



LNP 161

Keeping Track of LNC Income and Expenses

Why it is important to keep track of expenses? Quynh Vo's program highlighted the importance of saving money on taxes. Not keeping track of expenses is one of the business management mistakes LNCs make. You need to do this whether you or someone else is paying the bills.

It is now tax time, when we look at our income and expenses. This is Pat Iyer with *Iyer's Insights*.

What does the correct money management do for your business and your life?

Money management for small businesses is the key to success

As with anything else in life, when you have a goal, a direction that you want to go in, you need to know where you started. It is much like the necessity of having a map when you go on a long driving trip across country.

A road map is essential for money management

Before GPSs, you bought an atlas or a local map, right? However, the standard map is the only standard part, right? When you plan a trip, you customize it to fit the places you want to stop, the things you want to see, how long you want to stay in a place, who you want to take with you, what you're going to do when you get there and so on.

Now you are asking yourself, "What does a map have to do with money management?" Absolutely everything. You are creating the map for your business and for your life. Your *money* is the way. However, the *style* of money management, like the way you plan your trip, is entirely dependent on you.

Walk on the wild side with proper money management

Some people like to go on the guided tours ... but us entrepreneurs like to walk on the wild side. We want to do it OUR way. Create a map of your money so that you have a good trip, a good life and a profitable business.

How do we do this? We use a method of tracking our money, a method that works for you, for your personality, and for your business.

That leaves us with a lot of questions that need answers. The best and most important question is, “What will work for me?” If it isn’t the method that will work for you, then it just won’t work. It ruins the whole trip that way.

Avoid sabotaging your money management in your small business

For example, if you are not a fan of computers and have never worked with spreadsheets, it is silly to set up your financial tracking system on a program like Excel. Chances are you are going to get so frustrated with the program by attempting to figure it out, that you are going to come up with some good reasons why you don’t have time to track your finances. You will be sabotaging your trip before you even get out of your driveway.

First, determine where you are starting from. The tracking method is very important. It needs to be relatively easy for you to use and understand. There are many methods available, and they are all acceptable. The point is to find one and make it yours. For it to work properly, it is important to be thorough and detailed.



Smart Money Management

Before I continue with the show, let’s talk about one point: You know that controlling expenses and keeping good track of your income is vital for your business. In my online training presented by an accountant, you will discover what you should be doing from this skilled accountant. Learn simple and straightforward ways to manage and understand your money so that you can use that information to grow and better manage your business. You won’t want to miss this.

In this one hour online training you will:

1. Identify and choose a simple and uncomplicated way to track your money and set budgets
2. Get tips and tricks on understanding your numbers
3. Refine your financial goals and use powerful techniques to achieve them

Order this training at <http://legalnursebusiness.com/SMM> and use the code Listened to get a discount off the price.

Systems for keeping track of expenses

I became aware of the importance of keeping track of expenses early in my company's history. My accountant and I worked out a system of codes for income and expenses. For example, if I purchase supplies, I have a code that would cover that purchase. I recommend you assign word or numerical codes to your income and expenses.

You'll find it helpful for keeping track of expenses to have a code like 8000 or "ask" for "Ask my accountant" for when you don't really know how to categorize that expense. This is a standard one in Quick Books that comes when your accountant sets up the software.

"Ask my accountant" is a good catchall that your accountant can find later at the end of month, end of the quarter or end of the year to see what questions he or she has. Anything that's unclear is good to put aside rather than guessing and saying, "Oh, I think it's an office supply." Once you've got it in a category like office supply you will never realize that you were going to go back and look at it again. It's already hidden.

By coding your income and expenses, what I'm referring to is what I do when I receive checks or review my credit card statement comes every month. I sit down with a statement and a printed list of all my income and expense codes. I then write a little number next to that charge on my credit card so that number can be transferred into the accounting system. That then goes into building reports, for example, a Profit and Loss report.

You'd use the same coding system when paying bills. This makes it easy for keeping track of expenses, and to look for trends or patterns. Are you spending more on marketing this year than last year? What do your website costs run?

The benefit of codes is that you are looking at your credit card statements and verifying that yes, that's what I spent and there are no unknown expenses. It just gives you another sense of what's happening with your money in the business.

Some business owners don't want to look at a bank statement and don't want to see the credit cards. They don't even open it and say, "Here, pay this bill. I don't want to look at it." I don't recommend that approach. Someone can enter the codes for you, but you should see the bank statements and credit card bills.

This is a horror story about not keeping track of expenses.

I know a woman who owned a legal nurse consulting business who had an employee who handled the company money. One day the employee was out sick. The business owner, who had turned everything over to the employee, picked up the credit card statement. That employee was always paying the bills; the owner did not see the statements. The owner discovered the employee had purchased a \$3,000 computer with the company credit card for her own personal use. The owner would never have seen that charge because she trusted her so completely and there it was.

Unfortunately, fraud occurs a lot. What happens is a bookkeeper will gain your trust or she might start charging your company for small expenses. It might be something that you would not notice at all. Maybe she went to the office supply store and bought supplies for herself and you would not have realized they weren't for your business.

Dishonest employees sneak in a few little expenses and then they start getting more aggressive, and braver. The business owner may not catch the theft until that person goes on vacation, disappears or is fired and then their dishonesty is found. The more you can keep your eyes on your money, the better off you are. You want to be able to delegate, but you also want to have oversight to make sure everything is accurate.

Be sure to get the details about our online video training, Smart Money Management at the link <http://legalnursebusiness.com/SMM>.

I've got a phenomenal resource for you just waiting on LegalNurseBusiness.com. My online training and books are designed to help LNCs discover ways to strengthen their skills and businesses. Check them out at legalnursebusiness.com.

Many of us are lifelong learners who enjoy the chance to keep expanding our knowledge. Just like the book of the month clubs, LNCEU.com gives you two online trainings every month. We have a yearly payment plan that saves you over \$50 compared to paying monthly, and each program is hugely discounted. Look at the options at LNCEU.com.

The LNC Academy.com is the coaching program I offer to a select number of LNCs. You get my personal attention and mentorship so that you can excel and build a solid foundation for your LNC practice. Get all the details at LNC Academy.com.