in building custom homes, renovations and extensions, the focus for Nick and the team is on creating an enjoyable design and building experience for every client. Starting from early project collaboration with the designer through to construction and handover, Nick supports each client through his unique 'Here to Home' building process.

Having the privilege of working with Nick and his team personally over the last 18 months, I have both supported and witnessed the dynamic duo tackle many challenges head-on.

“ ... working hard to create a legacy in an increasingly competitive environment.

Initially meeting each other at high school in Brisbane, Nick and Sam have grown up together and today are proud parents to their beautiful daughters, Willow and Ellie.

Family holidays are a big priority for the Copeland family, often heading away to Stradbroke Island with friends when possible, and to clear his mind, Nick enjoys a game of golf in his spare time.

Now both working within the business, Sam covers the HR, Marketing and Admin side while Nick oversees all the Sales, Estimating and Construction Management. As a second-generation builder, Nick's following his Dad's footsteps, working hard to create a legacy in an increasingly competitive environment.

When asked about what sort of qualities it takes for the modern business owner to be successful Nick comments, "I feel its tenacity, direction, and focus. I believe that if you're not focused on what you want to achieve, and you don't have a clear plan on how to get there, you can easily get lost and waste a lot of time not going anywhere or "sweeping sand"."

This sort of thinking is exactly how Nick and the team have managed to grow the business significantly over the last few years. Sam mentions: "Since working with UpCoach, we have seen our business and project portfolio reach goals we previously thought a distant target. Prior to working with Chris, our highest annual turnover was about \$800,000 with an average project size of about \$160,000. Over the last two years, we have grown our turnover to over \$3 million a year, with an average job size of roughly \$600,000."



Speaking from a coaching perspective, it's been fantastic to see the growth personally in both Nick and Sam, implementing what they have learnt and refining their ability to run a business effectively. This in turn has resulted in a significant shift in how the business now operates, strengthening its future so it's more sustainable, predictable, and profitable. I decided to ask just a few more questions to share more about their journey.

So tell us, what do you enjoy most about running Copeland Projects?

"The part we enjoy most is the exciting and interesting opportunities that we have been presented with and are possible, for our clients and the business. We love meeting new clients, getting to know them personally, hearing their stories, and delivering a home that they'll absolutely love."

... cont. pg 14



“

Coaching has now given us the confidence we needed, and direction, to really guide us ...

The construction industry is really tough at the moment. What's the most challenging part about running Copeland Projects during this time?

"Definitely dealing with the uncertainty of the building industry currently. With increases in material costs, the shortages that come with lack of supply, managing a workforce with Covid and satisfying customer demands make for a tricky environment to work in."

What have you personally learned about business while growing Copeland Projects?

"For us its been the importance of developing, re-evaluating, and refining systems and processes. I've realised that for my business to run without me, I need systems that support the growth of the business, but are also easy and accessible to my team as well."

Since this is the finance issue, do you have any advice you can share from your experience?

"Yes. Continually monitor your finances, weekly if possible and always be aware of the financial health of your business."

What are you most proud of in your business to date?

"In January we signed our biggest ever contract, worth over \$2 million dollars. This was a real milestone for us. Another major highlight was winning a Master Builders Award for Renovations up to \$275,000 in 2021. This was from a project we are extremely proud of."

Tell us about your Coaching journey with Upcoach.

"We started with Chris from Upcoach about 18 months ago. At the time we were a bit lost and felt like we had tried everything to get ahead. We even spoke about closing the business down. Once we got started, things really shifted, not only project-wise but also personally. Coaching has now given us the confidence we needed, and direction, to really guide us on the way to achieving our goals."

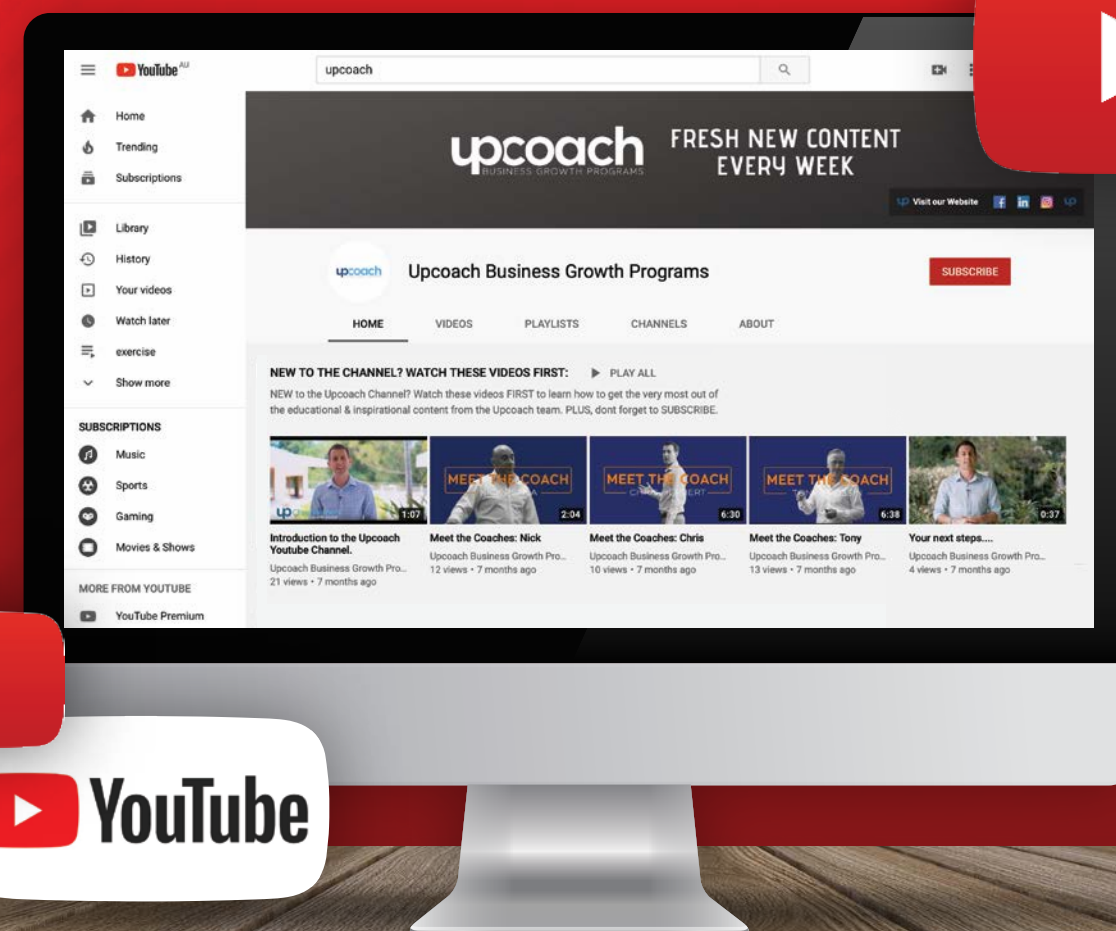
What's next for Copeland Projects?

"Well, our next financial year's turnover is projected to be around \$4 million with an average job size of \$2 million, so that's the next step. We're looking at purchasing a premise to use as an office and storage space to run the business from too."

I would also like to continue to better our systems and processes to improve efficiency and to work towards firmly cementing ourselves as one of the country's top builders over the next few years."

Written by Chris Herbert

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PROTECT Your Hard-Earned Wealth through Asset Protection

By David Jamieson

I will never forget the time I witnessed the owner of a failed business tell his wife they might lose the family home. It was made worse by the knowledge that this wouldn't have happened, had he structured his business the right way.

One of our roles as trusted business advisers is to help our clients with "Asset Protection". It's not about hiding assets or acting unethically to avoid financial responsibility, more about using sophisticated and legal techniques to ensure you are in the best possible position, should the unexpected happen.

What could go wrong?

The short answer: anything.

Unfortunately, life in business involves taking calculated risks

and even the best-laid plans can go wrong. A project or business relationship may not proceed as expected, leaving you financially exposed and open to litigation that is costly to defend. A sudden market change could leave your business with large debts and revenue problems when customers are taking longer to pay their bills (if they can pay them at all).

A business in crisis can quickly become unable to pay creditors. When creditors seek to recover their cash, they will naturally

investigate their right to sell assets associated with the business owner. This has the potential to snowball into often catastrophic scenarios; from which many never recover financially or emotionally. In many cases, relationships are the first casualties.

At PKF, our advisers coach our clients to 'expect the best but plan for the worst'. It's part of guiding our clients to design their "Future of Choice". In our opinion, an Asset Protection Plan is vital for every business owner.

What's included in a good Asset Protection Plan?

Any good plan will use a careful combination of strategies - maintaining adequate insurance cover, reducing the possibility of being sued, and so on. A key part of any plan will be to own assets in a protected entity structure and ensure that the people with risk do not own any assets.

In the case of a business, this means the business is carried on in one entity and the business assets held in another entity, or at least the business premises being held in a separate entity, allowing

Here's my **10** tips for Asset Protection

- 1 Understand your key risks
- 2 Use companies and trusts
- 3 Separate business assets from personal assets
- 4 Separate valuable intellectual property from business assets
- 5 Hold business premises in a separate entity with a rent agreement
- 6 Be careful when giving personal guarantees for trade credit or finance
- 7 Hold the family home in the name of a person who is not at risk of bankruptcy or litigation proceedings
- 8 Hold assets in the superannuation environment
- 9 Use mortgages and registered security to your advantage
- 10 Most importantly, seek good advice for your circumstances, and have an Asset Protection Plan

... cont. pg 18

the asset-owning entity the ability to rent the assets to the business entity. Personal assets should also be separated from business assets so that if the business gets into financial difficulty the personal assets are not at risk. Similarly, if an individual gets into financial difficulty the business assets can be protected if the individual does not own them.

A good Asset Protection Plan will define the balance between:

- Cost versus risk; and
- Conflicting priorities.

For example, the main residence exemption from capital gains tax is generally only available to individual property owners, so a choice to hold that property in (say) a trust would forego the tax exemption. These need to be weighed carefully, with the structure being fashioned in line with the business owner's evaluation of risk. Every person's circumstances are different so there is no "one size fits all".

What are the actions required?

The key to developing an effective Asset Protection Plan is to do it early and seek the right advice. It is best to implement a plan while everything is going well – not to wait until financial difficulties are imminent. Effective planning can greatly increase the favorability of outcomes for your business, your family, and yourself.



David Jamieson

David Jamieson is a Director at PKF Sydney & Newcastle and works with SMEs from a diverse range of industries who all have one thing in common: they need more than just a compliance accountant. With more than 20 years of experience in business advisory, David delivers peace of mind to his clients through practical and holistic advice.

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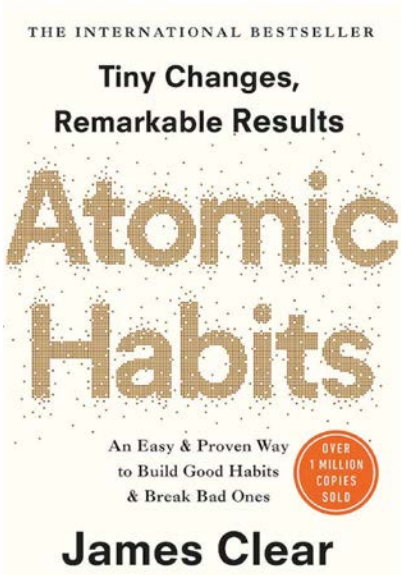
Building Financial Health Habits

The 4 Laws to Taking Control of your Business Finances

By Guy Whitcher

I confess to being a numbers person. I love getting into the P&L, cash flow, balance sheet, pipeline, WIP and bank statements. Understanding what is going on, planning next steps and then acting brings a lot of satisfaction. And just like blood tests that give you a point in time view of body health attributes, and weight and belt width provide a point in time report on the progress of your eating and exercise routine, your business numbers reflect a point in time snapshot of the financial health of your business.

... cont. pg 20



But what happens is that many business owners that I meet, seem to avoid their business's finances. The standard excuse is...*"my accountant looks after that!"*. A common thread here is the element of avoidance, thinking that by having someone else managing your finances, everything will be rosy. More often than not, this is usually not the case.

I see reviewing your business finances much like reviewing your health. With frequent check-ins, testing and review, you develop a greater understanding of how your activities are affecting your business and what you can do to correct the course.

Therefore, I want to shed some light on why we practice these avoidance behaviours, and how we can form different, good habits that will improve our health – our financial health, our physical health and even our emotional health too.

Now if it was as easy as just setting a goal, getting motivated, and doing it, well the whole personal fitness, financial advice and even business coaching industries would not have much reason to exist!

So why?

Fear underpins our 'stick our head in the sand' behaviour. We are wired based on eons of fight or flight responses, (financial statements and scales can trigger this response too). Our brains also strive to be as efficient as they can, and will seek to avoid energy-sapping decisions.

I'd like to share an alternative approach with you.

I am going to draw from a best-selling book by James Clear – 'Atomic Habits – Tiny Changes, Remarkable Results' and his four 'laws' of how to create a good habit. Building great habits is within your grasp, even for reviewing your financial health.

So where do you start?

Well the underlying premise of the book is that motivation is overrated. Yes overrated! The environment matters much more. And what also matters is you deciding what kind of a person you want to be. What is your identity? Are you a builder, carpenter, engineer or other professional who happens to run a business, or are you a successful business owner who happens to have skills and expertise in your field? It matters, a lot. I'll refer back to these as we work through the four laws.

The author shares a case study from a large hospital in Boston in the US. One of the doctors was concerned about the number of sugary drinks and calorie-heavy foods being sold and consumed by hospital staff. Now, conventional wisdom would be to put up health ads, run health programs, and 'motivate' hospital medical staff who surely know about the merits of healthy diet and exercise.

So what did they do? They didn't speak with one staff member. What they did do was change the environment. The layout of the cafeteria was changed. Bottles of water were placed in refrigerators

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The standard
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after that!"

at the checkout, and at multiple drinks areas in the cafeteria. Similar changes were made to the location of lower sugar, lower-fat food. Bottled water sales increased by 25% almost immediately, and sales of sugary drinks reduced significantly. All this without doing anything more than that. The author talks about 'cues', or triggers. Bottled water and healthy food placed at key vantage points provided cues that prompt easy purchase decisions. Watch out at the supermarket when you have your kids with you though. Supermarkets do the same thing for reverse effect – kids sweets are often placed within eyesight and easy reach at checkouts!

This is the premise of the **Law #1, 'Make it Obvious'**. Make the cues of good habits obvious.



LAW
1

How might you do this with reviewing your financial health?

Here's a few ideas....

- 1. Ask your bookkeeper to send you key reports Thursday weekly, or better still have them delivered to your desk, right on the middle of your desk, on Friday morning. This is the time for you to spend working ON the business, not in it. I am sure you have heard your coach talk about 'ON the business' many times before!
- 2. Ask your bookkeeper to highlight what is standing out to them, questions, concerns and recommendations for you.
- 3. Have you received your financial guide run-through from your UpCoach coach on interpreting financial statements? If not, ask for it!
- 4. Add your own **Make it Obvious** ideas here . . .

Now to the second law. The author shares a story about the American ABC network in 2014-2015 and how it needed to win increased viewers to its Thursday night programming to attract more advertisers. Their strategy was brilliant, very successful, and a demonstration of **Law #2, 'Make it Attractive'**.

ABC ran 'TGIT' (thank goodness it's Thursday) advertising, essentially to attract couples, friend groups, and singles with the invitation to 'bring your red wine, popcorn and snacks' and 'relax with our Thursday night line-up'. Research showed these groups associate relaxation with these things, and over time watching Thursday night programs became associated with feeling relaxed and entertained. Associating something less desirable with something that is desirable can build powerful habits.

Most Friday mornings I take myself to my local cafe, order my coffee and work through my tasks for closing out the week, and start preparing for the next week. Now, this was something I used to avoid, like the plague! But I love a coffee in a social cafe, and by combining something that was less desirable with something that I loved, the habits became connected. I can't imagine having a coffee at my local on Friday now without doing my close-out and prep.

What do you love doing on a Friday, or Monday or whichever day it is you 'should be' reviewing your financials? Here are some ideas for combining your less desirable with desirable habits to build great financial health habits using **Law #2, Make it Attractive**.

LAW
2

- 1. Using my coffee example if that is an enjoyable habit for you, take your financials with you and start reviewing them. Perfection isn't what you are looking for. It is starting. Spend 5 minutes each time if that's what it takes to build momentum.
- 2. What do you really enjoy doing during the week? Gym? Do it after the gym. Going for a run? Do it straight after the run when the dopamine is flowing.
- 3. What are your **Make it Attractive** ideas to link something attractive with something that isn't or hasn't been so pleasant?! . . .

Part of habit-forming is reprogramming your brain. Back to the identity question. You are a business owner, and successful business owners review their financial health and adjust frequently. They spend time on the numbers, and they spend time with other business owners because that's who they are. Let's move to **Law #3, Make it Easy**.

How do you make it easy? Let me give you an example. I spent 12 years working in Singapore. I wasn't getting time to exercise, or more accurately I wasn't making the time to exercise and I just couldn't seem to do anything regularly. I had to make it easy. When I moved offices, I saw

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an opportunity to start riding my bike to work. At the beginning, it was hard and I was slow, even though Singapore has only one hill, not on my route. I did reward myself with a coffee after arriving (combining a desirable activity and habit with a less desirable one – see law #2) but I started. In the early days I often left my

bike at work and got a lift or train home and back in again the next morning, and rode home a day or two later (I know, lazy!), but after a while, the repetition started to create a routine, and I was making it in and out 3-4 days a week. It became enjoyable, and my family appreciated that I no longer took off early some Saturdays and

Sundays for exercise because I was getting it during the week. I had made it easy. I also laid out my bike gear, helmet, and bag the night before, and made sure I had fresh clothes in my locker at work. That made it easier and harder to avoid!

LAW 3

So how do you make reviewing your financial health easy?

Here are some ideas...

- 1. Write yourself a financial commitment, a specific habit you will build, when you will do it, and then start. Habits build from frequency, not time. To build a habit you need to start it and practice it. Combine the **obvious** and the **easy**. Look for a way to build it into your routine, just like my bike ride. You want the least effort. Are you already putting aside time for quoting, reviewing supply delivery times, or reviewing other practices? Then add the numbers!
- 2. Have the financials placed on your desk so that you can't avoid them! That's obvious and easy.
- 3. Use one of your colleagues, or your UpCoach coach as your **'accountability partner'**. I don't suggest following one of the author's subjects (a writer who locked his clothes away and gave the key to his assistant so he couldn't go out until he hadn't written his manuscript!) but why not set yourself a goal with consequences. If you don't provide a pre-agreed deliverable to your accountability partner it is going to cost you in an undesirable way! My wife is my accountability partner now for blood tests and it costs me a big clothes shop if I fail!
- 4. How could you use Law #3 to **Make it Easy**? . . .

Now we move to the last law, **Law #4** and what the author refers to as the cardinal rule of behaviour change, **Make it Satisfying**. What is rewarded is repeated. What is punished is avoided! You want the ending of your habit to be satisfying. You need to feel immediate satisfaction even in a small way. For example, after I arrived at work after my ride, and after showering, I would buy myself a coffee. One morning a week I would treat myself to a croissant. If you measure things, and I would advocate measuring everything that is important in your business (talk to your coach) create a habit tracker. Making progress is satisfying. You know the feeling when you complete that action that has been lingering for some time!

LAW 4

So how might you apply Law #4 Make it Satisfying?

- 1. Plan for and give yourself immediate reward after you have made that start to reviewing your financial health.
- 2. When you miss once, put it behind you, reset and get back on track. Sometimes this can be hugely satisfying.
- 3. Review your identity. I **am** a successful business owner! Successful business owners review their financial health regularly and act. Successful business owners network with other successful business owners, and they talk about financial health.
- 4. What else can you do to make reviewing your financial health **satisfying** or not doing it, unsatisfying? . . .

Lastly, I am sure many of you have heard of 'The Growth Zone'. I have reproduced it below. Growth doesn't occur unless you stretch yourself beyond your comfort zone, through those initial fears and on to learning and growth. So if it feels a little uncomfortable, a bit challenging, that's good, you're stretching and making a start. Use your coach to help you, or be your accountability person.



And lastly, apply the four laws from 'Atomic Habits':

- 1 Make it OBVIOUS
- 2 Make it ATTRACTIVE
- 3 Make it EASY
- 4 Make it SATISFYING

Remember, you are a business owner, a successful business owner. This is you. Knowing your financial health and acting on it is just what you do.



Guy Whitcher

Guy is one of the Business Growth Experts at Upcoach and is extremely passionate about the clients and the businesses he works with, being a sounding board for them, and steering the course to success.

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Tony's **6 Steps** to a Smart Budget for 2023 By Tony Crossin

As we move into another financial year, I can tell you that from all my coaching experience, when you invest time in creating and using a smart budget for your business, you will be amazed at how it will keep you laser focused on one of the most important outcomes ... money!!

As a small-business owner, you have to figure out how to do a lot of things that you've never done before. One of them is creating a Business Budget. This can be intimidating, especially when you're just starting out. How exactly, do you know where to find the right financial information — let alone learn the business finance terminology — and put all that data together in the right order?? I mean, isn't this my accountants job?

The truth is, if you want to be successful, creating and maintaining a proper business budget will become a critical component of that success. Here's a step-by-step guide on how to create a smart business budget.

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How to create a Smart Business Budget: Why do it in the first place?

Budgeting for your business is about making an educated guess as to how the future of your business's finances will look. It requires examining what happened last month, what happened three months ago and what this month last year looked like too. Then we use that information to make wise financial decisions for the months and years ahead. You don't need a crystal ball to run a business, but having some intuition and educated guesswork will help to make everything continue to run smoothly.

Why you need a business budget

When launching your business, creating a budget is one of those things that can fall by the wayside. If your business is operating with a significant amount of profit or is going through a boom, it might not seem important to create a business budget.

However, a smart business budget can help your business benefit by:

- Making it more efficient.
- Pointing out funds leftover that you can reinvest.
- Predicting slow months and keeping you out of debt.
- Estimating what it will take to become profitable.
- Providing a window into the future.
- Helping you keep control of the business.

... making an educated guess as to how the future of your business's finances will look.

Here's how to create a business budget: My 6-Step Guide

1. Examine your revenue

The first step in any budgeting exercise is to look backward at your existing business and find all of your revenue (aka income) sources. Add all those income sources together to discover what money comes into your business on a monthly basis.

When finding your income, make sure to calculate for revenue, not profit. Your revenue is all the money that comes into the business before expenses are deducted. Profit is what remains after expenses are deducted.

Once you've identified all of your income streams, calculate your monthly income. It's important to do this for multiple months — and preferably for at least the previous 12 months, provided you have that much data available.

With 12 months (or more) of information, you can examine how your monthly income changes over time and look for seasonal patterns. Your business might experience a slump after the holidays, for example, or during the hot summer months. Knowing about these seasonal changes will ensure that you can prepare in advance for the leaner months, and give yourself a financial cushion.

2. Subtract fixed costs

The second step is to add up all of your fixed costs. The term 'fixed costs' applies to any cost that is necessary on a recurring basis for the operation of your business. Fixed costs might occur daily, weekly, monthly or even yearly, so make sure to get as much data as you can.

Every business is unique and will have different fixed costs. Once you've identified your business's fixed costs, you'll subtract those from your income and move to the next step.

3. Determine variable expenses

As you search for your fixed costs, you might have also noticed there are some variable expenses within your business as well. Variable expenses are those that change depending on how much you use the service. Many of these are necessary for your business to stay in operation, such as utilities. During lean months, you'll need to lower your business's variable expenses, beginning with discretionary spending.

4. Set aside a contingency fund for unexpected costs

Whether or not you've run a business before, we all know that one-time costs don't come when it's convenient. These costs arise when you're least expecting them, and usually when the budget is tight. Prevent fear of unexpected costs when budgeting for your business by making sure you set aside a contingency, or "contingency fund" amount, to cover any one time expenses that pop up unexpectedly.



5. Create your profit and loss statement

Once you've collected all of the above information, it's time to put it all together to create your profit and loss statement, or P&L. If you do, you've made a profit! If not, that's a loss — and that's OK, too. Small businesses aren't profitable every month, let alone every year. This is especially true when you're just starting out as a new business.

6. Outline your forward-facing Smart Business Budget.

Now that you've created your P&L — which is a historical document showing the past of your business — it's time to create your budget.

For this step, referencing your P&L will help you better understand the seasonal ups and downs of your business, which investments in your business are worth repeating, and what you should avoid in the future. When examining your P&L, you're looking for ways to explain the fluctuations and changes in your business. Now all you need to do is forecast what you intend to spend across the year, and these figures become your new 'budget' or 'what you can spend' over the next financial year.



Very few business owners love budgets, finances, and spreadsheets. However, budgeting is part of life when you own a business. So, knowing step by step how to create a business budget and manage it efficiently, will make your job as a business owner just a little bit easier.

Visit upcoach.com.au to get your FREE budgeting template now!

Tony Crossin

Tony is one of the Business Growth Experts at Upcoach. Specialising in business finance, Tony is a regular contributor to the Upcoach Magazine and personally coaches clients to grow and scale their businesses.

... budgeting is part of life when you own a business.

A few extra smart budgeting tips:

- Invest in accounting software to track income and expenses and automatically create your P&L statements. From Quickbooks to Xero, there's a host of solutions for you out there.
- Hire an accountant you trust to help manage your budget, course correct when the business gets off track, and make sure you're paying the necessary taxes.
- Break the process of how to create a business budget down into small steps — managing a business budget is much easier when you do pieces of the work over time and tackle a little bit each day or every week.
- Put procedures in place for budgeting that'll help you know where to find the numbers you need, when expenses go out, and where the money you need is located.

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