

BUSINESS MADE EASY[!]

A man with short, light-colored hair, wearing a blue and white checkered button-down shirt, is smiling broadly. He is sitting in shallow water, with splashes around him. The background is a light, textured surface.

Episode 85

What Is Six Figures Really

Full Episode Transcription

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Good day! Good day! And welcome to the Business Made Easy podcast where we make business easy. Jason's Skinner, your host here for another week of the podcast. It is all about growing your business, growing your bottom line profit and giving you a better life as a result. How are you doing out there? Thank you so much for joining me and it is another week down. I cannot believe how fast these weeks are going.

We are up to episode number 85 so we are not far off the 100 which I never thought we'd get to, but hey, here we are at 85 so another 15 and we are there at 100. We'll have to do something special. So if you've got any ideas when we hit that 100 marks, let me know. Drop me a line at jason@businessmadeeasypodcast.com. Love to hear your thoughts on what it is that we could do special to celebrate episode 100. Maybe run some sort of competition or something like that. I'll get my head together and see what we can come up with for episode 100 'cause that's certainly going to be a big milestone for me.

I never thought we'd get to 100 I can't believe we've done 100 episodes. That's a hundred weeks of podcasting. So that's fairly full on. And I must admit, when I started this podcast, I never thought I'd be quoting numbers like 100 but anyway, we are and I'm loving it and I'm loving you tuning in each week, too.

So thank you so much for doing that and taking the time, whatever you're doing, working out in the gym, running around the streets or picking kids up from school, whatever it is, I'm stoked that you're with me and hoping to make, I get to do my very best to make today's episode the best it can be for you and the most value it can be for you because we're going to be talking about six figures today and what that really means.

But before I get into that, I need to tell you about a special event that I am hosting in the not-too-distant future, actually, it'd be about mid-May.

So this is, this is coming out in mid-April, this podcast, mid-April, 2019 so if you're listening in the future, I'm sorry you, you have missed it, but maybe you could come back and get a replay somewhere. There'll be a link somewhere. But I am going to be running my very first webinar, mid-May specifically for business owners that want to accelerate the growth of their business and accelerate their profit in their business. And I'm going to be taking you through seven practical steps, very, very practical, simple steps that you can implement in your business to accelerate your, and in some cases, double your business quite simply.

So there's no tricks or smokescreens or it's not a hard sell or anything like that. It's a genuine webinar to help you as part of my community, The Business Made Easy community, to help you grow your business. So if you want to get on the mailing list for that, I would go over to businessmadeeasypodcast.com if that is of interest to you, go over the businessmadeeasypodcast.com and put in your email address details there because I will be emailing out the invitations to that webinar when it comes up.

It's a free webinar and I'd love to see you over there so that we can help you grow your business further, but I'll keep you posted with more details as they come to light as well. But so you don't miss out on any of the details. Make sure you go to businessmadeeasypodcast.com and enter in your just your email and first name there and you'll be on the Business Made Easy community mailing list and I will be sure to keep you posted with that as the details come out.

I still just putting the final touches on the final presentation and the way that it's all going to happen. Do that over there if that's of interest to you and I'd love to see you over there.

Alrighty, let's get into today's episode. And today we are talking all about six figures. I don't know about you, but I hear this branded around in various entrepreneurial and business circles and that you will often hear someone saying, "Oh, they're doing a six-figure business. They've got a six-figure business", or "He's a six-figure earner. You know, he went from no to six-figures overnight" and you see these stories go around and I see people sadly gets swept up and go, "Wow, you know, that's amazing. I need to be earning six figures", "Why aren't I earning six figures?". So today I want to really sort of spell out what that's all about and spell out any myths and I guess help give you some clarity and focus because what six figures is to somebody else might not necessarily be right for you.

And I see a lot of people, unfortunately, beating themselves up because they haven't made the six-figure mark yet. Or they, you know, they feel less than because they haven't done this or achieve what this person's done. So I don't want that for any of you and so I thought I'd just go through and talk about six figures and what that really means and put it into some sort of context that we can all work with and put into a practical compartment in our brain to go, hang on, that is for me or that isn't for me.

And what does it actually mean? So we were talking about six figures. It's the very first thing is the very first question. If someone says to you, "Hey, there are six-figure business", so they're earning six figures. I think really the very first

question you need to ask yourself is, "What six figures? Are we talking about six figures of gross revenue like sales in their business?"

So they've, you know, they're turning over. And now when we talk about six figures, we're talking about anything from \$100,000 up to \$999,999, okay. So from \$100,000 up to \$999,999, that's six figures when we talk about it.

So very important to get the context in your mind when someone says it to you, say, is that sales and gross revenue or is that net profit before tax or is that net profit after tax? Because all those three numbers have a very, very distinct difference.

For instance, if someone's earning a six-figure gross revenue business, six figures of gross revenue, after they pay for all their wages and their materials or whatever it is that they pay, a stock and their overheads, et cetera, they might only make \$5,000 a year after tax or before tax even worse. So it's very, very important that we quantify what does six figures mean.

And when someone says that, someone turning over six-figure business before tax, again, is vastly different to somebody who's turning over six figures after tax. And when we're talking about six figures before tax, are we talking about \$100,000 before tax? In which case after they pay their tax, let's say it's 30%, they're left with \$70,000 that's a vastly different scenario to somebody who is turning over six figures after tax and they're making \$999,999 after tax.

It's just nearly a million dollars after tax. That's a big difference. And it's a totally different business. It looks totally different and it probably will. It would definitely operate differently. So that's the very first point in this. We really need to get context about what six figures actually mean when someone says

that because it's a very broad scope of different scenarios and businesses and is it the numbers of businesses that would fit into all those different scenarios? It really is amazing. I mean, he couldn't count them. So I really want you to get clear about that. When someone says six figures, just ask the next question, six-figure what? Six figures before tax? After tax? Turn over? What are we talking about when we're comparing our six-figure business?

Now I'm not saying to you, dismiss these people and go, oh yeah, that's not for me. That's a little lighter rubbish in it. Absolutely not. What I am going to allude to though is I want you to run your own race when it comes to your business and growing and scaling your business. Certainly look at these businesses that if someone is turning over high six figures after tax, certainly look at and they're in proximity to your business niche or whatever it is that you're in.

Certainly look at what these people are doing and take note of what they're doing and take, seek understanding of how they've done things and whatnot. But don't necessarily pin yourself to them and say, I'm not doing what they're doing so I'm not doing very well at all because I'm going to get onto that point in a minute.

You need to do what is right for you right now. Okay? What is right for you right now? And that is run your own race. Don't run somebody else's race. Because if you're running somebody else's race, you've got an entrepreneur or a business owner that you follow closely and you're thinking, wow, they're doing an amazing job. You know, I'll never be like them or I can't be like them. You got to remember they were like you when they started too, and I heard the same ones before and I'm sure I've quoted on the show before and I apologize I can't remember who quoted it, but basically, and it's not I saying, so please don't take

it as mine, but what it says is don't compare your 10 steps with the other person's 10,000 steps. And that's very, very important when we're talking about context and the six-figure businesses you're comparing yourself.

So what I want you to do is get what is right for you right now. And I'm going to give you some tools today, some practical tools that you can work through to actually help you get perspective around this and help you to find your magic number and your sweet spot so that you get to that level with confidence and then that confidence is going to boost you to the next level.

So it's a step by step approach. Success isn't a straight line. I've talked about that before. It's a squiggly line that goes all over the shop, up and down, and all over, all over the place. It's not a straight line, so you have to do what's right for you right now. Let's get to point A, then to point B, then to point C. And I always use the 11 melodies and that story, I just say things in pictures. That's why I guess, but if you're going to run a marathon, you don't wake up in the morning and you crossed the finish line in position number one.

There's a lot of steps and stages that go before crossing the line of a marathon in record time and taking out the race. You know, you've got to show up to the track, you've got to train, you've got to practice, you've got a plan, you've got to strategize, you've got to have, you know, support. You've got to have the right training conditions, you've got to do the right things and you've got to do the right things consistently in stages and move to the next level. And when you get to that level, get to the next level. It's a progressive thing to win a marathon race, but to watch a marathon race winner, like Usain Bolt or someone like that, I'm sure he runs marathons, I'm, I'm not the sportiest as a person as I've said before.

But you know, you watch a marathon runner and they crossed the line with strength and they've finished and they've got their arms up in the air and there's hardly same path when they finish. You know, that didn't happen overnight. That happened over many, many years of trial and success, like small successes and wins, and confidence building along the way. And that's what I want you to think and take away from today as well.

So what I want you to do when we're thinking of your perspective and your business is to think for you, what is your magic profit number? And I want you to think of that as an after-tax number for you right now and work. We're going to work back from there to find out what your revenue goal is because, many people don't understand what it is that they're actually trying to achieve. They hear that a six-figure business is the one to have, but they don't know why or they don't even know why they're chasing that. So they burn themselves out trying to get a magical [inaudible] but they probably don't even need to try and achieve. You need to get clear about what is your magic number and get clear about what is the end game for you. Maybe you only need a five-figure, high five figure business after profit and tax, I mean after tax. So you know, it really, you've got to look at things in context to your situation.

I want to talk to you about a client I met recently, James, and when he came in speaking to me, he was basically running himself into the ground and ragged. He was absolutely exhausted, to be honest. There are other words I could use to describe how he was, but he was stressed out and his whole goal was, I said, "What are you up to?", he said, "No, I'm just trying to get the business bigger and scale the bigger business because when I get to this size, you know, I'll then be this and I'll then be that". And I said, "Yeah, but you, look at you, you'd be nearly dead with stress and strain". And the big he seemed to be getting, the more

stressed and strange he seemed to be getting. James is like, "What's going on?" You know, he basically came from the the old school thinking of "If I work harder and longer, that's the answer to success".

And unfortunately that was built into us by our previous generations that were hard work, you know, in any way to get ahead was the hard work and work till you're 65 and retire and you know, but we live in a different age now and we live in a faster technological age and there's a lot of efficiencies out there now. We didn't have, we weren't able to outsource minor tasks to outsource labour room and VA's and all that sort of help online. And you know, we weren't so closely connected as we are with the internet back then when they were giving out that advice.

So working hard was, you know, picking up the lunchbox and going into the factory and toiling for eight hours a day and doing that, you know, 46 days or weeks a year, you know, all with a view to retiring at 65 on a solid nest egg, owning your house, it's not that way anymore. It really isn't that way. So we need to think smarter and work smarter and get smarter about how we're going to do things. So I got talking to James and I said to him, I said, James, would it be fair to say that you're working harder now than you ever had before. I've been working with you on this business since you started it and I've watched you grow from passionate about everything and you're going to shoot the lights out and you're gonna rocket forward and you're going to grow this business and it's going to be an absolute game changer for you.

But you've just worked harder and harder and more and more with more and more stress. And the bigger you seem to be getting, the more stressed and strained and lack of lifestyle you actually have. And he said, "Yeah, actually

you're right". He said, "I've, I'm working harder now than I ever, ever had before". I say, "Great, so why are you doing this, James? What is the end game for you?" He said, "Well, it's to make more money. And he sort of looked at me like "Oh dude, that's a no brainer answer." Like, you know that I've got to make, I want to make more money. And I said to him, "Well, James, that's great. I mean, it seems like an obvious question and it's a question most businesses say when I asked them why or was hard as you're going, well, I want to make more money, but you know, why do you need to make more money? You know, what's the point of making more money?" And he goes, "Well, to survive, you know, to give my, a better lifestyle, better security, and I give, give me everything that I need in life". I said, "But it's taking your life". And he goes, "Yeah, but the harder I work the, you know, the more I'm going to, I'm going to get". And my final question to him after we debated this for a little bit, I said, "So, James, if that's the case, how much money do you actually need to survive?" And he said, he looked at me blankly and he goes, "I don't know". He had absolutely no idea what the comfortable, secure number was for him to survive on. Yet he was putting all his life into working hard, stressed, trying to grow something for the purposes of surviving that he couldn't quantify what that figure was.

And the sad thing is, is that, left and unmanaged and unhelped, James is going to just do that for the rest of his life and never actually achieve any, not achieve or have that sense of achievement of anything that he's working for. Yes, he might end up a multimillionaire, but he might be at the age of 60 and he's worked his life away. And in actual fact, he could have wound back at age 45, 50, and enjoyed life a lot more doing what he actually needed to do. And it's all because he didn't quantify what it was that he was actually trying to achieve. He's what, what, why, why does he do? Why is he doing this? Why is he working to this, to this strenuous, this more strenuous, business and more times having a business?

And as I said, we're taught by our parents and our generations before to just work harder and, and you know, you'll make a success of yourself, but you might be unhappy, stressed out success. But that's generally the way the recipe worked. So the thing here is, is to remember like James, if you sit down and actually work out exactly what it is that you are, work you need to survive or what it is that you are working for.

Now, I speak to a lot of younger entrepreneurs and business owners these days and a lot of what they are working for is time. A lot of them want more time, more free time, more time to do travel, more time to work autonomously, more time to work, you know, on the road away while travelling. More time just with family. They only wanna work three days a week on the business and the other four days a week they want to have to do whatever it is that they want to do. Yes, we'll take money to achieve that, but you need to quantify what that looks like as a model. What does that look like? What's, that's your starting point because if you don't start with the end in mind, you're not going to achieve it. You're going to just be working for something that you don't even know what it is that you would be working for. I hope that makes sense.

And I hope, and uh, it certainly did to James when we said when we sat down and brought him to that, to that realization. So what I, what I encourage you to do is get clear firstly about what it is that you ultimately want to achieve. What is your life? Get clear and clarity around your actual goal. What is it that, that, that life looks like for you now or you want it to look like now and have a clear vision of what you want it to be in, in five years time, you know to find these. Find never these times.

What, what do you want that to be? What's that look like? And do a budget around that. Do a budget for what your lifestyle is now. And when I'm talking about a budget, I'm not talking about a business budget because I'm talking about a personal budget and it doesn't have to be, "Oh, I'll spend, you know, \$2 buying a latte each Tuesday", that to that level, it doesn't have to be that defined. But I do want you to get relatively clear about what your personal budget needs to be.

Your mortgage, your rent, your children, your, your investments, what, what, what do you want? And put some numbers, some real numbers around that and get clear about that, that, that outcome because that's what's going to drop out of your, those numbers. Put that in the budget for you personally is what has got to drop out of your business after tax at a minimum going forward.

So that's your first starting point. And then once you know that, if you look at what do you want it to be in five years' time, I want to travel, I want to do x, I want to do y, well I need to have this paid off, I need to have that paid off or do this or whatever it is. And they'd have these things in place, put personal numbers around that as well.

And then once you know that that's your gap, that's the gap you've got to fill and you can work back from that to it from two, that'll be your net profit. Then you work out the tax that you need to have on that net profit to, to give you a before-tax profit in your business. Then you know what your overheads are so you can work those out and you can work right up to the top where you know what your revenue figure is.

And that's the way I work with clients. When I'm working with them, I, I try and establish what is the end goal that we are trying to achieve and then I work back from there, not the other way around. Not I need a seven-figure business, full stop. It may be a seven-figure business. It may be a six-figure business. It may be a five-figure business.

You don't know unless you actually quantify what are these that you want to work for. Because money is not the answer to happiness. It's not everything. It's important. Yes, absolutely. It is important. And for some people, it's more important than others. Some people get a lot of security out of money, other people get security out of knowing that money's there. But the, the time is also there to compliment it. Other people. There are lots of things you can do.

And look, this is just a little thing, you know. Take for instance, I was thinking, I was saying to my wife the other day as an example, I would love to do jet skiing. I'd love to go jet skiing on a weekend, you know, just, just going to be great to wake up Saturday morning and go and, take the jet ski out on the, on the broadwater on the, on the waterways and have a day and, and, and all that sort of thing. And while talking about them I'm going, yeah. And we started quantifying the numbers. I just do it as an account and I guess, and you know, I worked out that really to do that, I don't have to own the jet ski. For me to financially own the jet ski, I would have to work at number of hours. I'd have to see a number of, of clients and I'd have to pay and the amount of tax and all this sort of thing and then I'll have annual registration, et cetera.

But what I worked out is I can actually hire a jet ski for the two or three times a year that I'm going to use it. I don't have to pay for the jet ski. I don't have to register the jet ski. I don't have to house the jet ski. I don't have to clean and

maintain the jet ski or literally drive down with my, with my board shorts on and my wife and we hire the jet ski for the day and we use it and we drive it back and we drive home and we've had a great day. Now, that, to me is a far better use of money and time for, for, for our lifestyle thing than it is trying to go and earn the money to buy a jet ski and you know, pay for, pay for the jet ski and maintain, maintain the jet ski, et cetera.

So it's a very small point. It's not that, that's not a million dollar thing. You know, you may want to have a big boat, you may want to have all these things. That's fine too. I'm not saying there's anything right or wrong, but between either, but what I'm getting at is sometimes when we sit down and work out exactly what it is that we want and how we're going to fund it and different ways to fund it, we come up with totally different, numerical answers in terms of money that we actually need to do things. That is the, the illustration of what I'm talking about there. So I'm not saying, you know, don't buy anything, just hire. It's nothing like that. It's just a case. And it's just an example of the types of thinking that you can have when you start quantifying your personal budget and your numbers and what it is that you need to do to achieve your success and your desired outcomes.

So in summary there, it is all about perspective. When someone is quoting you six figures this, this person's doing six figures, or this person's doing seven figures, that's fantastic and I'm happy for them. It is a great thing and it's, it's a, it's, it's, it's an amazing thing what some people are achieving out there. It really is with hard work, dedication, they're achieving some amazing things. But I want you to get clear and quantify and get in context when they quote those numbers, what numbers are they talking about and what do they mean to you and, and what it, and get your own context around that. Don't, don't run off blindly

thinking that you are not achieving something that you know that everyone else is because of the fact is it's a totally different story when you usually get in there.

So that's my message for you this week. It is all about perspective. Remember, bigger isn't always best. Okay. Bigger isn't always best and more is not always what you need. So be careful what you, you're seeking more of, and make sure it's what you actually need and that's what I, that's what I want for you today as well. Alrighty, that's all I have time for today. Remember that if you are interested in joining my seven ways to grow your business webinar coming up in the coming month, don't forget to go over to businessmadeeasypodcast.com and sign up there on the newsletter area. Just put your email name and your email address and your name, first name in there and I'll be sure to keep you informed as to upcoming, the upcoming event. It is free. It will be very, very high value for you if you are looking to scale your business easily without, without too much stress, it's not a magic bullet.

You do have to do some work, but it will give you a structure and a framework to do it quite simply and as easily as possible because that's what we're here for, to make business easy. That's why we call it the Business Made Easy Podcast.

Alrighty, that's all I've got time for this week. You have a fantastic week in business. We are going into Easter next week, so, that'd be an interesting one. Now, our podcast is dropping on Good Friday here in Australia, but until next week I'm going to hand you over to Mia. Thanks so much for joining. I really do value your time and value your listening and tuning in each week. Don't forget to tune in on Spotify if you haven't already done so, and I will talk to you next week. Here's to your success. Take us out, Mia. All the best. Bye.

Mia: You've been listening to the Business Made Easy Podcast where we make business easy.

Thank you for Tuning In



We hope you enjoyed this episode.

If you have any feedback or questions about the content in this episode please don't hesitate to drop me a line at jason@businessmadeeasypodcast.com I would love to hear from you.

Other things that you might like to help grow your business.

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www.businessmadeeasyfacebook.com/community

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Thank you again,
I appreciate you!

*Regards
Jason*