

profit plan

Our general Profit Plan follows 9 steps in 9 modules. This text covers Steps 1-5. After Step 5, you take a break before continuing to complete steps 6-9. In each Module you will have 2-3 objectives. Once you're able to check off the objectives, you know you're ready for the next step in the Profit Plan.



MODULE 1 - LEARN

Learn key legal and tax concepts to understand what you'll need to set the stage for the whole program. Objectives:

- I know my effective tax rate (how much you should be saving);
- I know if, how much, and in which states I need to collect sales tax.



MODULE 2 - FORM

Form or fix your legal structure. This becomes the foundation we build upon in the remainder of the program. Objectives:

- I know which business entity is right for me and when I'll be S Corp ready;
- I have formed my business entity and obtained all necessary applications, licenses, and permits.



MODULE 3 - LAYER

Layer on additional legal protections to round the security you'll need to protect the wealth your business will create.

- I have obtained or updated my insurance policy;
- I have received my semi-custom contract template from Braden and implemented it into my new client onboarding sequence.



MODULE 4 - FLOW

Implement a comprehensive cash flow policy to pay yourself, your taxes, and your expenses at ideal profit margins. Objectives:

- I have created my cash flow policy;
- I have opened my necessary bank accounts (or re-structured as needed).



MODULE 5 - ACCOUNT

Module 5 - Account

Determine what bookkeeping method you should be using, how to set it up and manage it to optimize profit driven decisions in the business. Objectives:

- I have setup a bookkeeping system and my books are up-to-date;
- I have a system to manage receipts and other records.



GUIDE

QUARTERLY TAX CALCULATOR

Use this guide to complete your calculator

[OPEN THE CALCULATOR](#)

QUARTERLY TAX CALCULATOR

let's calculate those taxes

In past iterations of this course, I had students do a purely manual tax calculation. It was a good learning experience, but some students would get stuck. I decided to streamline the process a bit and create a Quarterly Tax Calculator Google Sheet.

You will need to do *a bit* of math here and there, but the Calculator will do most of the number crunching for you. In this section, I'll teach you how to use the calculator, and we will work through it with an example. Start by opening up the Calculator.

In this lesson, we will work through the Calculator together using an example. At the end of Module, as part of your homework, you will do your own calculation and submit it for my review.

Let's take a look at the calculator and run through it with an example.

1

Finding Total Income

Barb made \$15,000 last year in her first year in business. She had \$5,000 in expenses. This year, she expects to double both her income and expenses.

Sidenote: This is the trickiest part really. When estimating quarterly taxes, we must look forward. I'm making this easy for now, giving concrete expectations for Barb. When we do your calculator, it will be more of an estimate.

She also has a part-time job and expects to make \$25,000 there as a W-2 employee. Her wife has a full-time gig as a W-2 employee, where she makes \$75,000. Lastly, Barb and her wife have a rental property from which they expect to profit \$10,000. The first part of Barb's calculator looks like this:

Lesson 5

sales tax

5



TAKE ME TO THE VIDEO

If you just finished Lesson 4, please - for the love of all things holy- give yourself a break. We need some mental separation between income and sales tax. Cool?

Repeat after me. Sales tax has literally nothing to do with income taxes.

Remember our first section on taxes. I discussed taxes falling into one of two categories. Throughout the first two parts of this book, I explained the primary forms of income tax. The second big category is consumption taxes.



GUIDE

SALES TAX SNAPSHOT

Use this guide to determine whether you need to be collecting sales tax.

QUARTERLY TAX CALCULATOR

let's calculate those taxes

AFTER YOU KNOW YOU NEED TO COLLECT THE TAX

1 Check the filing frequency

Some states require annual filings, some monthly, and some quarterly. Check your state's rules. Some states are based on volume. In CA, we have all 3 frequencies, but the vast majority of creatives file quarterly.

2 Get your banking & tracking in order

When we get to Module 4, we'll talk all about banking and having multiple bank accounts. Keep this in the back of your mind. If you need to collect sales tax, you can always open an account for it.

3 File the returns

Sales tax returns are generally MUCH shorter and simpler than income tax returns. I have talked to business owners who say it takes about 30 minutes per quarter with good processes. However, if you already have an accountant, you can ask if they offer sales tax return services.



PROFIT Rx

MODULE 2

A PRODUCT BY BRADEN DRAKE

MODULE 2

FORM

OBJECTIVES

- Create a plan to form your business entity
- Obtain your licenses, and complete your founding documents

Lesson 1

choosing your entity

1



TAKE ME TO THE VIDEO

Business entity is legal jargon for the different ways to legally form and organize your business. The typical options are sole proprietorships, general partnerships, limited liability companies (LLCs), S corporations, and C corporations. You'll work through some exercise to help determine which is best for you.

The "default entities" are the sole proprietorship and general partnership. Typically, cost is the only reason you would choose *not* to form a different entity. The most common non-default, options for small business owners are LLCs and S Corps. Remember, an S Corp is not an entity. It's a tax status. Therefore, for most sole props, an LLC would be the best starting point. While I'm not going to strong-arm you into forming an LLC, it is recommended.

Really, the first decision you need to make is whether you will operate as a default entity (sole prop or general partnership) or whether you want to upgrade to a formal entity (LLC). To help you with that, start with the Liability Assessment Guide.



GUIDE

YOUR PROFIT RECIPE





Use this guide to bake up your own recipe for profit growth.

The first step in your profit recipe is to take a good hard look at your expenses. BUT, make sure to ask yourself those two questions I mentioned before you slash costs.

YOUR PROFIT RECIPE

cook up the right mix

Here is the outline of your profit recipe.

-  1 part expense management
-  1 part revenue management
-  1 part offer mix
-  1 part profit matrix sweet spot

The finer points are up to you. You'll work through those in this guide. You will come up with your expense management plan by going through the expense reduction guide.

Then, you'll identify revenue targets, and I'll share my strategy to stay on track. Next, you'll consider your ideal offer mix and matrix sweet spot.



GUIDE

THE SMALL BIZ TAX DEDUCTION GUIDE

Keep this guide handy for your bookkeeping later on.

In this guide, I go through all the deductible expenses specifically listed on the Schedule C. Then, I cover some common, fully deductible expenses you'd put in the "other" section.

Then, we will turn to the other categories that are partially deductible.

I like to present the info in this manner because if you categorize your deductions by category in this guide, it will make your tax return that much easier.

SMALL BIZ DEDUCTION GUIDE

crush your taxes

FULLY DEDUCTIBLE EXPENSES ON THE SCHEDULE C

ADVERTISING

Advertising includes all marketing costs. One of the most common costs is one's website. Other examples include Facebook ads, print material, including business cards, branded promotional items like mugs or stickers, and more traditional marketing items like print ads. Fees paid to sites like "The Knot" or "Thumbtack" would also go here. If you boost a post on Instagram, that's an advertising expense. You get the picture.

Note that the materials are deductible as advertising costs, expenses to create them (designer fees and ad manager fees) would go into the Contract Labor category.

COMMISSIONS & FEES

This category includes fees paid for referrals, sales commissions paid to contractors, finder's fees, shared commissions in real estate, as well as transaction and processing fees.

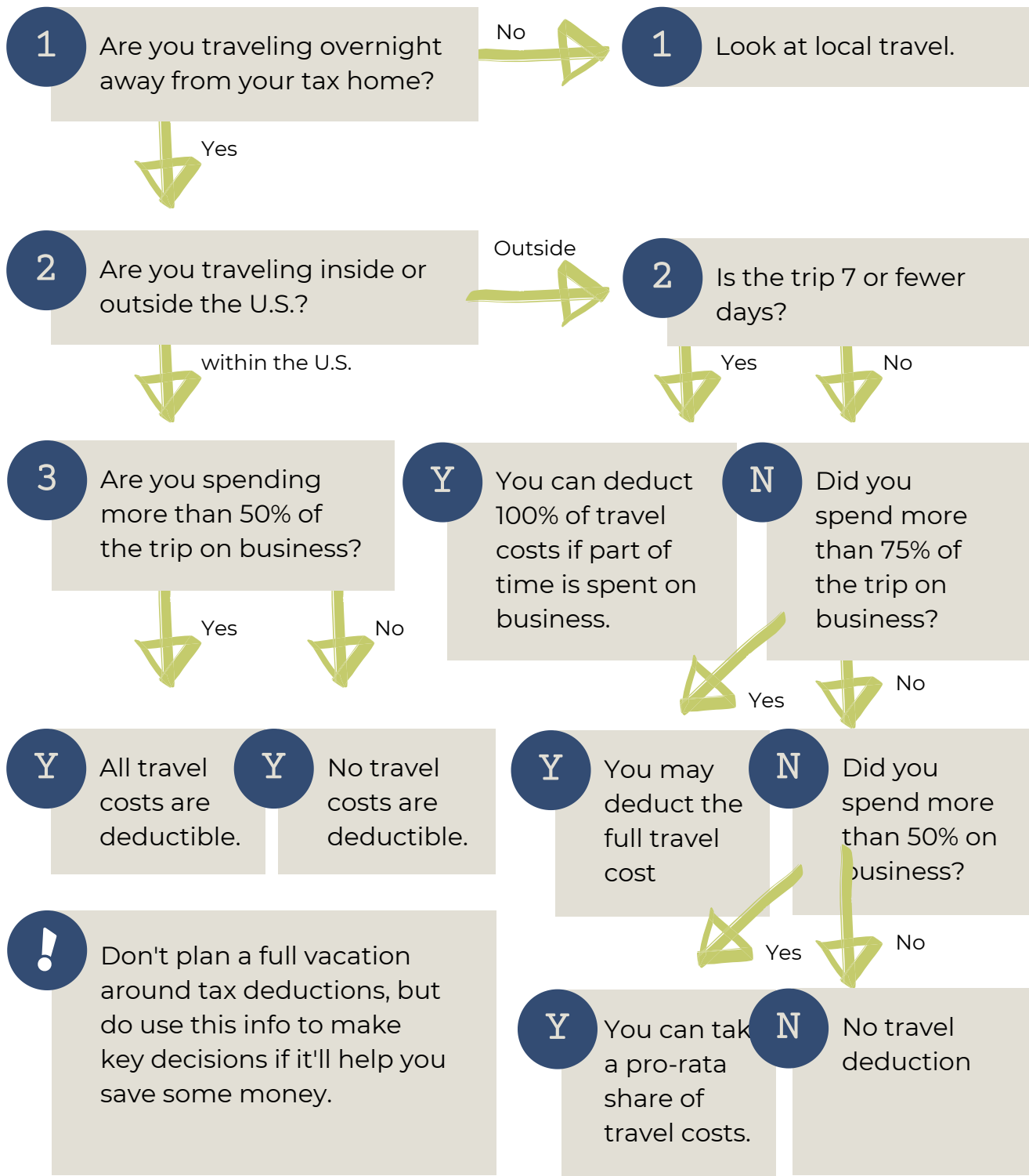
The common ones are: credit card processing fees (that money stripe takes when you get a new payment); and referrals fees paid out to influencers and affiliates.

CONTRACT LABOR

Contract labor includes payments made to persons you DO NOT treat as employees, so basically the checks you send to independent contractors. Think second shooters, your virtual assistant, social media manager, etc. Remember that you owe a 1099 to any contractors to whom you pay \$600 or more.

SMALL BIZ DEDUCTION GUIDE

crush your taxes





GUIDE

XERO SETUP GUIDE

Click the link below for a super short tutorial from Xero on how to get started.

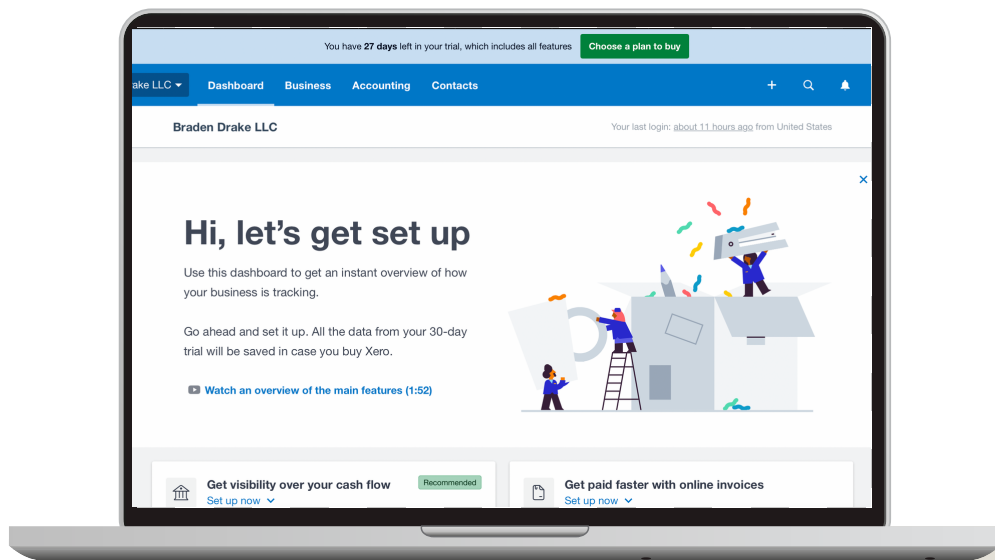
[CHECK THE VIDEO](#)

QUICKBOOKS SETUP GUIDE

crush your taxes

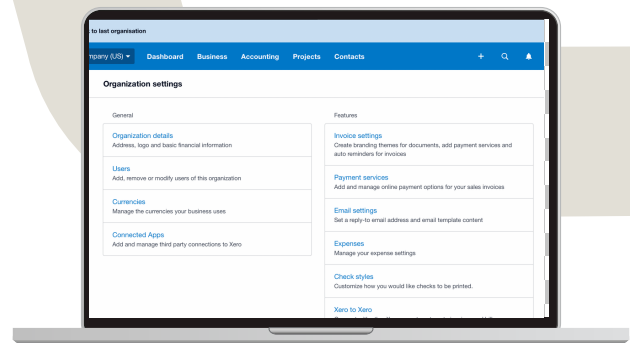
1

Create account: If you are new to Xero, start by going to their website and creating an account. They have great onboarding instructions and tutorials to help you get your company setup. Go through all the basic setup stuff.



2

Start with settings: Begin by clicking the setting tab on the top left dropdown. Go through each section.



MODULE 5 OBJECTIVES

- I have setup my bookkeeping and my books are up to date for this year
- I have created and implemented my Finance Friday routine



Before moving onto the next Module, make sure to complete the end of Module assessment in your member's area.

[TAKE THE ASSESSMENT](#)

COMING UP ...

Here are your upcoming Modules:

- Module 6 - Protect (trademarks & copyrights)
- Module 7 - Hire (employees & contractors)
- Module 8 - Finance (personal finance cash flow)
- Module 9 - Systemize (creating your comprehensive system)

I encourage you to take at least one month breather between this Module and Module 6. Work on flushing out some of the lessons from these first five modules, or visit the bonus modules.

Our goal is for you to have 3 full months of implementation of your cash flow and Finance Friday processes before you get to Module 8.