

## How Much Could I Earn?

Welcome to class number two on how you can own a successful bookkeeping business. I want to thank you and congratulate you on being here because you're making a decision. By watching this class, by watching class one and class two, I know that you've answered the question, "Is this right for me?" With a "Heck yes, it is."

Now, as we discussed in class number one, most people, just go through life accepting the status quo. But by you being here today, you're learning how you can lead a better life, and you should be proud of yourself, and I'm proud of you. Now, in class number one, we covered some important stuff about a bookkeeping business. We first talked about the work that you do. Remember, there are four specific steps that you do. We record activity, we double-check the activity, we prepare reports, and we deliver results.

Next, we looked at how you can command premium rates, and ensure job security, by being a 21<sup>st</sup>-century bookkeeper. Then, we looked at your schedule. A day in the life of a bookkeeping business owner. And then finally in class one, we wrapped up by discussing the support, tools, abilities, and resources that you need to consider this business. Listen, just like in class number one, we've got a lot of material to cover. Remember, the reason that I do these classes is to help you determine if a bookkeeping business is right for you. I'm not here to try to talk you into anything. In fact, it's quite the opposite.

Remember, the context of our conversation is that you're a family member, and by the way, a family member that I like, who's come over to my house, we're... This is where we are right now. And they're asking me, "Hey, Ben. I'm thinking about owning a bookkeeping business. What do you think?"

Hi, it's Ben Robinson, and I am a former CPA firm owner. I'm also the founder of Bookkeeper Launch and the leader of the largest online community of virtual bookkeeping business owners. To date, I've helped 7,551 women and men to own their very own virtual bookkeeping business. Now, during my time as a CPA firm owner, and head of this community, I've learned what makes a woman or a man a success as a bookkeeping professional. And in class one, I shared some of these insights, and today, what we're going to do is continue to build on that knowledge.

Here's what we have lined up for this class, class number two. First, we discuss the tools that you need to be successful as a bookkeeping business owner. Second, we learn the cost to operate your bookkeeping business. Now, remember, bookkeeping is the number one most profitable business, and that's according to both Entrepreneur and INC. magazines. Now, spoiler alert, right? These costs are some of the lowest possible. And finally, today, we wrap up looking at something much more fun, which is your earning potential as a bookkeeping business owner.

I'll caution you now, I should say. This is your business, right? You're 100% in control of everything, and that includes the money that you make. You're responsible for bringing in clients. This takes hard work. It takes determination, as we talked about in class number one. But for me, I wouldn't trade it for anything, and once you get a taste, I don't think that you will, either. Now, let's get to work looking at the tools, the specific tools that you need to be successful as a bookkeeping business owner.

Now, here is some great news. A bookkeeping business does not require a lot of tools and technology. When you compare this business to something like let's say a restaurant, when you have to spend hundreds of thousands of dollars, there's tons of equipment, tons of technology, all that stuff, this is a relatively simple business. And that's really good. What I want to do right now is to work through all the tools and technology that you need or at least the things that you need to get started. But before, if you take nothing else away from this class, hear me on this when it comes to tools and tech. Less is more. Okay? The fewer applications, the fewer pieces of software that you can use, the better off that you're going to be. And then also, you want simple over complex. Let's keep our business simple in all regards, and that does not come any more pertinent when we start talking about the tools and tech.

So, let's actually dive into the things that you need. There's not a lot of them. The first thing that you're going to need is to turn on this clicker here because it's very important that you have that so that you can go through your slides. Got to have a computer, right? It's very important that we have that. Now, I recommend a laptop, because you want this business to be portable. You want it to go where you go, so if you have a desktop, then that's probably not going to cut it unless you have a cart, and you want to roll it around. Not good, so I recommend that you have a laptop.

Now, I have students ask me, "Hey, does a Mac or a PC?" It really doesn't matter. As long as you use the technology stack that we're going to talk about here in just a minute, it should work on a Mac or a PC. Obviously, there are desktop programs that don't do that, but either one of them uses the stuff in the cloud, which we'll talk about here in just a second. Just make sure that your computer is in working condition, right? If it slows you down, if you're faster than your computer, that's a clear sign that you need to go out and get a new one.

So, a computer, that's the very first thing. The next thing that we need is an internet connection. A reliable internet connection. Very important that we do that. If you have spotty coverage, if you're on the old, "You've got mail," that sort of thing right there, that's not going to really cut it. What you need, though, is this right here. At least three megabytes upload and download speed. And the reason that I recommend that is you're going to be using video conferencing. This is how you communicate with your clients. They're going to see you. You're going to see them. FaceTime, Zoom, Skype, those sorts of things, and I went to all their sites, and they recommend at least a one and a half megabytes upload and download, so I just doubled that to say this is what you need. But most of us have this. But just again, I want to make sure that it's a reliable, consistent internet connection.

All right, the next tool is a telephone. Now, this could be your cell phone. It could be a landline. It really doesn't matter. You're not going to do a lot of communication with telephone unless you have certain clients that want to do that, because most of your communication's going to be done through the computer. Through email, through Zoom, through Skype, those sorts of applications. But there are times that you have to pick up the phone, actually call somebody. Maybe call a vendor, call your client, whatever the case may be, so you do have to have that telephone, but most of us have this. It's not going to be an extra cost.

And then, scan capability. Now, we don't typically have to scan a lot of documents today, but if you do, you got to have this. And so, if you have a smartphone, let's keep it simple. Let's just use that smartphone. Is it the most efficient scanner in the world? No. Will it do the job? Absolutely. Remember, less is more. Simple versus complex. If you have a smartphone, if you use an iPhone, you can use something called Prismo, and if you have an Android, you can use something called CamScanner. Now, always in the comments below, I get people going, "Oh, how could you recommend that? There's this one." That's fine. As long as it does the job, it doesn't really matter, but these are the ones that I find to be most reliable, as well as my students that use an Android. Again, iPhone is Prismo and Android is CamScanner.

Now, after this, you need some basic office supplies. All right, you need some paper, some pens, some notebooks, a Trapper Keeper. Hey, if you remember what a Trapper Keeper is, you get some bonus points, right? Those things were so cool. If you find one, please send it over to me. But we just need some basic office supplies. Most of the time, we already have these things lying around our house. I have so many pens here that if an apocalypse ever came, you need to come to my house because I got pens that'll last us for eons. Basic office supplies. That's pretty much it for the tools.

Now, let's talk about the technology. Again, it's very important that we keep in mind less is more, and simple over complex. If you can get away with not using an application, not using a piece of software, check on that. Because every time you add something, you add a layer of complexity, you add something else that can break. Now, at the heart and soul of everything that we do is the bookkeeping application. That is what the brain is. This is how you serve your clients. And for most of us, it's going to be one of these two right here. It's going to be either QuickBooks Online or Xero.

QuickBooks Online in the U.S. has the majority. I believe it's over 75%, don't quote me on that, of the market share, and Xero has about 10%. When you move into Canada, when you move into the U.K., Australia, New Zealand, obviously that's where Xero is headquartered, they have more of a market share. There are other ones, but about 90% of the time, the businesses are going to be covered with these right here. And by the way, in a future class, I'm going to show you how you can get access to these for free. Xero or QuickBooks Online.

Again, make sure that they are cloud-based, and not desktop. Okay? Because if they're desktop, how you going to have 24/7 access? How are you going to be able to go somewhere, go to a

coffee shop, or go to the beach, or wherever that you want to go and work? Just make sure that they're cloud-based. All the things should be cloud-based.

Next up in tech is some office applications. Okay? Word processor, spreadsheet, being able to do slide presentations. Pretty basic. There are a couple of things. I use Google Apps. I really like it. We use a paid version, just because we have a team. There is a free version, so if you have a Gmail, it's usually built into that, but for about \$5 or \$6 a month, you can get access to this. The other big one, of course, is Microsoft Office. Microsoft Word, Microsoft Excel, PowerPoint, and I believe that's it. That's pretty much all that you need. Less is more. Office applications. Probably already have those.

Now, this one right here is very important. Password management. If you want a quick ticket to the nuthouse, try to remember and keep up with all the different passwords. Because you're going to be dealing with a lot of clients, they have a lot of accounts, and it's not secure to keep it written down on a piece of paper, and it's not realistic for you to keep them all in your head. It's hard enough for me to do this on my own, so there's a couple of applications. I use one called LastPass. I also talk to the students inside of Bookkeeper Launch, and a lot of them use RoboForm. Just, again, there's more... There's OnePass, there are lots of them out there. Just make sure that you're using something that's reliable, that they have their security, and they have their stuff together.

Now, the next thing, the next piece of technology, what's called disk encryption. What you talking about Willis? What is that? Well, this is basically an insurance policy. Not a real insurance policy, but if somebody ever gets ahold of your computer, that they can't hack the information that's in there. Is it fail-safe? No. They're able to hack into the Pentagon, so obviously there are certain things that we need to do to mitigate that, and that's what disk encryption is all about. So, if you have a Mac, which is what I use, there's something already built-in called FileVault. It just needs to be turned on, and I'm not going to go into all that right now. This isn't a tech lesson. If I'm giving tech lessons, we're in a world of trouble.

But for a Mac, use FileVault. For a PC, you can use CertainSafe. Again, there are other ones that are out there, but this is a good place to start. Again, in case your computer gets compromised, or something like that, this would ensure that the bad people, unless they had your password, could get access to everything.

Now, the last piece of technology, this is high, high tech, right? And it's really going to become useful when we start talking about marketing in the very next class. In class number three, we're going to talk about great ways for you to get clients, so this piece of high tech is going to come in handy. The business card. Obviously, I say high tech tongue-in-cheek, but again, this is simple, right? This is so powerful. You need to have a business card. Doesn't have to be anything fancy. You don't have to have a logo. There are just some basic things that you need to put on there so that people can contact you so that you can share your information with the world. Okay?

That's the tools and tech. That's awesome. That means that there's not a lot that we have to have. That means that there's not a lot of cost involved, as well. Now, speaking of cost, that's where we want to go right now. We want to take a realistic look at what are the costs that are involved with your bookkeeping business. Now, it's important that you understand the expected cost with owning your own virtual bookkeeping business. In the next section, what we're going to do is discuss the earning potential, but we need to step back first. We need to look at the costs.

Now, according to the Small Business Administration, the average cost to start a business in 2009 was about 30 grand. Today, if you average that out, it's going to be closer to \$40,000. But again, spoiler alert, bookkeeping is the number one most profitable business, which means that the costs are low, and the revenue is high. Now, remember in class one, that we talked about resources. And one of the resources that we discussed was money. Not a lot is required, but some is, so let's find out just how much is needed, and what it's needed for.

First thing, we need business cards. I went online and found them. They were about 14 bucks on Overnight Prints. Okay? Office supplies. You need some pens and papers. Things we just talked about. About \$75. Then there's something, a training system, about \$3,000 there to get everything, get it set up. Let's see here, what else we got? We got insurance. We need to make sure that we're protected there, so in case something were to happen. Obviously, we never want to use insurance, but if we do, we need to make sure that it's available. Next up, password management, which we just talked about. Again, \$36 a year according to LastPass. Disk encryption, \$30.79 to be precise, which I found on Amazon. Okay? There is that. Microsoft Office, if you're going to do that, obviously some of these are optional, if you will. But I just want to give you the higher end of everything here, so about 150 bucks for that.

Then we have our business license. Now, this really varies dependent upon where you live. They can be anywhere from no business license required, or no tax, or no fee associated with it, all the way up to \$300, and maybe even more. Okay? Let's see here. What else we got? We got telephone service. All right, there's something called Grasshopper that you could use, that would actually tie onto your phone, so that you could pick it up and make a call outgoing, and it wouldn't show your personal number, so that's something that's \$26 a month. Dues, in case you want to join the Chamber of Commerce, obviously you could spend a heck of a lot more here, or you could spend nothing, but let's just go ahead and say \$100. Okay?

Now, miscellaneous, I just put that in there for another \$100. Again, simple is so much better than complex. Less is more. You need to make sure that you're not spending, that you're bootstrapping everything that's possible.

Now, what we want to do now... Okay, this is just a sampling right here. Potential cost total of about \$4,000. Could you get away with spending a little bit less than that? Yes, right? But it does require a little bit of money. Remember, this is a short-term sacrifice for a lifetime of benefit, and that also means on the money front, as well. But if you look at the average cost

here of starting the number one most profitable business, they're about 90% less than every other business that is out there, and I think that that's pretty cool.

All right, now let's leave aside the potential cost, and now we are going to move into the earning potential with your bookkeeping business. Listen, before we get into the "how much money could I make," I want to make this disclosure, which is up on the screen. You see, I don't make any guarantees about your ability to get results or earn money as a result of any of these ideas, information, tools, or strategies. You should know that all of this is for informational purposes only. Nothing on these classes, or our website, or really any of our content or curriculum, is a promise or guarantee of results of future earnings. Any financial numbers referenced here are illustrated of concepts only, and should not be considered average earnings, exact earnings, or promises for actual or future performance.

Okay, with that out of the way, owning your own bookkeeping business means that you're in control of the money that you make. You're responsible for bringing in clients that mean money to your business. In class three, I'll break down the best ways for you to go out there and get clients. For now, let's set that aside, and get to work.

Now, here's something I want you to do. Grab a pen and a piece of paper. Go on, I'll wait. Okay. Now, what I want you to do is to think of a number. A dollar amount that you would like to earn every single month. This number should be an amount that lets you live that tax refund lifestyle that we talked about in class number one. You remember, the week after you receive your tax refund, you eat at a nice restaurant, you pay down some debt, you stock up on supplies, all that jazz. Okay, do you have this number in mind? Okay? Now, write this number down on that piece of paper. As in pen on a physical piece of paper.

Look, when I chat with my students and graduates about the amount that they want, the numbers are all over the place. For some people, it's \$1,000 a month that they want to earn. For others, it's \$7,000 a month. So, what I'm going to do is I'm going to pick an amount that's kind of close in between those two, to see how you, how we could make this a reality.

Okay, let's say that your goal is to earn \$3,000 per month with your bookkeeping business. So, we need to answer the question, right? How many clients are going to be needed? Again, I just keep forgetting to turn on this silly remote right there. There we go. How many clients will you need to reach this goal? All right, so let's go ahead and look at this. Let's say that the average income for a client is \$400 a month. Now, I'm not just making this up. I'll justify it here in just a second. But for argument's sake, let's just go with \$400. This is what your client is paying you every single month for the service that you provide as their bookkeeping professional. But we don't get to keep all of that money. There are some certain costs involved with it. Mainly the bookkeeping application.

Now, they could be paying for it, or you could be paying for it, but let's just say that you're paying for it in this case. It's about \$50 a month on average. Okay, so you bring in \$400, you have \$50 in costs, so what does that mean? That means on a per-client basis, in this

hypothetical situation, you would earn \$350 per month. Of course, it's pretax and all that. So, the big question here becomes how many clients would you need? How many clients to reach this goal of \$3,000 using these assumptions?

Let's go, there's our goal. \$3,000 a month. Our profit per client is \$350 per month, so that equates to about 8.5. Well, we can't have half a client, so let's round it up and say to reach the goal of \$3,000 per month of income that I can take, I need to get nine clients. Okay? Now, I always say that you want to estimate a little bit higher than that, so maybe your first goal would be get to a dozen clients, that sort of thing. And not all clients are going to be perfect, streamlined, \$400. Some might pay you \$300, some might pay you \$800. It just varies dependent upon the service that you provide.

Okay, so you would need nine clients in this case. Now, here's a thing that I did. Going back to how did I get \$400? Did I just make that up? Here's a survey that I did inside of Bookkeeper Launch, and I asked people, "Hey, what's your average fee, per month, per client?" And it almost was a tie between \$300 to \$399, and then \$500 plus. So, I just averaged the two out and said \$400. Now, you can see some people are charging \$299 or less. It depends. There's not very many of them, so \$400 is right in line with kind of the sweet spot of the services that we've talked about up to this point, the work that you do. Okay? That's how I get that \$400.

Now, let's say that your goal was \$7,000 a month. Remember in the very beginning, we said it could be \$1,000, or \$7,000, but let's just pretend that your goal was \$7,000 a month. How many clients would you need there? Got a goal of \$7,000, the math is a lot easier here. Profit per client, \$350, so that would mean you need 20 clients to reach this. Okay, is this easy? Heck no. If it were easy, then everyone would be doing it. Now, there should be a burning question, or you might have this in the back of your head going off that says, "Hey, how long does it take to serve a client?" It's very important that you know because is this good on an hourly basis? We don't recommend... Well, I'll come back to that. I got a little bit of a secret in a little bit, but I'll come back to that. I almost get ahead of myself in these things.

But how long does it take you to serve a client? Well, what I did right here, and I'm backing into the answer here in just a second. This is a survey that's done by Intuit. Intuit owns QuickBooks, QuickBooks Online, as well as TurboTax. They own all that, so they know what they're doing. Big company, right? They did this survey, and this was from 2018. A little bit blurry. We'll put it up on the screen a little bit better quality. But over on the far left-hand side, you can see that the low end of an average bookkeeping reported hourly rate is \$64. And the high end is \$88. Now, it varies depending upon certifications and all that sort of thing, but \$64 to \$88.

That works out to be pretty well, right? I figure on that client, that hypothetical \$400 a month client, it's going to take you about four to five hours a month to serve that client when you're doing things right. Now, at first, you're not as efficient and all that sort of thing, but let's just assume that it's that four to five hours per month. Now again, I didn't just want to make that up, so I went back to the group, and I said, "Hey, on that average client, how long does it take

you to actually complete their work?" The number one answer was two to four hours, and the number two answer was four to six hours, so we're well in line with that.

If I'm doing my math right, let's just say four to five hours, and I am netting \$350 an hour, so I'm talking \$70 to \$90... Yes, I know that I'm rounding a lot here, but we're right in line. \$70. That's pretty darn good. What I want to do is I want to show you this. This is from one of our students and one of our graduates of Bookkeeper Launch, what she says. The whole thing's up on the screen, but I really want to highlight this last part here, where she says, "And may I just say that earning \$70 an hour feels like a fairy tale. For a girl who has only earned \$15 an hour tops, this feels like a dream come true."

Now, if we peeled back the onion, if we really got behind how Enya got there, it was with a lot of hard work. A lot of dedication. All of that she had to do, okay? So, you wrote down your monthly goal. Great. You've tackled the logical side of this equation. Now, I want to leave you with this very powerful exercise. I want you to set aside ten minutes of quiet time. Get out your calendar, and block this time off today. Then, I want you to take that piece of paper that you wrote down the earnings goal, your earnings goal written on it, and as you're sitting there during this quiet time, during this ten minutes, I want you to imagine that amount going into your bank account like clockwork, every single month.

Now, how would this make you feel? What emotions will stir inside of you when this is a reality? Whose life, other than your own, will be positively impacted by the results that you're going to get? What will this mean when you go to the grocery store, or you go back to school shopping like we saw Ashley? You see, what you're doing in this exercise is to create your why, because as we've said, building a business takes hard work. There will be days that you want to just throw in the towel, and that's totally normal. But the desire that you have, fueled by your why, should be a lot stronger than the desire to quit.

I mean, this is the invisible force that keeps you going. That determination that we talked about in class one. Because when you overcome, you feel the pride of ownership in your business. You know that because of your hard work, your dedication and determination, you've stuck with it. And like so many of our successful graduates of Bookkeeper Launch, you created a life that you absolutely love.

Wow, we've covered a lot of material today. It kind of feels like we're drinking water from a fire hydrant, doesn't it? Now, we discussed the tools that you need inside of your bookkeeping business. Remember, less is more and simple is better than complex. Next, we took a look at the projected startup costs for your bookkeeping business. Now, the great news here is that they're about 90% less than the average business, and we're talking about the number one most profitable small business in the world. Then, we just wrapped up looking at your earning potential.

Listen, just like with class number one, this is all about action. It's about you moving yourself towards the life that you dream about and deserve. So, I want to leave you with two specific

action items. Action item number one, I want you to set aside ten minutes to do that emotional exercise that I gave you. I want you to be able to attach logic and emotion. Don't avoid this. One of the keys to breaking through is to reconcile this. Logical and the emotional.

Now, action item number two. I want you to watch class number three, which is all about how to get clients. And not just any clients, but great ones. Clients who respect and appreciate you. Clients who are willing to pay you good fees, because they understand the value that you bring to the relationship. Most businesses don't do a good job at marketing, and bookkeeping is no exception. So, in class three, you'll get an inside look at the three very best ways to attract and land awesome clients.

There will be a link at the end of this video so that you can get access to class number three, as well as a button right below this. Again, I'm proud of you for being here and exploring this chance to make your life better for you and your family, and I can't wait to see you again in class number three.