

## DIRECTIONS

### DIRECTIONS FOR USING THE YELLOW PAD LEAD CASH REPORTS:

Print these reports and use a pencil. We mean it. Do it old school style until you truly understand it, then get fancy with Excel or delegation.

## YEAR LEAD CASH REPORT

**REVENUE:** Decide on your revenue goal for the year. Make this decision based on your last year of revenue and your current marketing plan. If you invest a lot into marketing for growth, you can expect to grow your revenue more. If you plan to take more out in profit, you will want to set a lower increase in revenue from your previous year.

**PROFIT:** Decide on the profit you will take out of the business and put it into your personal accounts. Please remember, if you are taxed as an S corporation, which we hope you are if you are making six figures, then this profit will be in addition to your salary. Your salary will show up under expenses. The more you take out in profit, the less you will have to invest in marketing. The more you take out in profit, the more you will pay in taxes.

If your goal is to grow your business, take out less profit and invest more in marketing.

If your goal is to take money out for your personal savings, you will invest less in marketing and growth.

Neither is right or wrong, just be clear what your goals are.

**TAXES:** You need to understand what your tax rate is to estimate this number. Find out from your accountant or from your last tax return what tax bracket your income is taxed on. Remember, your profit flows through to your personal tax return. You don't pay taxes through your business unless you are a C corporation, which most likely you aren't.

Estimate this number by seeing how much you are taking in profit and then estimate by multiplying that number by your tax percentage. This should give you a fairly conservative estimate of what you need to put away to pay for taxes. Always check with your accountant to make sure you are estimating correctly.

**MARKETING:** We like you to decide ahead of time if you are going to invest for growth or take more profit. It's an important distinction and decision to make. You can't take all the profit to buy personal things and expect your business to grow rapidly. The business will need you to invest in direct response marketing to scale predictably. When you have a marketing plan that is predictable, that is why you literally just buy your own growth. (You can grow without investing money, but it is less predictable and much slower.) Choose this number based on your lead marketing report and your growth goals.

For example, in your first year of business you will want to spend all your money on growth and take none in profit (and therefore pay no taxes). As your business

matures, you will start taking more in profit and require less growth. There are no exact numbers here. It's your business, so you get to choose how you allocate your revenue. We just want to make sure you are choosing consciously.

**EXPENSES:** This number is a calculation based on the goals you have set above. Take your total revenue and subtract the totals of profit withdrawal, taxes, and marketing investment. What you have left over is your budget for expenses. This is what makes this report so awesome. You will know exactly what you can afford and choose exactly how to allocate it based on the budget. Please review the video on expenses if you need to, but remember that your salary is also included in expenses. So if you are into your second or third year and are paying yourself a salary, take that into consideration when seeing how much money you have left for expenses.

**Note:** You can create this report at any time during the year. If you are in the middle of the year, just include the revenue, profit, and taxes you have already earned, withdrawn, or saved in your calculations.

**Another Note:** We use the terms "Lead Cash Report" and "Lead Profit Report" interchangeably throughout the class. They are the same report.