

Hey there and welcome to another episode of the Your Next Best Step podcast. I am your host as always, Theresa Cantley, and I am super, super, super excited that you're here. Today's episode is going to be a little different. I kind of mix it up between more the mindset side of business, which if you've ever heard me say it, especially if you work with me one-on-one business is 90% mindset, 10% tactic and strategy. People think a lot of times that they need a new strategy, they need to do the latest and greatest social media tactic that's out there and they don't. What it ends up coming back to is they need to either up level their own mindset and their business, they need to change some things around operationally or, they just need to be brave as we talked about in episode number 35 and just really put themselves out there and do things differently, which takes a lot of courage and just being brave.

But today's episode is a little different. I've been wanting to talk about this topic for a while and I've seen some things out there that people have written about over the years and that people... I've also looked at the questions that I get asked a lot from friends or fellow entrepreneurs, people that I know in different groups that I'm in. It all centers around what I like to say, "Do you have a hobby, a really expensive hobby or do you have a full blown business that's based on something that you are super passionate about or your knowledge and your super skills that you want to really put out into the world and make a huge difference?"

I get asked this question a lot and I've seen it a lot. When we had our brick and mortar business and comments that the person that was doing our financials would say to us, "A lot of people that I come across, they think they have a full blown business. And what they actually have is a very, very expensive hobby." I've narrowed it down to five things that maybe you can ask yourself. If you have a local business, maybe you can ask yourself, "Do I have these things set up and am I working on these things?" If the answer is no to probably 50% of them, you might want to take a look at what you're doing, and how you're doing it, and how you have things set up and maybe make some adjustments. Because I've come across this a lot and I've seen it a lot where people open up a business and they just open up a business and they start selling things and they can't figure out why they're not growing.

When I come in and I sit down and I work with them, I used to get a lot of, "I was in corporate and I just want to have fun with what I'm doing. I just want to have fun. I don't want to set goals. I don't want to have structure. I don't want to have systems. I just want to have fun." Hey, I get it. I was in Corporate America and when my business partner and I started our first business, we just wanted to have fun and we wanted to do something that we were passionate about. We didn't want to have structure and we didn't want to have to plan things because that's what we were used to in our corporate world, which was doing a ton of sales meetings, a ton of operational meetings in budgets and all kinds of stuff. We didn't want to do that in our business.

Well, that was a giant, giant lesson learned because our financial person used to always say to us, "You don't have a business here ladies. You have a very expensive hobby and a very expensive hobby is not going to get you far." There is truth to be said in that statement, even though when he used to say it to us, we used to get really pissed off and seriously did not make us very happy nonetheless. But it's true. If there aren't certain things in place in your business and you're not willing to do certain things, then really what you're building is just... it's a hobby and it's potentially a very expensive hobby.

Like I said, I've seen people open up a business. I've worked with people where it's, "I don't want to set goals. I'm just super passionate about this. I don't want to have a content calendar. I don't want to have a marketing plan." Stuff just comes to me in the morning. When the spirit comes to me in the morning

and gives me some inspiration, then that's when I decide what I'm going to do. Okay. You know what? If that works great for you, that's nice. But we have to set up certain things in our business. We have to take certain things into account because that's what ultimately will end up giving us the freedom that we really want and why we started our business in the first place, right?

From a purely government tax perspective, there are certain things that you need to have in place to protect you so that if you do have a very expensive hobby and it's a passion business, it doesn't go away, right? I've seen time and time again where people don't have their business protected, they don't have certain things in place and then stuff falls apart. They lose the business, they lose information that they've created, and it's a no win situation.

What we're going to talk about today, we're going to talk about five things. These five things are things that I go over with people when we start working together and we make sure that we have certain things set up. If they don't have it set up, we got to work on doing it. Again, I mean, I had a client one time who had been a teacher and when I first started meeting with her, she said to me when we started getting into putting together a business plan and putting together her vision and goals, and she just got so overwhelmed. I said, "Okay. Well, tell me what's overwhelming about it." She said, "Well, I just want to come here. I don't want any stress. I don't want to do business plans. I don't want to do any kind of plans because that's what I did when I was working full time. That stuff just makes me... I get all nervous about it, and I just don't know what to do. I don't want to do that because that's too much."

I said, "Well," I've said, "Okay, well that's fine, but what you have then is a hobby. If you're okay with that, that's fine. But I want you to recognize what you're building here because there are differences with having a hobby and being an entrepreneur and building a business and something that's going to be sustainable and be around long after you build it when you start. We're going to go over these five things. Again, this is just in my opinion from building several businesses over the years, things that you need to have set up and in place. I'm also going to tell you a couple of people that you probably should invest in. That comes from my corporate background, but it also comes from things that I've learned, mistakes I've made myself, and having invested in these people was super, super, super important.

Let's get started. Again, this is not going to be a fuzzy, fuzzy episode, but that's okay because sometimes we just need to just hear it straight, hear right, and fix things and do things that we need to do so that we can move forward. Number one, the biggest, baddest thing of all, the biggest thing is if you have a hobby, you don't have it fully set up as a business. But when you do have it fully set up as a business, you got it set up as a business. What this means is... And I've worked with many freelancers who fall into this bucket where they do not have their business set up. Everything goes through their personal bank account. They also just do everything through their social security number. That's okay, but not great. There's reasons why.

First of all, you want to have your business set up. You can set it up as an LLC, you can set it up as an S Corp, you can incorporate, whatever talking to an accountant, talking to a lawyer and figuring out what's going to work best for you. The thing that I typically recommend... And it all depends on what type of business you're running and just different factors that go into that. Most people that I work with are set up as an LLC, which has a lot of benefits to you with your personal taxes and things that you can do from a business standpoint.

Again, one of the people I'm going to recommend or two of the people I'm going to recommend that you invest in is getting an accountant. We're going to talk about the accountant a lot through this episode, but getting an accountant and also investing in legal advice, whether you get to the point and you have a lawyer on retainer or there's a bunch of programs out there, people that I've actually worked with who are lawyers and they've gone out and they either left their law firm practice or they still have their own personal practice, but they've set up programs on the side to help people who can't afford to retain a lawyer, just to have one on retainer. They've set up programs to help people get started. Those programs that they've set up, if you do invest in a lawyer, they can help you get set up with an LLC, they can help you get your business set up as an actual business entity.

There are also things like LegalZoom that you can do when you go ahead and get your business set up as an LLC, there's contractor agreements on there. If you have a partner, a business partner, there's partnership agreements that LegalZoom also offers on there. But if you have a lawyer and you can afford to retain a lawyer, you can have them set up all of those things in advance for you, which is the direction that I went. My business partner and I, when we set up our brick and mortar store, we went through LegalZoom and she was a paralegal in her previous life. She just went through LegalZoom and then she could file a lot of this stuff herself.

But when you get your business set up as a business entity, they will also assign you an employee identification number. That's what you use for tax purposes. If you're a contractor, if you work with people one-on-one, at the end of the year, you fill out a W9, like I have contractors that work for me. They fill out a W9 paper and then at the end of the year, you 1099 them to show the amount of money that you've paid them and the income that they've earned. It keeps things set up. It protects you personally. It protects your business. You have things completely set up. If you have a partnership, you have the partnership agreement so everybody's clear on what that looks like.

The other thing is like I said, to have a bank account, a separate bank account separate from your personal bank account. Again, funds go in, they're attached to the business entity. You can just take money... If you're set up as an LLC, you can cut yourself a check. You can put yourself on payroll. That's another thing. Once you're ready to do that, getting yourself set up with a payroll company and actually putting yourself on payroll so you're paying yourself on a regular basis, which I got stuck in that trap when I first started where I didn't have that set up for myself. Then I ended up dedicating all my money to paying other people and paying expenses and ended up not paying myself. Don't make that mistake.

But getting your separate bank account set up so that you have your business funds separate from your personal money and you can keep track of that bank account on a regular basis. I also said it is very, very smart and wise to invest in an accountant. You can start by doing things yourself, but eventually when you can to invest in accountant. When I say invest in an accountant, not to do it, to just say, "Okay, that person's going to handle my stuff." You still need to understand what's coming in, what's going out, how things are accounted for and understand the ins and outs of how your business entity is set up.

The accountant just helps to do your books and give you tax advice on a quarterly, monthly, biannual basis so that you have some advice. Okay? Like I said, you can start by doing your taxes yourself. You can, like I said, these programs that are out there and there's a couple of them that I really like. There's one from Bobby Klinck. I highly, highly recommend him. His last name is K-L-I-N-C-K and I will put a link in the show notes so that you can go and reference his program. His program was called Online Genius, I

believe. But I will definitely put that link in the show notes. He has a bunch of standard templates that he... and he makes it so easy for people to go through.

Actually, there's a privacy policy that you absolutely need for your website, a GDPR with the GDPR edition addendum added to it, there's Terms of Service, Terms of Use, just different templates, stock templates that he gives that he makes it... You can just go in, he tells you what to modify, if you're this type of business, what you need. He just makes it so, so, so easy. So that again, if you can't afford to have a lawyer on retainer that can create these documents for you, contractor agreements, privacy policy, Terms of Use for your website, an agreement that you would have with your clients. If you can't afford to retain a lawyer to create those special for you, his program is great because he gives you these standard templates and all you have to do is just go in, modify them and add them to your programs, add them to your website, do whatever you need to do with them.

But setting the whole point is for number one is making sure that your business is set up as a business. You have it set up as a business entity. You have where you're getting an employee identification number. You have a separate bank account for your business. You have a way to track by using QuickBooks or FreshBooks or HoneyBooks or zero. There's so pieces of accounting software where you can track income that's coming in and you can track income that's going out expenses. Okay? As customers are placing orders or as people are coming into your restaurant, you have a way to take something from your POS system, get those numbers from your POS system, purchase orders that you're cutting, people that you're paying. You have a way to take that information and it goes into an accounting system so that you are looking at your numbers and you have a handle on your numbers and you're looking at your metrics, which we talked in previous episodes about.

But then also if you do hire an accountant, he or she has a way to go into your accounting system, look at your numbers, reconcile the bank accounts, reconcile the things that they need to or do whatever they need to do, whatever you're contracting them to do and you both can see what is going on. Okay? I have a client who was working with an accountant one time per year, and all they were doing is just preparing their taxes and they learned over the years they actually needed more tax advice. They needed more information just because of the nuances with the business. It was time to really bring on a good accountant that they could talk to on a regular basis to give them this information.

People who have a hobby don't really have it fully set up. A a business entity, they don't understand how to track the numbers, how to understand income and expenses, what's coming in, what's going out. You want to have that set up. The other thing... and I'm not going to go into full detail about this, but one of the other things that is beneficial to have is to have a company, if you have any intellectual property, recipes, programs that you've created, intellectual knowledge about events or classes or anything that you've created and you use in your business, you want to make sure that you get that stuff trademark and protected. You also want to make sure that all of that is housed under a separate entity for your business that owns all of the licensing for that and trademarks.

There's ways around it that especially, you can find a trademark lawyer. There's a gentleman that I just met in one of the groups that I'm in. His name is Joey Vitale. Again, I will put a link to his program as well. He also does one-on-one work. He is a lawyer and does have a law firm. But then he also has online programs that teaches people how to go through the trademark process and he walks you through it and makes it easy to understand so that if you do have... I have customers, I have lots of recipes that they fine tuned over the years and they are all being trademarked. Okay? You want to make sure that

you have that protected so that your hard work stays as your hard work and doesn't go anywhere. Okay? That's number one.

I worked with my cousin's daughter who was 17 at the time and we were working on setting up a business for her and we were actually going through and talking about these things. I mean, obviously, her parents needed to be on it because of her age, but we were talking through the importance of having this stuff set up. I cannot tell you how many business coaches I've seen out there that are just... they're giving coaching advice on business and they're not even focused on the... Oh, my phone's ringing. Let's see if we can get that to be quiet. Sorry about that. But they're not even focused on the LLC, getting the business entities set up, and making sure that their clients are protected, which is a big deal. That's why I started with number one.

Number two, not having a business and marketing plan. Again, I've seen time and time again, local businesses, business owners, who get the business set up and away they go and they don't have any kind of a marketing plan. They're just following what everybody else is doing. They set up a Facebook page, maybe they're doing Twitter and they just follow what everybody else is doing. They print out coupons and they can't figure out why they're not growing.

Well, when you set up a business plan and marketing plan, there are things that you examine, where are you right now? What is your target audience? What goals do you have for your marketing and for your business? What platform do you want? What is your platform look like to get your message out there? What metrics do you need to measure? These are all things... I mean, I've asked people these questions when I start working with them and they look at me like a deer in headlights and it's like, "Okay. Well, we need to do this stuff." They're like, "Well, I don't understand. Well, guess what? You're going to learn because that's what being a business owner is all about." It doesn't have to be this big super fancy marketing business plan. It just has to be a plan that's going to be your map to get to where you want to go, to get to that next step. Okay?

My client that said, "I don't want stress. I don't want anxiety. I just want to come here and have fun and relax." Shortly after she made that statement, she came back to me and said, "Well, I started putting together a plan." It just started out as a content plan for Facebook and a plan to start gathering emails from people who were visiting her store and then putting together a plan to start marketing to them, to email them on a regular basis to let them know about events and promotions she had going on. That's how it started. That was it. Then a couple local advertisements, that was it. But that was enough to get her started, just to get her feet wet and just have a plan so that she could stay consistent. She started doing it and within two months, actually within the first 30 days, she came back to me and said, "I can't believe how good I feel. I don't have to worry about things. I have it all planned out. I have things scheduled out. I know when I'm going to have my events, and I can see foot traffic start picking up."

Wow, that's the whole point, right. If you haven't done anything to start building a marketing or a business plan, take a look at again, where are you right now? Where do you want to go? What platform do you want to use? What is your platform look like? Where are your people hanging out that you know you can reach them? What metrics should you be measuring? Even if it's just income and expenses to start with, and then engagement on social platforms, that's fine. You can always build on that as you work with people. Again, if you invest in one of these online programs to help your business entity get set up, or even if you invest in working with an accountant or working with a business mentor, they are going to help you to put these plans together and to understand the metrics and you absolutely 100%

should understand the metrics. Never, ever, ever, ever, ever should you have someone doing things for you. I've seen this a lot, especially, with people who hire "Google professionals." They don't ever explain the metrics to them.

They're telling them you're getting great results, but they don't know what great results looks like. They also don't know what their results look like. Fully understanding what your metrics are, even if you're working with a professional and if you're working with a good business strategist and a good business mentor, it's one of the things that I run through with people is to understand their metrics, understand where their traffic is coming from, but also understand what's working and what's not through those metrics so that you can manage your business better.

Do you have a clearly defined vision, mission, and purpose? Do you have a clearly defined and are you taking full ownership of that vision so that you're communicating and out to your team on a regular basis? When I say your team, I mean everybody on your team. You're not just communicating at once, you're communicating it over and over and over again so that everybody understands what that vision is.

Many, many, many people that I've worked with or that I've talked to and when we talk about the vision, they come back to me and either they don't have one or they'll tell me, "Well, I sell X." Or, "My restaurant does X." It's like, "Okay, well that's your what? Let's talk about your why. Let's talk about that. Then let's go back to your what. Maybe we can fine tune it some more." You sell clothing or you're a gift store or you're a pizza parlor or you're an Irish pub, but there's more to it than that. That's how when you work with me in the restaurant business growth formula or even the business growth formula, we focus a lot on building your signature experience that makes you iconic.

A lot of digging into your vision, and your purpose, and your mission beyond what you sell or what you offer is super, super, super critical to creating that experience that makes you iconic and makes people want to come back over and over and over again even in difficult times because when you create that experience, it engages people and it's having them experience something beyond just buying something. Okay? It makes it more meaningful and purposeful. Understanding and taking full ownership of that vision, mission, and purpose is so super important, super important because that is the foundation and the GPS for your map.

Remember your map is your plan. That is your foundation. That is your GPS that tells you where to go, what decisions to make, what route to take. Okay? When you don't have that set up and it's also people will create their vision, they're like, "Okay. Well, here's my vision." It's only based on where they are right now and what their current circumstance is right now. What we want to do is want to create that vision so that it's based on the future possibilities and that is much, much, much stronger than where they are right now in their business.

I mean, could you imagine creating a vision for your business? If your business just got started or your business is potentially in a rough spot, a rough patch, could you imagine creating a vision based on where you are right now? That doesn't even make sense because that's where you're going to stay, right? The purpose is to grow your business. Having a clear vision, mission, and purpose based on future possibility and based on what is the purpose in your business beyond what you sell, Super, super, super important. People who have a hobby solely just focus on because they're passionate about what it is

that they're doing, what it is that they're making. They don't want the stress, they don't want the anxiety, but they also don't have that big vision.

Number four, there are no goals, financial goals set up, impact goals set up, and a plan to execute. Success is not determined by the final goal or the outcome. It's determined by the plan that we set up, the decisions that we make, and the steps that we take along the way to get to the outcome that we're looking for, right? When we have a business that's a hobby... And this was a big mistake that my business partner and I made, we just set up the business. We knew we wanted to help women and we were passionate about that, about helping them find their voice or helping artisans find their voice, helping people feel good, but we had no goals.

We were managing our business in a vacuum basically. We had no budget. I mean, budgets are fine, but a lot of people live and die by the budget. I mean, in all honesty, they're just made up numbers. We're just picking numbers. I mean, they do help us to fine tune, but if we don't achieve, if we go over the budget or we're under the budget, doesn't mean anything, right? What means something is the decisions that we make and the plan that we create to get from point A to point B, which point B is achieving our goals or reaching our numbers or whatever. Okay?

What's helpful is when we can set specific goals and we also have a dedicated time. When we first had our store, when we first opened up our store, we were working part-time and we still had our full time jobs. But even after we left our full time jobs, we were very laissez faire with our hours. We had specific hours that we knew we wanted it to be open. But when you are building a business, a full blown business, that you're super passionate about but is as a business, it is not a hobby. There is a period in the beginning where you hustle and you are open and you really get the word out and you know what that higher purpose is in your business. You have that strong why, that really, really strong why that keeps you going and gets you up in the morning. That really makes you, when times get tough... it keeps you moving and times do get tough.

I mean, you've heard me say that numerous times. When we're just doing a business as a hobby, we don't necessarily have that drive, that burn the boats and go all in and really move this puppy forward, move this business forward. I can see it looking back now, and this is a very long time ago, when we started our business. It was kind of like, "Yeah, we're just going to do this." The business was not... we made money but it wasn't profitable. Our financial person kept getting on our case and we kept doing the same thing. We kept getting the same results, right?

Having clear goals, having specific goals, not just financial. I mean financial goals are important, but also having impact goals. What are those impact goals that you have for your business? Really having that dedicated time to work on your business. If you're in your business full time, you're dedicating time to create content, to build your team or build a team to really fine tune that vision so that you can move forward. Like I said, when we first started our brick and mortar store, we were there... When we went into it full time, we were there regularly, but we would just open up the door, turn on the lights and there we would set. Maybe I would do some Facebook posts and put together some emails. But that was it.

We were operating our business in a vacuum. You don't want to do that because that will continue to give you the same results that you've been getting. That's why a lot of businesses end up shutting down. You want to make sure that you have clear goals, clear and not just financial, but impact and they make

sense. You also have a plan, even more important, you have a plan of how you're going to achieve those goals and what you're going to focus on. You understand what your most important things are that you need to do in a day instead of just constantly spinning your wheels and just doing things that are random activities that just keep you busy.

Making sure that you have those specific goals, impact goals, financial goals, but also even more important, you have your own process that gets you from point A to point B. Again, working with a good mentor is going to get you set up so that you can figure out how to take your big vision and how to figure out what your goals or your big goals and how to break them into pieces so that you can achieve them. A good mentor is going to help you to understand and create your own unique process to do that. Just because it works for this person, doesn't necessarily mean it's going to work for this person.

One of the things that I like to do is I like to help each individual business owner figure out their own process to achieve their goals. The framework's similar, but people learn different, people break down things different, people have different times when they're most productive. I tweak it, we tweak it for each person individually and that helps them to achieve their own definition of success. Now my definition, not this person's definition, but their own definition of success.

The other thing that you also want to think about when you're thinking about goals and even setting your business up and your plans and all this, the things that we've been talking about so far is also thinking about... And it doesn't matter how old you are thinking about a retirement plan and getting some retirement planning help sooner rather than later. My husband and I made this mistake. I mean, we both have 401(k)s, but we made the mistake when I started my business of not getting financial help, not talking to a financial planner sooner than we did, which was a mistake because we just kept putting it off and putting it off and saying, "Oh, we'll do it when the business is making money. We'll do it when the business is making more money." Then we just kept putting it off and putting it off and putting it off.

Like I said, he has his 401(k), I have my 401(k), but we didn't really talk to a financial planner and say, "Okay, now that we have this business, what can we do with our financial planning and really have a plan in place?" It doesn't matter if you have \$10 or you have \$10,000, you can really focus on getting something in place and talk to somebody sooner rather than later so that you don't wait. You can start building things and building that momentum that you need, so that down the road you have something really nice built up so that you can think about retiring.

I talked to lots of entrepreneurs who have not put money away, even people in businesses, business owners who have not had a focus on retirement planning. Then that trickles down to the people that work for them. Then I talked to these people and they're like, "I'm 45 years old and then I don't have anything in retirement." It's a classic thing that I've seen in the restaurant industry and educating people on the importance of financial planning, even if it's \$10 at a time and talking to somebody. Also, I work a lot with business owners when they're at the point where they can do it to start putting together a fund of retirement plan for their employees. That makes it even more of a real deal thing.

Also, you're investing back in your employees and you're educating them so that they understand their importance of their hard work and what it can do for them in the future. The last thing, number five, is investing in you. Investing in you. You can't do the entrepreneurial journey alone. You can't try and figure out everything yourself. It takes forever. Believe me, I know. For years, I tried to figure everything out myself. But investing in you. Down the road, when you build a team, you're going to invest. If you



hire an accountant or you hire a lawyer, you retain a lawyer, you hire a financial planner, you hire a business mentor, you want to invest in yourself. You want to invest in refining your own skills as a leader, as a business owner, as an entrepreneur, as a creator, as an innovator.

Not enough people want to do that because they think, "I have to get things running first. I got to figure this stuff out. I don't have the budget to do it, I'll do it later." But I'm here to tell you, find a good mentor or a mastermind or a group coaching program that you can join, that you can be around like minded people and you can get the help that you need to take your own skills to the next level. Like I said, this was something that I did not do in the beginning and I wish I would have because it took me a heck of a lot longer to get to the point where I am now. If I would have gotten that help sooner and not made some of these mistakes that I'm talking about here, I would've gotten to this place a lot faster.

Refining your skills and investing in you. You are your biggest investment because when you are feeling good about things and when you are achieving your own definition of success, you can help others do the same. Finding a really good mentor or joining a mastermind or a group coaching program, somebody who has achieved the level of success and has done the things, has maybe made the mistakes that you've made and have gotten through it and now they're successful. Finding that right person can make a huge, huge difference.

Let's review really quick. Number one, getting your business fully set up as a business so that you have a full business entity set up. You have a business bank account, you have a way to track all of your financial information and can understand it at the same time. Number two, you have a marketing and business plan that includes understanding your metrics and what you need to measure your platform, who your target audience is, and the goals that you want to achieve with your marketing.

Number three is clearly defining and taking full ownership of your vision, your mission, and your purpose so that you have a GPS in your business and you know what the deeper meaning is of your business beyond what you're selling or what you're serving. Number four is having clear financial, income, and impact goals, as well as making sure that you are focusing on your business every single day and you're focusing on the right things. You know how to focus on those right things because you have your own process in place to achieve those goals that keeps you focused on important things every day.

Number five is investing in you. Finding a mentor or a mastermind or a group coaching program so that you can constantly up level your skills. When you're in a group of people who are achieving the things that you want to achieve, it's just human nature, it is a natural thing that you will then yourself up level. Finding and investing in the right people to help you to grow and achieve the results that you want to achieve. As we've gone through these five things, ask yourself, do you have a business? Do you have a full blown business that you're passionate about or do you just have a really expensive hobby?

If you have a really expensive hobby and you're okay with it, that's totally fine. But if you really want to grow this and you really want to make a difference in this world, and you really want to make a difference in your area, and you really want to have this be sustainable and to achieve growth that you want to achieve, take a look at these things and maybe there's stuff that we talked about today that you can fine tune and fix on your business so that you can make it totally legit so that you can achieve the things that you want to achieve moving forward.

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