



Fearlessly Planning a 10M Company with Margy Feldhuhn

Episode #27

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Lisa Larter (00:01):

Welcome to, She Talks Business. If you're an entrepreneur, business owner or aspiring mogul, chances are you want to learn more about marketing and mastering and monetizing your business. She Talks Business is where you'll learn all of that and more. My name is Lisa Larter and I'm an entrepreneur, high school dropout, wiener dog enthusiast and your host. Let's get started.

Lisa Larter (00:24):

Hello. Hello. Hello. I am so excited about this episode. I feel like I say, I'm so excited every time I record one of these intros, but the truth of the matter is some of these conversations that I have are just with super, super stellar people and Margy Feldhuhn is one of those super, super, super stellar people. We are going to talk about money. And we are going to talk about money like the girl bosses that we are, and we are going to talk about profit, and cash flow and all the things that people really need to think about and learn in their business.

Lisa Larter (00:59):

Not only are we going to talk about sales goals and planning and org charts and how to structure your bank account, but we're going to talk a little bit about the mindset around money. And we're going to debunk the myth that you have to be good at math to understand what is going on in your business. If you don't know who Margy is, she is the co-owner and CEO of Interview Connections, which is the first and leading podcast booking agency. But we're not going to talk about podcasting. We're not going to talk about her business. We're going to talk about the business of the business. We are



not going to talk about podcasting. But you are going to love her. Her and her business partner, Jessica, have over 25 full-time employees. They have scaled to a seven-figure agency and they are on their way to eight.

Lisa Larter (01:55):

And I got to tell you, Margy is young enough to be my daughter. And she is so ridiculously smart that I wish that I could go back to her age and start over with the same passion and knowledge that she brings to the table. Enjoy this episode. It is fantastic. I will put all the links to the books that we talk about and the link to where to find Margy, and all of that stuff in the show notes. So, if you want to buy any of the books that we reference, I recommend you go to the show notes so that you can get them there. Enjoy this show. It's a really special one. Margy, I'm so excited. Let's talk about money.

Margy Feldhuhn (02:39):

I am so excited. I love talking about money with you because you're like me. You love talking numbers and talking money. And I love that you're doing this because it's so important for women to be talking numbers and money.

Lisa Larter (02:55):

I love it. I feel like you are my money maven, my sister from another mister. You probably could be my daughter. And I think what I love is that you are young and you are unapologetic about money and you love talking about it too. So, thank you so much for saying yes to having this conversation with me. So, first question, what is your big, hairy, audacious sales goal? We are currently in the very last day of the first quarter of 2021. And so I want you to pretend that we are 12 to 24 months out. What sales goal are you driving your business towards?

Margy Feldhuhn (03:39):

Yes. So, our top line revenue goal for 2021 is 10 million. We did 2.4 million about in 2020. So, a pretty aggressive jump. Our month goal, because I like to break it down into month goals, to stair step right now is we are going for a 600 K month as a first step. Our highest month ever was 365, 370 in a month. So, really what I found is breaking down the year goals into months as well is super helpful. So, that's what the sales team is rallying behind. They're really going to break through that 600 month as a first step.

Lisa Larter (04:26):

That's awesome. I love the step analogy and I love that you are teaching people to beat their best. When I owned a retail store, I had a big thing on the wall and it said best day, best week, best month. And beside each of those numbers was a date and there was a prize. And what it meant was if we'd beat our best day, we'd change the date, we'd change the number and everybody would win that prize. And the same thing if we beat the best week and if we beat the best month and obviously for each step up, the prizes got bigger. But I love that. I mean, I think anybody who has ever aspired to have a million dollar business knows that they need to hit \$83,333, right? So, it's a really great way to manage your business. And I had a conversation with a client of mine earlier today and she said to me, we just had our best month ever in the history of the business. And it made me so proud that she actually knew that. So, many people don't know what their best month was.

Margy Feldhuhn (05:32):

Yeah. And that's why they're not hitting their goals. It's like as simple as that. It's not like complex math, but if you don't know your numbers, if you don't know what you're doing in revenue, and expenses, and profit month over month throughout the years, you're never going to hit any goal because you don't even know where you're at in relation to your goal. You don't even know how much ground you have to make up. So, I love that you said that. One of the first things I did and everybody makes fun of me for this spreadsheet, but now everyone sees the value in it. In the beginning, they were like, Margy's just being a weirdo and like don't touch her spreadsheet or she'll freak out. But the first thing I did when I became co-owner at the beginning of 2018 was I got together all the P&L reports from previous years.

Margy Feldhuhn (06:21):

And I made an ongoing thing that showed 2017, 2018, then 2019, 2020, now 2021. And it's gotten more complicated. I have more numbers now. I have a separate accrual and cash one for each year now, which I didn't have when I started. But I can look at every January since 2017 and see how we're growing. And it's really, it's helpful. It's so helpful to know where you're at with your goals. It's also very helpful when you set gigantic goals that you often miss like we do, because I like to go so big that there is a good chance

we'll fail. It's so nice to look at those months. And I just had a meeting with Jess where we didn't hit 600K by the date I wanted to this month. And we haven't even beat our biggest month ever, that 365 yet. I mean the day's not over, it's March 31st when we're recording this.

Margy Feldhuhn (07:16):

But I talked to Jess and I was like, “hey, I want to put this in perspective, because it's important to go for big goals. But it's also important to appreciate where you are. We are not on pace for our March goal, but I want you to look at 2017, 2018, 2019, 2020, 2021. Look at these Marches, this is our biggest March ever. We are bigger this month than we were March last month. Our February, this year was bigger than our February last year.”. So, having that bird's eye perspective when you're in it and in the weeds can be just as valuable to push you to go for more as to help you appreciate how successful you really are.

Lisa Larter (07:56):

Absolutely. I am a big believer in looking at month over month, year over year data, to see how the business is performing. And I love having a big goal that is out there in the future and I'm not attached to when I reach the goal. What I am attached to is the year over year growth. And so for the entire history of my ownership of my company, we have never had a year that we have not grown. Some years we've grown by 50%, some years we've grown by a couple thousand dollars. But every single year we have grown. And if you don't measure those things on a regular basis, then you really don't know how your business is doing. My assistant fills out my crazy Excel spreadsheet for me every Monday. And I've got a dashboard on that spreadsheet that shows me a pie chart, that shows me the breakdown in terms of where the money is coming from, in terms of what we're selling and all of that stuff.

Lisa Larter (08:58):

And it's just so useful in terms of managing the business. So, here's my question for you. You and I are odd ducks. All right. We love data. We love looking at money and numbers. And most women that I work with when they first start working with me, they say things to me like, “oh, I'm not good at math.”. What do you say to that? What advice do you have for women that want to be serious about building a business, building wealth, creating a

legacy, making a difference in the world, what advice do you give them around money?

Margy Feldhuhn (09:37):

Yeah, I see this a lot. And first of all, I just want to tell everyone, everyone in the business is like, oh, Margy and the math. I have no advanced math training. I use eighth grade algebra for literally all the math that I do. So, I just want to dis this idea that you need to be really good at math or have an advanced knowledge of math to know the numbers in your business. This is very simple stuff. So, you are very capable of doing this math because an eighth grader could do it. I think that people ... I mean, you could go really deep into it with the school systems and women and confidence. And I was not the best math student. I got good grades, but it didn't come easily to me the way that communications and literature and writing did.

Margy Feldhuhn (10:30):

And I also wasn't motivated. I didn't care about math until I had problems that math could solve, until I got into the business and I realized if I can figure out what this number is to go for, I can hit this goal. I can buy my dream house. I can do all this. So, I would tell them, you don't have to know math. And you have a calculator on your phone. You can use a spreadsheet that does all the computations for you. You really, you don't need to understand math. It's not about knowing how to solve problems. It's about knowing what questions to ask. And then the math to answer them is always going to be basic. And you can always ask somebody else.

Lisa Larter (11:12):

I believe a lot of women avoid looking at the numbers, because they don't like the discomfort of how their business is performing currently. And so they avoid looking at those numbers because they don't feel good about how they're doing instead of looking at those numbers, from the perspective of where is the lever in here that I can use to improve my business. I just think that when you slice and dice numbers, you can find opportunities that you wouldn't necessarily have seen in your business if you didn't look at those things and I'm with you. If you can do multiplication, division, addition, and subtraction, you can really get a handle on your business.

Lisa Larter (11:59):

You just need to be able to look at things and understand what's going on. And I think that we, as women do a disservice to our abilities when we avoid looking at things like that. I also think that we do a disservice to our business when we don't hold our bookkeepers and accountants accountable for getting us the P&Ls and the balance sheets, and the cashflow management tools that we need on a regular basis. And that we need to have those expectations and we also need to not be afraid to ask questions about those intimidating forms when we see them for the first time.

Margy Feldhuhn (12:40):

Yes. There's so much of what you just said that I want to talk about because just like yes, emphatically, yes. First of all, there is absolutely an aspect of denial that I don't really understand. But it's like, people are fully capable of understanding the numbers and they don't want to look and they're afraid to look. But that's like driving blindfolded. Don't do that, whatever emotion, the math and the numbers are simple. But they're wrapped in all these layers of emotion, and feeling, and fear. And that's what makes it seem like a big deal. The numbers are just numbers and the faster you rip the bandaid off and just start looking at them the easier it will be, because you'll realize that all those feelings that are wrapped around money and numbers and whatever for you, aren't real. They're just numbers. They're objective. That's why they're great.

Margy Feldhuhn (13:34):

And yes, to asking questions and really you need to own your finances. And yeah, I have an accountant obviously for the business. He does tax strategy. He's a Profit First professional. His name is John Briggs. I would highly recommend him. But when he implemented Profit First in our business, I read the book too. I didn't blindly hand it off. I needed to understand it before I could trust somebody else. So, if you have a situation where it's like, oh, my bookkeeper deals with this, or I have an employee who deals with this, or a lot of people, my husband deals with the numbers in the business. You need to understand them too. You can't abdicate responsibility for your numbers because your numbers are your business.

Lisa Larter (14:20):

Absolutely. I just had a meeting with my bookkeeper on my year end numbers for the business. And there were a couple of lines on my P&L that I

thought were a little bit high. Just my gut instinct when I looked at them was the numbers didn't make sense to me in comparison to last year's total. And so I had a call with her and I got her to open up my accounting software and literally drill down and show me what was in there. And I was able to identify some things that had been categorized wrong. And so you have to also trust your gut, trust your intuition when you look at the numbers. But you can't get good at doing that if you avoid looking at them because you need a baseline and step one is you just need to know what the numbers are.

Lisa Larter (15:10):

Then you need to know what you want the numbers to be. And then you need to know what goes into the numbers. So, if you're avoiding the numbers, just start looking at them and getting comfortable with them. If you hire a business coach, don't work with that business coach if they don't want to look at your numbers. Don't work with a business coach that cannot explain to you the difference between a P&L and a balance sheet if you really want to create wealth. Because if they don't know those things, chances are, they're not going to help you be successful in your business because the numbers are really the foundation of the growth of your company. And the numbers are what is going to help you make a profit in your business. More marketing is immaterial if your pricing structure is wrong and your business isn't profitable. You could actually be growing a problem and not even know it if you don't look at the numbers.

Margy Feldhuhn (16:15):

Thank you so much for saying this. I 100% agree. We do coaching and consulting with our clients. And I always, I want to see your calendar and your P&L. I want to see how you're spending your time and how you're spending your money. Because yes, I want to talk to you because I also want to hear your story about how you think you're spending that stuff. But I also need to see what's actually happening, because what we think is happening and our story about it, and what's actually happening is often different. And that's not a bad thing. We all do it. It's part of being a person. But I totally agree with you. And there's coaching happening that is, I believe, truly dangerous. And it depends what they're coaching you on. If someone's coaching you on speaking, they don't maybe need to know the inner workings, but if they're coaching you on scaling a business, if they're giving

you advice like, you need to pay yourself more, you need to raise your salary and that'll raise your confidence.

Margy Feldhuhn (17:08):

They better know what your P&L looks like, because if you're in the red and they're saying, the best thing for you to do is to increase your owner's pay and feel good about yourself. That's irresponsible advice and I'm all about energy. And I know that when you pay yourself more, you step into that. But there also has to be the responsibility aspect of what is actually happening. And you may look at those numbers and say, still pay yourself more. Because you know what? I have confidence. I've seen this before this is going to trigger something. But they're at least coming from a place of they're educated about it. It's not this blind one size fits all, invest in yourself, pay yourself more, do this, do this because it's like a doctor prescribing you a medication without having any conversation with you about your symptoms.

Lisa Larter (17:57):

Yes, yes, yes.

Margy Feldhuhn (17:57):

How could someone prescribe something to you if they haven't diagnosed, what's actually happening.

Lisa Larter (18:03):

Absolutely. Absolutely. So, talk to me about why do you want a \$10 million business? What is the purpose of creation of wealth? What does that mean for you?

Margy Feldhuhn (18:20):

That's such a good question. So, like many entrepreneurs, my highest goal or one of my highest is freedom. And the freedom of money is undeniable. Being able to look at a home and saying, I want that, a vacation. Like you can design your own world and live in it. And I love that, because I've never really liked the worlds that people designed for me. I didn't like being an employee. I didn't like traditional schooling. I wanted to create my own reality. And having money allows you to do that. It also allows you to amplify your impact. I love animals. Being able to give money to my favorite charities to 10X the number of dogs that they can save. That's powerful and it keeps me

in my zone of genius, because I don't have to get in there and clean up dog poop all day.

Margy Feldhuhn (19:16):

I love animals, but I don't want to do that. So, it amplifies your power, your impact, your freedom. If you can't buy happiness, but if you have great relationships, if you're investing in abundance, in every area with your relationships and your contribution to your community and all of that, then the money just, it just makes it even bigger. And for me, it's not really about money. Money's not real. It's just a concept that we've all agreed on and I'm not going to get like super philosophical here. But money is this incredible energy. It's this incredible vessel and breaking through our money mindset barriers is what causes breakthroughs in the rest of our lives. So, it's not even about having a \$10 million business. If I woke up to a \$10 million business, I would not be satisfied, because it is about becoming the person who grows a \$10 million business. It's not actually about the number and that's what's so powerful to me.

Lisa Larter (20:27):

Absolutely. So, speaking of growing a \$10 million business, one of the things that I know you have been, yeah, you're just casually looking at is what does an org chart for a 10 million company look like? So, can you talk to me a little bit about advice that you would give people on scaling up, but also looking at hiring not only for where they're at, but where they're going.

Lisa Larter (20:53):

I always say you need to hire to where you're growing to because if you don't have the resources in place for where you're trying to get, you're constantly going to be behind. So, sometimes you have to over invest in order to get the growth. And I hate the word invest in your business because again, so many people use it loosely to get people to buy things they don't need. And many entrepreneurs use it loosely to rationalize spending of their profit, that they don't know where it went. So, talk to me a little bit about your thoughts on org charts and planning for the future and how to do it in a way that is financially responsible.

Margy Feldhuhn (21:35):

Yes. I agree that investing is overused. You do need to invest in your business, but any investor needs to look at a return. So, not only does what you're investing in need to have a return, but it has to have a bigger return than another place that you could invest that money. So, that type of critical thinking is important. Yes, we're investing. But not everything is an equal investment. And if I can spend \$10,000 on something and maybe get a little bit back or I could put that same money somewhere else, you have to make the smarter investment. I love that you're asking about-

Lisa Larter (22:07):

Yeah, and investing is not, I don't know where my profit went so I reinvested it in my business. No. That's not investing. Investing is an intentional decision to spend a certain amount of money on a specific thing to get the return you're looking for.

Margy Feldhuhn (22:25):

Yeah. And you need to go into it with clarity on, this is the return I'm going to get and the timeline of when I'm going to get it. I mean, and you would if you were investing in anything else. If someone had you invest in real estate and they were like, "oh, it's, you're going to get something back. Don't know how much, don't know when, can't even guesstimate.". You probably wouldn't make that investment. I mean, that's just not enough information. No one can predict the future. But we can go in with some educated guesstimate. So, I love that you're talking about org charts because I'm surrounded by org charts. I have our current org chart right here. I'm pointing. I know people are listening. So, to my left, I have our current org chart over our 10 million org chart.

Margy Feldhuhn (23:10):

In front of me I have the 5 million org chart, which I made after making current in 10 because I realized I needed a stair step in clarity for myself and for my team because it was a big jump from 2.5 to 10 and you can get in trouble if you just wing it. Because when I did the math, I realized that the original way I was going to stair step involved so many managers that the profitability didn't make sense. I needed to have more people reporting per manager rather than having so many managers to stay lean enough to keep going. And we don't have more than five people reporting to one person. But

I had like three people and I was like, nope, we can do way fewer managers than that. We can actually pay the people we have more and do more bonuses if we have fewer managers at this midway point.

Margy Feldhuhn (24:01):

So, it shows Matt, who's our incredible manager and recruiter how to hire what he's hiring into. It shows the whole team what's going on. And I want to give credit where credit's due. We work with Kelly Roach and she ... I love Kelly Roach so much and she's really good at team. And she's sort of a rare person. I mean, you're like this too. But you know, in the online entrepreneur world, it can be hard to find people with experience with team, like real employees. A lot of online entrepreneurs, they just want some contractors. They don't want to invest in a team. They see team as a hassle rather than an investment. And Kelly Roach comes out of corporate, she's really great at building a great team culture. So, we've been working with her on that. And she's the one who was telling me, for at this point years, you need to make the org chart for where you want to grow.

Margy Feldhuhn (24:52):

And I was like, yeah, yeah. Okay. And I sort of did, but it was like, I made one draft and I was like, I guess this is a lot of bubbles. And it was one of those things where you hear good advice, but it just doesn't click right away. And then it was really at the end of 2020, beginning of 2021 that I suddenly was like, oh, org charts. And I went from just like mapping one out in a half hour and being like that's an approximation to, I spent days. And I would recommend spend days because I had to keep erasing and redoing, and erasing and redoing, which is why I like the whiteboards. And-

Lisa Larter (25:32):

I like Gliffy.

Margy Feldhuhn (25:33):

Yeah. Oh cool. Okay. I need to check that out, because I should probably evolve beyond whiteboards. But I was just like erasing and redoing and erasing and redoing. And then I had org charts that looked on the whiteboard in bubbles good, structurally. But then I took another step, which is the numbers. So, I made spreadsheets of the org charts and really looked at like, okay, I've got three booking agent managers here. How much are they

making? How many do I have? And then what am I paying out in commissions, and bonuses, and incentives. And yes, it's tedious, but it's not hard.

Margy Feldhuhn (26:11):

And by doing this, I was able to say, what percentage of our revenue at each level is going to payroll, which is so important. And we have not always been that careful. And because we were smaller, we got away with being sloppy. I'm just going to be honest, we were a little bit sloppy hiring. We were like, oh, we need a manager so we'll hire a manager. What do we pay them? I don't know. What does a manager make? And that's how it is in the beginning and that's okay. We were learning. But now we're too big to do that and hiring without a plan and an understanding of what the payroll will look like and what the budget will look like could absolutely sink your business. And I think it becomes way more dangerous the bigger that you get.

Lisa Larter (26:55):

Yeah, absolutely. When I used to work for corporate, I was responsible for a national retail sales team that did a hundred million in front end retail sales. And I used to have to manage the FTE, which was the, basically FTE is full-time equivalent. And the cost of all of those people in all of those different locations based on sales performance. And it was a real learning experience because you have to look at, from when I did it, I looked at it from the top line first and then I would drill down into individual locations and figure out how to allocate resources based on the revenue predictions that we had for each of our stores for growth every year. And when you're building an org chart, I'm doing that in my business right now too.

Lisa Larter (27:48):

I'm looking at different ways. I like to look at each area of the business as a profit center. And I like to look at, okay, this manager and this team is a profit center, and you cannot have a profit center without knowing how much profit you want out of that center. And so if you have a manager and they have three to five employees, that's a profit center of six. Well, let's say just for the sake of math, that the five people make \$50,000 and the manager makes a hundred thousand dollars. Well, you've got a \$350,000 cost center sitting there until you generate 351,000.

Lisa Larter (28:33):

And now it's a profit center because it's made a thousand. So, when you look at it that way, and then you look at the big picture of your organization. So, if you are running a million dollar business or a \$10 million business and you have arbitrarily decided, I want my profit margin to be between 30 and 40%. Well now you've got to be able to take that cost center, plus your operating expenses and plus the profit that you want to generate in order to determine how much you need in sales for each of those centers. And so that's why just drawing the bubbles is dangerous if you don't add the data and the numbers to go with it.

Margy Feldhuhn (29:13):

Yes. The bubbles are a really good first step to figure out structurally what would be sound for the business. But then yes, you need the data behind it. And I love what you're saying about profitability. This is a big shift we had too because the majority of our team was and still is on the client service side, not on the sales and marketing side. So, something that we learned from Kelly Roach as well is that idea of profitable team. And so we really looked at how do we 4X this team? How is each person bringing in four times what the business invests in them?

Margy Feldhuhn (29:54):

And then we really were off to the races with building out our referral program, and our upsells, and our ascension model. So yes, absolutely. And now we have actually. So Matt, one of his big objectives this year is 4X, getting the agency and non sales people to 4X and we have a spreadsheet that's got everybody's 4X number. How close they are to it. And we're talking about it and meeting about it all the time and that's been incredibly helpful. So, I love what you're saying because I think people assume that team is an expense. And if you can shift that and see them as profitable and as an investment that actually generates more than it costs, that is when you really can take on off.

Lisa Larter (30:42):

Right. Because you need team to support clients and every business, I mean, unless you are a solopreneur and it's just, you. You have to look at these things carefully. I have a very, very, very basic formula that I use in the business. And basically the formula is 30% goes to the worker bee, I call it,

the person that's doing the fulfillment. 30% goes to the management and operations of the business. And 30% goes to profit. Now 30, 30, 30 equals 90, 10% is my swing. And depending on whether I am over hiring, I may put that 10% into the middle section to over hire a manager, or I may put it into the bottom section to over hire somebody who is going to do some of the fulfillment work.

Lisa Larter (31:35):

But I'm always looking at the top line and the bottom line results on a monthly and year-to-date basis to make sure that I am not made making spending decisions that degrade the profitability of the company to a point that is significantly below 30%. Now, you're going to have months where your profit ... I've had months in my business where my profit margins are in the hole. But then I've had months where my profit margins are ridiculous, because of the timing of expenses in the business. You can't look at it in isolation. You have to look at the big picture as well as the individual months. And a lot of people don't do that. But you can't grow and stay profitable without investing the time and doing that work. I really don't think you can.

Margy Feldhuhn (32:28):

Yeah. That's such a good point. And it's okay to take a hit to profitability as long as it's strategic and for it to be strategic, you have to know what's going on. We will take a hit to profitability at 5 million, which I'm so glad I made that org chart and that spreadsheet for 5 million, not just current and 10, because I would've been surprised by that. But now I know because of what's happening, we have to front load the people to serve the clients.

Margy Feldhuhn (32:55):

And there's a bit of frontloading leadership. At 5 million, a lot more people are now in leadership so that we're a solid enough structure to keep going to 10. So, I know that our payroll percent is going to go up, not a crazy amount, but it's going to go up. Our profit's going to go down. And then once we go from five to 10, the profit shoots back up. So, I'm taking a hit in profit, but I'm doing it in a strategic way where I know what's going on. And it allows me to plan. At 5 million I'm going to be very careful with standard OPEX because I know I'm spending more on my people. So, I'm going to cut operating where I need to so that it comes out to a similar amount of profit and I can do it proactively because I've played out the numbers.

Lisa Larter (33:42):

I love this. I love this conversation with you because I feel like we're modeling for people who are listening some of the things that you need to get comfortable looking at. And I will tell you the very first year that my business did over a million dollars in sales, I was gutted by the amount of profit that I had. I could not believe how irresponsible I had been in my spending on the way to a million dollars. And it was that book that I told you about the Success Blueprint book that really helped me to refocus on where my spending was going to go and how I was going to turn things around so that my profit margins were really being protected.

Lisa Larter (34:27):

So, I think it's important that people are learning that you will have some years where your profits go down. You'll have other years where your profits go up. But you have to know what you want your profit to be. And if you don't know what you want your profit to be, you can't price for that profit. And that is a whole other piece. If you want a 30% profit margin, you have to price things in order to land there. And you can't do that without the data.

Margy Feldhuhn (34:59):

Yeah. And if anyone listening is like early on this journey and feeling intimidated, I want to go back to what you said before, which is ask questions. Let go of that fear of looking stupid and ask as many questions as you possibly can. Ask your accountant what does this mean? What does this mean? What does this mean? Ask in your mastermind, ask your coaches. No question is too stupid. Just ask questions about the numbers, you don't need to have the answers yet. But once you start asking questions, you'll learn. Because nobody's perfect. Honestly, we implemented Profit First, last year with a Profit First professional because we had our biggest year ever. And Jess and I took home less than, we took a pay cut. And I want to be really honest about that because most people, they don't show the behind the scenes. We're not perfect.

Margy Feldhuhn (35:55):

I learned, wow, we have way more in sales coming in, but actually a lower profit and lower compensation for ourselves. Something's wrong here. And that's when I got into Profit First. I hired a new accountant. I loved our accountant, but I was like, he didn't know what was going on. I need

somebody who's strategic, who can see this. So, I got a new accountant, started doing Profit First, read the book you recommended, which I loved. And then I added on some extra stuff from that and totally took control to where we could see a big dip in revenue and our profit would still be great. And our take home would still be great. And we were so focused on top line and that is what kind of got in our way. And you can do that in the beginning and based on sheer luck, you will probably be profitable. But that party ends real fast.

Margy Feldhuhn (36:48):

And I want to be honest about that because I did not understand profitability because we grew so fast. In 2018, we grew from 400 K to like 850 K. And that growth, we didn't have a lot of teams yet, but we had a lot more cash coming in. Because we had restructured our programs and raised our prices like we're saying. So, we made the mistake of thinking that we were super profitable because we were being strategic about profit, where it was truly luck. We raised our top line revenue and our expenses hadn't quite caught up and we were like, we're so smart. But that doesn't last. So, it's really important to look at your numbers because the bigger you get and the faster you grow, it turns minor issues into much bigger problems.

Lisa Larter (37:38):

Yeah. And it is so important to understand cash because we often make the assumption that the money in the bank is our profit. And it's not, it's a snapshot in time and that money in the bank, if you're not doing something like Profit First or you're not doing like I pay my taxes every month, I just get my account to tell me ballpark, what do you think it's going to be? And I just have it automatically come out of my account. But if you don't do those things, then you also are co-mingling money that you owe the government with the money that you think is your profit. And if you spend it because you don't understand cashflow, then you end up in a situation where you don't have enough money to pay the tax man and that's not good.

Margy Feldhuhn (38:21):

Yeah. I totally agree. Having all of our money in one account was the biggest mistake that we made. And not everybody needs Profit First, but I do love it for like beginners. If you're not like a money profit genius, like Lisa, it's a really easy way to start. And that's what makes it great because it's super,

super simple. You can hire a Profit First professional to help you implement it. But we had everything in our operating account and we were trying to increase the amount in operating and we were like stuck at this one number.

Margy Feldhuhn (38:54):

No matter what we did, the number didn't change. And once we separated out into a payroll account, a tax account, operating owners pay profit and everything that comes in now gets transferred by percentage to the right account. Now we have accounts growing. Now we have clarity of, are we overspending in operating? Are we overspending in payroll? And it's truly such a game changer when it was that big blob of money that was some of it was taxes, some of it was OPEX, some of it was going to go to payroll. We didn't have enough information to make good decisions.

Lisa Larter (39:29):

Yeah. Managing money is tricky. You have to learn. And I think it's important for people to your point to ask questions and to work with people who have learned how to manage money effectively to learn best practices. And that's why I say you shouldn't work with a business coach that can't explain to you what a P&L is or a balance sheet, or even how to manage cash flow. Those are three questions you should ask your business coach. Can you tell me what the value of a P&L is?

Lisa Larter (39:58):

And if they don't know what a P&L is and they can't explain it to you, if you want to build wealth and profitability in your business, you're likely talking to the wrong person. I really, really, really, really, really believe that. You can't grow a business without understanding the top line, the middle, the bottom line, the results. Plain and simple. So, I want you to talk to me about two things. One, what are some things that you have done in the business that you would consider to be multipliers for revenue growth and or profitability?

Margy Feldhuhn (40:38):

Good question. So, my focus has been on revenue growth and profitability from the beginning. So, when I came in as the co-owner, so it's sort of a unique journey because Jess founded the business and I came on as a contractor in 2016, the first employee in 2017 when we were at low to mid six figures. And then I became co-owner in 2018, which I negotiated for. And

part of why it was successful was because I wasn't just like, can I have your business? I was like, look, we can get this business to seven figures. I can triple your take home income. And here is exactly how I'm going to do it. Here's the math. And it's not that hard from where we are right now. If we go from this, to this, to this in the next three months, I will deliver all this.

Margy Feldhuhn (41:29):

We will be at seven figures. You will be making three times more money and the math worked. And it made it very easy for me to say, let's do this. So, I came in kind of psycho about it and was really like, let's grow, let's grow, let's grow. At the time Jess was kind of like, she had done an incredible job starting this business and was at point where she was like, what do I really want from this? So, one of the things she was sort of tossing around was maybe I don't want to grow it bigger. Maybe I want to have a lifestyle business and cap the number of clients. And I think my exact words were, I would rather die than be in a business that isn't growing. So, I'm crazy. But I'm a psycho about growth, not just for the money, but like I said, the personal growth aspect of how far can we take this thing?

Margy Feldhuhn (42:20):

Who are we going to be becoming and have to become to do this? So, I came in with this fresh psycho energy of let's do this. And she was like, awesome. Let's do it. And that's when we got in Ali Brown's group. We around people who are at seven figures where we wanted to be and restructuring the way that we were selling, our prices. We were doing a month by month that not only wasn't profitable, but it was not effective because it takes quite a bit of consistency to have results with podcast guesting. And so we were basically setting them up for failure by saying for a month, cancel any time. And then you can't cancel any time. You got to stick with it. So, we restructured from a monthly into bulk packages where it was like a bigger number of guaranteed bookings.

Margy Feldhuhn (43:11):

And so that was a lot of it. And then the biggest thing was tracking where we were and where we wanted to be and setting a goal. So, looking at what we had done and we had never had goals before, it was just at that point Jess's husband, Jamie was doing the finances and there would be a meeting once a month. And he would just tell us what had happened the month before. And

it was like, cool. And that was the first we heard about it and there was no goal.

Margy Feldhuhn (43:37):

So, I came in and I was like, cool, here's the goal. The first one was like 35 and then it was 45, and then it was 50, and then it was 60. And I was like, we need to track this goal. So, it started with a little whiteboard and I drew it in marker the goal and colored in how close we were. It was like a kindergarten classroom. And In November I did a Turkey that we colored and I'm not even kidding, like this was not glamorous. But just even in that silly way, that way of tracking day by day, how close are we to the monthly goal and actually having a goal that changed everything.

Lisa Larter (44:17):

I love it. I love it so much. I love those goals and the thermometers and all of that, that silly stuff. And I love that you're really attracting clients for the long haul versus monthly is so transactional. Whereas when people are committed to something long term, it's a much more relational type of business and it gives you the time and space you need to actually make an impact, which is great. So, talk to me, if you were going to give somebody one piece of advice, based on the biggest miss you have had from a planning and or finance perspective, what would it be?

Margy Feldhuhn (45:01):

Implement Profit First right away. If I started a new business, I would do Profit First from the very beginning. That is the biggest thing and it doesn't have to be Profit First, if you're more advanced than that, like you are. It can be your system. But for the majority of people who aren't more advanced than that, and they're newer to finance, implement Profit First right away. Have a structure for your cash flow, even if you don't have that much cash coming in yet.

Lisa Larter (45:31):

I love the idea. I mean, I don't follow Profit First methodology because I am, like you said, a bit of a nut when it comes to money and managing it. But I love the idea of sweeping a percentage of profit into a separate account every single month. And just letting it build based on what you do, because the truth is if you need that money, you can go get it. It's not like you've

taken it out of the business. You've just put it somewhere so that you have access to it. And I think that that is a really smart thing for people to do and to let it build. Even if you, let's say you have a credit line on your business and you're not using the credit line, you could just dump some money in there every month and just watch it accumulate. Because what happens is, let's just say your business does \$5,000 in profit on a monthly basis.

Lisa Larter (46:21):

And you look at that profit and say, well, I'm going to take half and you start to put \$2,500 a month on your credit line, which is accumulating, there's no debt on there. Well, by the end of the year, you're going to have \$30,000. But if you leave that my money in your operating account, chances are, you may spend it on something. And at the end of the year, you may look at that money and go, oh, there's no way I could take \$30,000 out. But if you've already taken it out, then psychologically, it already feels like it's gone. So, it's no big deal to do it. So, I think that's really, really great advice. I have to tell you, I really like Mike Michalowicz and I really dislike Mike Michalowicz, because I feel like that book was mine to write.

Margy Feldhuhn (47:04):

I know. Well, I think you could definitely write probably a similar and more complex one, which I would love to read. Yeah. The beauty is how simple it is.

Lisa Larter (47:16):

Yeah, absolutely.

Margy Feldhuhn (47:17):

That's why I recommend Profit First and like really don't just read it and not implement it, because people do that and I get it. Block off the day and go to the bank and it's minor stuff that you have to do to set it up, but it really will change everything.

Lisa Larter (47:32):

Yeah. I would also say that you can read Profit First and you can implement parts of it without implementing all of it. So, if you read the book and you think, oh my God, I can't have six different bank accounts. There are other ways that you can do it where you could move money into a profit account

and you could keep your operating stuff in a certain spot. There are other strategies that you can pull from the book. You don't have to do everything a 100% purely to make it work. But if you did one thing, which was allocate a certain amount out of your profit to a separate spot every single month, you would be further ahead than you are right now, I'm going to guess.

Margy Feldhuhn (48:15):

Yeah, definitely. I would say profit and payroll and tax. Those are the accounts that you really should have because you want to keep that profit like you said. Payroll, if you're planning, if you're starting a service based business and you want to hire someone start growing that money for payroll now, and then you know you can hire once you have enough. And then obviously taxes, like get that money out of there. Whether you pay early, pay quarterly, put it in an account. That money should always be separated out.

Lisa Larter (48:45):

Yeah. In my bank account, I can go into the tax filing system and I just set up payments for the entire year so that the money automatically comes out of my bank account and gets paid on a monthly basis. And then what I do in Q4 at the beginning of Q4 in October, I always reach out to my accountant and I ask him to do an assessment on my tax implication. Have I overpaid or underpaid so far for the year? And in some cases he'll say, oh, you know what? We estimated too high. You can stop your payments for the rest of the year.

Lisa Larter (49:23):

Or we estimated too high, you're probably going to owe X amount more. You may want to top up. The reason that I do that in October is because you don't have to pay the tax man for six months. And so it gives you the space to really double down on setting that money aside. Whereas if you wait until the end of March for somebody to say to you, oh, you need to pay the tax man an extra 30 grand. Then it feels like such a big thing. Whereas if you know it's coming and you've got six months to plan for it, it's not nearly as difficult to handle.

Margy Feldhuhn (49:58):

Yeah. I totally agree. And you need to take that active role and following up on like, has my tax projection changed? Don't be afraid to be annoying,

because it's not necessarily their job, especially if they're not the best accountant to give you a heads up. You need to advocate for yourself.

Lisa Larter (50:16):

Absolutely.

Margy Feldhuhn (50:16):

And plan ahead, like you were saying, you need at least six months. And I do Profit First, but I do my own percentages, because once I got a feel for the cash flow, I made some changes. And one of the things I do is I over withhold tax in the tax account. So, I do a bigger percentage than they recommend. And this is happening right now. We now have our finalized tax bill of what we're going to owe. And I have more in the tax account than what we owe.

Margy Feldhuhn (50:42):

So, the way we do that is we let ourselves keep it. And it makes tax time instead of something stressful, it makes it like Christmas. So, I really like that. And for money mindset reasons too. I love hard math, but I also love mindset and like woo woo stuff. And when you're upset about taxes, you're blocking how much money you're going to make because the more taxes you owe, the more money you're making. And if you don't want to pay a lot of taxes, you're probably going to block yourself from making a lot of money. So, by making tax time fun, we can celebrate like, wow, we owe a lot in taxes this year and I over saved. So, we get a little extra gift.

Lisa Larter (51:21):

Mm-hmm yeah, absolutely. Absolutely. I love that. All right. So last thing I want to ask you before we wrap up. Alrighty, I want you to tell me about your Humane Hero awards?

Margy Feldhuhn (51:38):

Thank you so much. That's so cute. Yeah. So, I got an award from a group called Defenders of Animals in Rhode Island who I absolutely love. Pre COVID, I did a yearly fundraiser for them called Art for Animals, where I have local artists donate animal themed art. And then we have an event with wine and food and art and there's a raffle and people buy the animal art, and it's really fun. It's the biggest fundraising event that they'd ever had in like 40 years. And so I love that. Once we can gather again, I'll be doing the next Art

for Animals. But I was very honored to get a Humane Hero awards from them, for my fundraising efforts.

Lisa Larter (52:23):

Yeah. You really are my sister from another mister, the way that you love animals and the way that you love money and slicing and dicing. I feel like you are a kindred spirit of mine. So, thank you for sharing that and thank you for all the work that you do for animals. I know that it's a big passion of yours and you have a bigger, sturdier heart than I do because you rescue these animals that are older, that really need a lot of love and attention. And that means you have to say goodbye to them a lot sooner than most people have to say goodbye to their pets. And that takes a lot of courage to do.

Margy Feldhuhn (53:08):

Aw, thank you so much. I just joke that I don't know my limits, because I love seniors and they're so cute. And then every time I get a new senior and I get really attached, I'm like, oh man, I did it again.

Lisa Larter (53:20):

Pascal's so cute.

Margy Feldhuhn (53:22):

Thank you. Adorable. I love him and he is very healthy and for such a teeny tiny dog, hopefully he's got a lot of years left.

Lisa Larter (53:30):

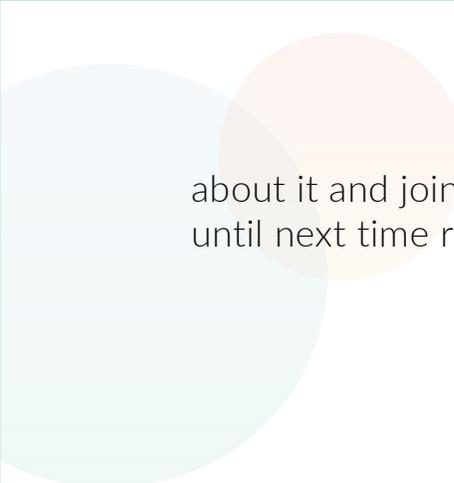
Yeah, I hope so. Thank you so much, Margy, for saying yes to this conversation and for being a young financially savvy woman, you are going to inspire tons of people who listen to this by your passion and your savviness around money and your fearlessness around what you're building.

Margy Feldhuhn (53:53):

Thank you so much for having me, Lisa.

Lisa Larter (53:56):

Thank you for joining me for this episode of She Talks Business. If you enjoyed the show, you know the drill, leave us a review, tell someone



about it and join the conversation on social media. Thanks for listening and until next time remember, done is always better than perfect.





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