
Jaime Masters: Welcome to Eventual Millionaire. I'm Jamie Masters and today on the show, we have Justin Krane. You can check out his site at cashflowgift.com.

[00:04:00] He's a money strategist and we're gonna talk all about cash flow so make sure you check out that site. Thanks so much for coming on the show today.

Justin Krane: Thank for having me. I'm a long time listener, first time caller. Can I say that?

Jaime Masters: I'm so happy you did. Yes. That's hilarious. Tell me more about what the heck a money strategist is.

Justin Krane: I invented the term. There is no secret to this. Where do you go for money advice on your business?

Jaime Masters: Seriously, it's ridiculous.

Justin Krane: It's like this black hole because what I found is there's bookkeepers. They do the data entry and they get your reports ready to go and then they somehow either send it to you and you're like, "Oh, what do I make of this? What do I do with it?" or maybe they send it to your accountant and then you really throw up in a brown paper bag when you're dealing with your accountant. Right? And then you do your taxes but you're like, "What does this mean? How should I make decisions?" So I just fell into doing this because I found a need and I just ran with it.

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Jaime Masters: 1,000 times we need this. Because that's the other thing too. As a business coach, people ask me about that stuff and my mentor. There is nobody that really, really hones in on this stuff. We used to recommend some lady that just sort of had that background and knew about this stuff and we'd send our clients over there because she knew it to the nth degree because there's a very big, wide range of what making decisions about your money means. So what's typical of what you do with clients?

Justin Krane: First, we'll decide and we'll look at like, "What's your business model. How do you make money?" That's the first thing and I'm sure you hit that. Right? And then from there, we –

Jaime Masters: Better know what that is. Right?

Justin Krane: Yeah. And then, from there, I take a look at does a business have scale and leverage? If they invested \$5.00 bucks, can they make \$10.00 in their business and can they grow it exponentially without putting in exponential effort? So we'll look at that. We'll look at the foundation and that's about as deep as I go on those two but if you don't have that set up, the right business model that works for you, and scale leverage, you're gonna be trading hours for dollars.

[00:06:03] Your income is gonna be capped. You're gonna have no time. You're gonna lose all your hair, drink 92 cups of coffee, and wanna throw up in a brown paper bag. You're not gonna wanna do it.

Jaime Masters: And unfortunately, there's people listening going, "Oh, crap." So what do they do if that's the case?

Justin Krane: I think in the beginning, you gotta really understand what it is that you're selling and one of the most important things that I talk about is pricing. And pricing is such an important thing because the way that the brain works and the way that the brain buys things is it's not logical. It's all emotion. And I've read gobs of stuff. My favorite guy is Dan Ariely who wrote the book, "Predictably Irrational," and he does these studies about why people buy things and it's cray cray. It's wild.

So one of the first things that I do working with business owners is if they have one product or one services, I want them to create a separate offer that's just a little bit better that allows them to stack some bonuses and make the buyer feel like they're getting a killer deal.

[00:07:10]

Jaime Masters: Okay. Tell us more about that because for the people that haven't read that book yet, why does that matter?

Justin Krane: Alright. So let's pretend that you check into a hotel and the garden view room is \$200.00 bucks but the beach view room is \$225.00 and you get a glass of champagne and you get free valet. Wouldn't you buy that for \$225.00?

[Crosstalk]

Justin Krane: But so many people have one price for \$200.00 bucks. The way that the brain works is the brain compares things. The brain likes to

put things in context. So why can't we have two offers of kind of the same things and stack the bonuses and the conversions will go up? So many people just have one price or one product and I want them to start, A. I want them to have more than one. So if you have one product, you've gotta create a second but really where I'm going with this is packaging and bundling.

[00:08:00]

Jaime Masters: Okay. Tell me more.

Justin Krane: Well, you have to make your offer seems really attractive to the buyer. So let's pretend that you are – I was actually just working with someone yesterday and she makes quilts. Do I know anything about quilts? Nothing. Am I afraid of needlepoint? Yes? I know nothing about quilts but she sells a quilt for \$45.00 bucks and then a quilt with a baby blanket for like \$60.00 and I'm like, "No. Sell the quilt and the baby blanket for \$47.00. Sell the quilt for \$45.00."

Jaime Masters: Okay. Tell me more.

Justin Krane: Who wouldn't wanna buy the other one for \$2.00 more? For \$2.00 bucks?

Jaime Masters: The second – yeah, but then her margins go down. So tell me more about that.

Justin Krane: Okay, but the cost to make the baby blanket was \$2.00 bucks. So she breaks even on that extra \$2.00 bucks but what happens is more people buy period because they're seeing two offers.

[00:08:58]

Jaime Masters: Okay. So it's about them wanting to buy the quilt to begin with because it seems like such an amazing deal.

Justin Krane: The quilt and the baby blanket. So what you guys gotta do is write down all of your stuff that you sell and try to package it in a way that will make people buy the better offer.

Jaime Masters: Okay. So what about the difference between the two versus three? Because some people are like you wanna tier it and you want them to pick the middle offer. So how does that –

Justin Krane: Exactly. You do. You do. Because it's a podcast, I gotta go a little

slower because people can't see my screen.

Jaime Masters: Oh, I'm so sorry. Continue.

Justin Krane: You wanna have two and you want your first offer to be a decoy so that people are like, "Oh, I want the middle one." And then, your third offer, you wanna have it like crazy high premium. So the brain will not compare \$50.00 to \$1,000.00. The brain will compare \$50.00 to \$45.00 but what most people have, Jaime, is they have an offer for \$500.00, \$1,000.00, and \$1,500.00 and there's no deal. The brain doesn't see the deal. So what I teach people is right away, you have to have different prices and then you have to track where the sales are coming from.

[00:09:59] Are they coming from offer one, offer two, or offer three? And that falls on – now, I'm about to go into the financial mumbo jumbo land. I'm warning everyone. So you have to have a glass of wine immediately.

Jaime Masters: Wait. You should have warned me. I would have had –

Justin Krane: I know.

Jaime Masters: **God.**

Justin Krane: It's on your profit **loss** statement under income. So you just create three lines. It could be product A or service B or whatever it is and then, you can just start tracking and seeing where the money's coming from.

Jaime Masters: Wait a minute. That sounds too simple. No, I get it though. That makes so much sense. It's so funny how we think that it has to be this big complicated process and it doesn't.

Justin Krane: Yeah. And the thing is is that I have a feeling that there are a lot of people that kind of hide when it comes to money. If I don't know what's going on, I can't see it, it's not a problem. It's not my fault. But your money, if you don't deal with your money, your money's gonna deal with you. So let's get aware. Today, I'm declaring, is national get your head out of the sand day.

[00:11:02] Come on, guys. We gotta get our head out of the sand and we gotta start tracking. So let's track the stuff that we're selling and let's sell more of the stuff that is selling.

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- Jaime Masters: And then, when you look in your bank account, you'll be excited instead of not so excited because that's the point.
- Justin Krane: Yes, correct.
- Jaime Masters: Okay. So give us some tips on this because just last week, I had somebody go, "I heard that I should have three things. These are my three things. Give me feedback," and I was like, "Why would I pick any of these?" I just was in the mind of the buyer and I'm like, "I don't understand why I would pick anything. What's the difference?" And so how do they actually come up with, "Okay, this is a decoy. This is the main thing, and then, this is price anchor"?
- Justin Krane: Well, you always wanna have your core offering and it's also about, well, what do people need and what do they really need to buy? And if you're not even sure about that, then just go to Amazon and see what people are buying in addition to that core thing.
- [00:11:58]** So if you're a service based business owner and you're an accountant, go look up accounting books and then go see, well, what other books did people buy and what could I bundle with it?
- Jaime Masters: That's really interesting. Oh.
- Justin Krane: Yeah. Or if you're a product person and you sell candles, well, people probably buy matches with a candle. Check this out. I wrote a blog post on this. I was like, "Oh, my God. They are so smart." I'm in the grocery store. I'm in Ralphps. It's like Kroger out in California. And I'm buying chips and go to look for these chips and there were ping pong balls right by the chips and I'm like, "Oh, my God. I need ping pong balls." Guys buy ping-pong balls when they buy chips. They got me right there.
- Jaime Masters: In my head, I'm like, "Why would people buy –" Okay. That makes sense. Okay.
- Justin Krane: They do. So that's what you gotta do and then you gotta stack that. You gotta stack your main offer.
- Jaime Masters: Okay. And then you're like, "Oh, my gosh. This seems so worth it. I need all of those things and it's such a crazy deal. My brain just wants to buy it right now."
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- Justin Krane: Yeah, and then you probably would buy dip with the chips.
- [00:13:00]** That's why the dip is right there. So you gotta think of it – now, let me just take the pricing to one more extreme. You have to make sure that your offer is clear and understandable, if that's a word, to the buyer. If your offer is a bunch of gobble de-gook and it's on a webpage and it looks like Mandarin Chinese, people are going to bail and they're not gonna buy it. So the display of the offer is huge. It is a game changer. So I'm talking about those check marks that you see on offers like A, B, C. The checkmarks. That's what you need.
- Because I can show you heat maps of people scrolling up and down websites of like, "What do I get with this, this?" And these are like fortune 100 companies where their pricing is ridic so.
- Jaime Masters: Like they would make so much more money. They should hire me right now. So what about people like service based? I have a lot of agencies and stuff as clients.
- [00:14:01]** Either they have to do proposals or they literally have so many different types of services and trying to figure out what package versus what person or what company needs what can get really confusing. So what do you suggest for them?
- Justin Krane: You have to have systems and bundles and packages. You can't keep creating customized stuff, otherwise, you're gonna freak out.
- Jaime Masters: So how do we do that, I guess, is the question. So let's say we're like, "Okay. We know we need to make bundles because that's what Justin told us to do. How do I make sure that this bundle doesn't confuse everybody with all the other 17,000 things that they could get?"
- Justin Krane: Because what you wanna do is when you're displaying your pricing with what people get, you wanna show them about four to six things that they'll get. You don't wanna have a list of 92 things with 4 million check marks.
- Jaime Masters: Yes. Okay. This is my point. Because sometimes, they're like, "We're gonna do SEO but we're gonna do it every three weeks and then we're gonna do it every two weeks and then we're gonna do it every –" I'm like, "Geez um." Right?
- Justin Krane: You gotta keep it major simple.
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Jaime Masters: Okay.

[00:15:00]

Justin Krane: Because the confused mind just will not buy. Now, by the way, I got into this – I’m a CFP. I’m a financial advisor. I got into this because I started looking at my clients’ books. I’m like, “You have one offer. You gotta have more than one offer and this is what’s gonna make your conversions go higher and your sales go higher.” Now, I’m planting a seed people, if you’re still here. Literally, your head, maybe it’s still in the sand. We’re gonna talk about profits. I’m going there because you could make sales but you need money in the bank. I need cash money in your bank account.

Jaime Masters: Yes. I define a millionaire from net worth so you have to keep it. I don't care about seven figure business. I want people actually having money. So let's transition. What a great segue?

Justin Krane: Okay. Awesome.

Jaime Masters: How do we transition into profit and making sure that all the packages that we have are actually making the money?

Justin Krane: Well, No. 1, there's a lot of people who say, “Pay yourself first,” like David Bach.

[00:15:59]

Mike Michalowicz is profit first and there's all these kinda people and that concept is exactly what you need to do. But the thing is that it sounds good and they're right but everyone's business is a little bit different and that's where people might think, “Oh, that won't work for me,” or, “I can't really do it that way.” So the way that I like to do it is we need to make, at the minimum, a 10 percent profit off of your sales.

So you bring in \$100,000.00, I need \$10,000.00 bucks in your bank account. So I need \$10,000.00 bucks from your bank account. That's the bottom line. So what that means is you have \$90,000.00 to spend in your business. Now, this is where people get tripped up. They take money out to live. They invest in the wrong things. They buy expensive, bright, shiny object stuff that ain't worth nothing.

[00:17:00]

It's cray cray. So first of all, you gotta know what your sales are and then you just take 10 percent of the sales. It's easy, peasy, lemon squeezy, people.

Jaime Masters: Okay. So do you have them – is that automated where I normally do about this much every month and that just sort of automatically comes out and it's a thing?

Justin Krane: Yes.

Jaime Masters: Okay. Question. So this is where I think, like you said, a lot of entrepreneurs get tripped up because they're like, "I don't wanna spend more money on taxes so I'm gonna invest and spend a whole bunch of money on a business."

Justin Krane: Yes.

Jaime Masters: Okay. Tell us more.

Justin Krane: I love that question. Okay. I'm leaning into the camera. This is one of those lean in ones. People, pay your taxes. Make your profits. You're done. Don't invest in a \$7,000.00 MacBook computer so you could write it off and make no money in profits and not pay taxes. Hello. You will never get ahead if your business isn't profitable and you aren't paying taxes.

Jaime Masters: Okay, wait. I just got a new MacBook pro but I am profitable but I just got a new MacBook pro but okay. Okay, good.

[00:18:00]

Justin Krane: But don't look for an excuse. Don't look for an excuse to buy –

Jaime Masters: Thank you.

Justin Krane: Stuff in your business so that you'll have a write off. It's still money.

Jaime Masters: That's what's so funny. I'm like, it's not like it's free money, people. I don't know what to tell you. You should save it. But I feel like, especially newer entrepreneurs are so scared, maybe. Like you said their head is in the sand on money and taxes in general that they're like, "Oh, well, if I just do this, it'll make it better and I get free shiny things." And MacBook is totally not worth it just so you know. I'm annoyed as all heck by it. Nobody get it.

Justin Krane: Oh, I remember that post that you made that you were looking. I remember that. Yeah.

Jaime Masters: Yeah. No, now, I'm mad. So tip No. 1, don't buy a MacBook pro and save the money. Yay! You'll be better off than I am. Okay, so tell us more about what we do after we take at least 10 percent, like you said, and hopefully our profit margins are better but it, like you said, depends on what business. How do we decide what we're investing versus what expenses and how big should they be?

[00:19:01] There's so many question when it comes to the growth of a business.

Justin Krane: Yes. So what you also need to know is just going off of that \$100,000.00 to \$10,000.00 grand example, how much money do you need to take out of the business to live? Do you gotta take out \$40,000.00 grand a year, \$60,000.00 grand a year, \$30,000.00 grand a year? So you gotta know what your personal nut is because that way, you're like, "Okay. So let's just pretend that my personal nut is \$40,000.00. So now, I have \$100,000.00 and the profit is \$10,000.00 and I'm gonna set aside some money for taxes and then I gotta take money out of my business to live. Now, I'm left with," I'm just coming up with a hypothetical, "\$40,000.00."

Now, we're looking at \$40,000.00 grand. We're like, "Where should I invest it? What should I do? What is good? What is not good?" So what I see a lot of people doing is – I'll go with this one, is they're jumping into the deep end of the pool and what they really should be doing is putting on their money floaties and getting in the shallow end of the pool.

[00:20:07]

Jaime Masters: Okay. I like that. Tell me more.

Justin Krane: So people, you need to get your money floaties on. What do I mean by that?

Jaime Masters: **My** money floaties. That sounds great.

Justin Krane: Yeah I'm gonna try to trademark that. So if anyone's listening, please do not do that. So here's the deal. We all think we have to be like Richard Branson or Oprah or some big risk taker and all that. I got news for you people. If you take a big risk, if you take that \$40,000.00 grand and do one thing with it and it doesn't work, you are – now, I'm gonna give you a technical term. It's a financial term. It's called **kaputnixville**.

You will be kaputnixville because you will have no more money and you're gonna be operating in fear. I want you to operate in prosperity mode, believing that you can create and manifest the financial life that you want. So how do you do that? You take small risks. You take risks that are one time risks that are small. You get your money floaties on.

[00:21:00]

You dip your toe in the water in the shallow end of the pool and you go from there.

Jaime Masters:

Okay. So what is relative? What's a small one time risk if you have \$100,000.00 a **year**?

Justin Krane:

Okay. So let me give you an example. A bigger risk would be going to a trade show where let's say the trade show fees is \$1,000.00 bucks, an airline ticket's \$500.00, the hotel's \$500.00, you gotta get marketing collateral, you have to hire an assistant to go with you. Next thing you know, you're into it for \$4,000.00 grand. That might be big for you. So what you could do instead is you could go to a networking breakfast and sponsor that for \$300.00. That's one time.

Jaime Masters:

That makes sense.

Justin Krane:

Versus that's one time for \$300.00 versus \$4,000.00.

Jaime Masters:

How do we know what to test versus what not to test? Do we actually take money into it? Because what if we're like, "Okay, we did the research and this trade show is what really does well for other people that are in my same industry and niche and that sort of things and the **breakfast** sort of don't and they feel like they have to take a risk"?

[00:22:03]

Justin Krane:

Okay. By the way, I'm all about taking risks. In the beginning, take smaller risks. It will help your cash flow. But here is a metric that I use that will really help people make decisions with their investing.

Jaime Masters:

Okay.

Justin Krane:

Three times your money. If you don't think you can make three times your money, then don't do it. Now, where did I get that? I made it up.

[Crosstalk]

Justin Krane: I completely made it up and pulled it out of my you know what. Yeah, I made it up. But you know what? It's good because you'll think twice about, "Do I think I can make \$12,000.00 off of that trade show or do I think I could make three times my money?" and then if you don't, you'll be like, "You know what? I'm gonna keep the money in the bank because cash is king sometimes."

Jaime Masters: Seriously. Okay. So that's the other piece. Cash is kind and it can make you feel safe.

[00:23:00] And I talk to a lot of entrepreneurs, especially female entrepreneurs about safety and how much money we have in the bank and what feels good, so that way, we can make better business decisions. Because like you said, when you're operating from fear, I feel like all hell breaks loose. We let the emotions make our decisions instead of being our good business owner hat.

So when we're going down that path and we're looking at our cash flow, sometimes, it can get really tight. What do we do when it gets tighter? We can't even squeeze out that trade show and we're like, "Oh, God. I feel like I should but I can't."

Justin Krane: Yes. Okay, so what a great question. So the deal is if you're a new business owner and you're just starting out, if you don't think you can make three times your money within five weeks, again, I made that up, completely made that up, don't do it. Because the credit card bill's gonna come and if, let's say, you go to that trade show and you're like, "Okay, I gotta go fly there. I gotta meet people. Then, I gotta follow up with them. It's gonna take three more months for me to have that sales conversation that I really have to have.

[00:24:00] You don't have the time for that. I'm sorry. You don't. But if you think you can do it within five weeks, then go fit it. If you're a seasoned business owner and you got cash flow, it's all good, then you can hire a publicist and not have an ROI on it for a year. It just depends on where you are –

Jaime Masters: No, I was just gonna be excited about the fact that you gave us rules to go by because it works that way. Our brains will try and solve the solution and if we don't have anything to go by, we're like, "I think this is a good idea. Go."

Justin Krane: Yes. And then so how would you build cash? Because I do believe that business owners need to have an emergency fund and so the reason why you need to build cash is so that you can sleep at night and so that you can say no to all of the BS that you're saying yes to because you need the money. I want people to say no all the time. Now, I'm not a Debbie downer, Donnie downer or whatever.

[00:24:55] I want you to say yes but the more times you say no to the BS, you'll get closer to the yes where you think you could make three times your money, and then you'll be operating from a point of strength like, "I got this." Like, "The moneys' there --"

Jaime Masters: Like Justin, we love you. Okay. Yes.

Justin Krane: Yes. So I want you to say no because that will open up the yesses for when it feels good. It will help you build the cash and then how do you really build the cash? By the three times rate of return. I can't tell you how many times people have not -- it's everything that we do. We hire consultant, it doesn't work. We do a new website; we don't think we can do it. Now, I'm not talking about getting office space. There's no ROI attached to office space. I'm talking about like running ads or flying to a conference or maybe doing a joint venture with someone. But this three times is huge. It's like it grounds you.

Jaime Masters: Well, and that's the thing. I feel like people have a spray and prey sort of model in marketing and they're literally going, "Well, I'm gonna test it," because we're told to test. Right?

[00:26:00] "I'm gonna test this and I'm gonna test this and I'm gonna test this and I'm gonna test this," and then we're so sort of strung out that we don't actually get metrics or ROI and we're like, "We think that worked. Something in that mess worked," and then they come back and they go, "Okay, great. I don't know what it was," so moving forward makes it really difficult.

Justin Krane: Yes, I agree.

Jaime Masters: So tracking, do you suggest people do it one thing at a time?

Justin Krane: No, you can do two or three. Let's say you've got \$1,000.00 bucks. You can't try three things for \$100.00 and see. And then, whenever you make a sale, you could just do it old school like, "Hey, how'd you hear about me? Where'd you find me?" Right? Or you can do the whole, if you're an online business, you can do I'm not an

internet tech-y guy but you can do the pixel route and you can do tracking with affiliates and all that stuff but if you start to get nauseous with the tracking, that's okay. Let's just get you an Alka Seltzer, maybe a glass of wine or your favorite cup of coffee and let's delegate it to someone who loves that stuff.

[00:27:02] Because if you're a –

Jaime Masters: Yeah. NO, go ahead.

Justin Krane: Because if you're a creative, you're gonna just get nauseous with this stuff and you're gonna check out and you'll be like, "I'm done." But the only way that you can grow and ascend is if you do something different and take control and take ownership of your financial life and delegate some of the stuff that you know that you just have to do but someone else can do it for you. And then, they'll just email you. Like, they can email your profits.

Your assistant can tell you what your sales are if you're just **free**. If I just say the word, "QuickBooks," like is your hair standing on your arms or Zero, the accounting soft – are you literally – do you wanna just get under the covers and curl up into a fetal position and just be done? That's okay but someone out there loves that stuff. By the way, I'm not a bookkeeper so don't even **back up**. I don't even know how to do data entry on that.

Jaime Masters: Well, and that's the thing. I love numbers. I especially love great numbers when you look at –

[00:28:02] People don't like it when the numbers don't look good. They don't like looking at it. Right? But either way, whether they're good or they're bad, you need to know what they are, people, just so we're clear. So how much of an emergency fund in business – because I even wrote my book and I did Dave Ramsey's Total Money Makeover way back when to pay off a bunch of debt and he talks about the personal emergency fund. I agree with you 1,000 percent. We should totally have a business emergency fund but how much and do we ever pull from it, and what is an emergency in business and that sort of stuff?

Justin Krane: Yeah Emergency fund, at least one month. One month of your business expenses. So then, that means, I know everyone listening's like, "What are my business expenses?" and you're like, "Who killed Kennedy and who shot JR and all that?" Right? You're like, "What?" So we gotta find that out. We can't guess.

We gotta call the bookkeeper, the accountant. We gotta find someone who can get us that number. And then, what you being to do is build it. You can build it with that 10 percent profit that you leave in the business and then you have it there.

[00:29:02]

So what's an emergency? An emergency is something where you know that it's gonna work and you need to invest and you're gonna tie up the money for a week or two. It's pretty much a sure thing. Any other business emergency, maybe a late payment that you forgot, maybe a credit card bill that you forgot. Another one that came about was like if you have employees, sometimes you gotta pay like sick pay and overtime or something like that. So that's another example.

Jaime Masters: Yeah. Like unexpected, oh, crap.

Justin Krane: Yeah.

Jaime Masters: But the whole point is too if you don't hit your goals or your sales dips or whatever, it's there just in case something horrible and you don't have the cash flow for it, which makes perfect sense. So tell me a little bit, and I know this is boring but I think it's really important for people to know because when you're doing quarterly taxes, people are like, "Do I take whatever one third out when I get the check here and we put it aside in savings or do we just know that we plan for it and we take this much out?"

[00:30:06]

How do you suggest people do that?

Justin Krane: Okay, the easiest way is simply to call your accountant and give them your profit and loss report from last year and say, "Oh, I think I'm gonna be up 10 percent or something like that." Now, if you're just starting out and you're new and you don't have a big set of books and you don't even wanna deal with the profit and loss, just take, I'd say, ballpark, now this is just general advice, 20 percent of your sales and put it in a separate account.

So the 10 percent is for the profit. The 20 percent is now kept in a separate account for taxes. So how do you pay them? You could pay them quarterly. You could keep it until the end of the year and pay at the end of the year but I would not recommend that you do that because what you'll do is you'll sneak into that account like at 2:00a.m. when no one's looking like it's a chocolate chip cookie and you'll move that money into the other account. You're like, "Let me just –"

Jaime Masters: **Buy** that MacBook pro.

[00:30:59]

Justin Krane: “Let me just go in there and move the tax money over there. I’m gonna go to Hawaii and eat all the fish I can.”

Jaime Masters: That sounds great.

Justin Krane: Yeah. So you gotta have system to do it and I think 20 percent’s a decent number but like what six and seven figure business do, I do this. So this is 2017. This is the first half of January. I’ve already had my – don’t laugh, people. I’m crazy with this. My Q1 2017 tax payment call. I know. I know you wanna throw up hearing that but again, I love it. You don’t have to. Email the accountant and make them do the work.

Jaime Masters: Oh, yes. That’s what I – my guy’s always like, “Okay. I’ve got another.” Every other Monday? No, it’s every Monday per month. I love him, thank goodness because we chat and we blah, blah, blah, and then we talk about money and don’t get me wrong, I love talking about money but I wouldn’t remember to, “Oh, great. I have to schedule him all the time,” unless it was already in the calendar and I go, “Oh, I have to show up.”

[00:32:03]

Way easier than having to go, “I should call my accountant.” So, having a regularly set time, really, really important. Okay. So tell me about this though because a lot of people, especially when it comes to hiring, we go, “Do we have enough money? Do we not have enough money? How much do we pay them?” Where does that come in as you’re trying to grow your business and how much do you have enough, especially for that first assistant or the third employee, something like that?

Justin Krane: Okay. So I’m gonna give you my spin on it and most of the time, when people hire, Jaime, they’re hiring an admin, right, to free up their time. So let’s pretend I’m a jack of all trades and I do everything. I’m VP of sales, purchasing, VP of human resources, VP of everything and I know that I need to delegate. So if I’m gonna take \$1,000.00 and delegate it and pay the VA, right, the VA, it’s not like it’s on the VA.

[00:33:03]

It’s not like it’s her or his responsibility to make three times the money. They’re just filing and going on the CRM database management and scheduling your this and doing your social media,

whatever it is if it's a VA task, whose responsibility is it really to make \$3,000.00 grand off the \$1,000.00? Yeah. It's us. So it's on us. So we need to make \$3,000.00 grand off the \$1,000.00. If we can't, then it's our fault.

But if you're hiring an ad agency and you're gonna do \$1,000.00 then it's on them. So I believe that I just think we should be hiring and delegating pretty much from the start and it's okay to delegate one hour a month to someone if you're just starting. And if you're at five hours, sometimes, you need to take that step but it doesn't have to go from five hours a month to 20. It could be to seven. There's nothing wrong with taking small steps along the way.

[00:33:59]

Jaime Masters: Yeah, because your confidence grows in your leadership as a leader in general. And also, you get better at delegating and all that other stuff that you have to learn as a business owner which you might suck at at the beginning, just so we are clear. So it's good for you to kinda go slow and warm that up too. So what if you have three employees and you're not doing the main basis of the work but you're looking to hire No. 4 and maybe at \$60,000.00 grand a year for this person and you're like, "Okay, well, I need to make three times but I'm already giving my stuff away"? How do you figure that piece out?

Justin Krane: Well, sometimes, it's hard to make three times but sometimes, the business needs. I was just working with one of my private clients where she needs to do content marketing and she has enough money to pay someone, I don't know, \$50,000.00 grand a year to just do the content marketing but she might not make \$150,000.00 right away. Maybe it'll take two or three years but here's what I told her and here's what I do believe is that the profits need to catch up with the \$50,000.00 grand spend.

[00:35:06] So this is a hypothetical. If her profits were \$300,000.00 and then she spent \$50,000.00 for content marketing, in a all even world, she would just make \$250,000.00. But what has to happen is the following year or at some point soon, the profits need to go back from \$250,000.00 to \$300,000.00 so she could make that next investment and hopefully still make the ROI in the content manager. What people do is is they make four or five huge investments and the profits don't catch up and then it's like, "Wait. I was doing great and now, I'm waiting for all this to hit and it hasn't."

Jaime Masters: Okay. So that's a huge point because especially content marketing, SEO, they take six months to a year before it actually ranks more and blah, blah, blah, all that stuff and you're literally going like this and hoping whatever the strategy is or whatever the hire is is going to help us with the profits because we're good at predicting but you can't predict the future.

[00:36:03] So we're trying to make this strategy and assume growth and what I see with entrepreneurs is they're like, "And next year, I'm going to double. Oh, shoot. We didn't double." And my investment's as if we were going to double and then it didn't work out so well, ouch. And then, we get in a cash flow crunch and then you're like, "Oh, crap," and then you can't sleep. So what do we do to prevent that when we feel like we really need that content manager and the profits look okay that year?

Justin Krane: You gotta go for it. If the business needs it, you gotta go for it. If you need to be on social media and you haven't and you know that the business needs it and you wanna hire and delegate someone to do that, then you have to set up an expectation up front with who you're hiring and establish clearly defined goals and targets that they need to get for you. Just like with the SEO, you could track the hits to your website within a week or two and start seeing some improvement. So a lot of times, people hire marketing people, agencies, consultants, and they bomb.

[00:37:01]

Jaime Masters: I have had that happen before. Yes.

Justin Krane: Yeah. It's kinda like –

[Crosstalk]

Jaime Masters: \$20,000.00 grand. That was awesome.

Justin Krane: It's like a rite of passage. They bomb and that's where you really gotta get referrals, references. Maybe you gotta have that person take the Colby test to see are they – I'm sure you know about Colby, right? And your people probably do. Like are they a fact **finder** follow through or are they creative quick start? I'm a fact finder.

Jaime Masters: What are you? Yeah.

Justin Krane: Oh, I'm a massive fact finder follow through but I surround myself with creatives. I got creative that are in my own group that I mentor. They're all creative women business owners that ready, fire, aim and not ready, aim, fire. So I digress but it's the point of is you need to just track this stuff along the way and if you don't feel like it's working, you gotta cut it off and be like, "Sorry. I gotta take care of myself first," if it's not working.

Jaime Masters: But that's the point that we talked about in the beginning is that when the foundation is up and you actually know your numbers, it's easier to know if this was a good idea or if it wasn't or if it's working or if it's technically not working.

[00:38:07] Instead, most people come from the, "Oh, crap. I don't know." Right? And it's hard to make decisions based on that. So as you, I'm a fact finder also. What a surprise? Right? I get data from a bazillion millionaires. To me, I care about data a lot to make decisions but a lot of entrepreneurs aren't like that. They're quick start on Quickstart but they're not fact finders so therefore, data is just one of the extra things along the way. So, setting up the systems like you were saying this entire time so that way you can get banged over the head with that. Extremely important, people. Okay. Perfect.

So we've gone through a lot, which I really appreciate. I know we have to start wrapping up in just a minute but before we do that, what do you think people should do when they're making these decisions if they don't feel like they have the data or if they don't have –

[00:39:00] I feel like we just try and grasp at straws for deciding on marketing tactics or hiring an agency. "I think this is gonna work. I'm not totally sure." How do we figure out and actually make the right decision in our business based on cash flow and without knowing the data?

Justin Krane: It's harder to. It's a guess.

Jaime Masters: We don't want –

[Crosstalk]

Justin Krane: Jaime, I think it's a guess. I think what happens most of the time is people make guesses based on unknown numbers and sometimes, I like to just feel the energy of when I hear or when I say, "You

gotta know your numbers,” because to me, that puts all of the onus on the business owner that they have to know their numbers. And what I believe is you gotta have access to people that can help you know your numbers or tell you what your numbers are and then it’s not a guess. Then, it’s a real informed decision and then it’s like, “Okay, my book, ‘Money. You got this.’ I got this.”

[00:40:01] “I know my numbers. I can get them and I can make a better informed decision about it.” Otherwise, it’s guessing and yes, we can have luck but you gotta know some of this stuff and you gotta have people that can get that info for you.

Jaime Masters: Yeah, because we can most likely, even if it’s digging through the data. Not that you wanna do that, but it’s in regards to that, I think it’s really important. But like you said, so do you suggest not guessing?

Justin Krane: Yes. I suggest not guessing and then I suggest another thing is this comes up a lot when I work with people is once they know their numbers, they’re gonna have to make some really hard decisions. Like they might have to **mean** that they’re spending too much in their business, their prices aren’t high enough, they’re taking too much money out of their business. They’re gonna have to make some very, very tough choices like letting an employee go or maybe doubling up on one investment and then not doing another investment.

[00:41:05] And they’re gonna have to get uncomfortable and make some change. That’s probably part of the reasons why people don’t wanna now because then, if they knew, they’d be like, “Okay, now I really have to make a decision. It’s not my fault.” So for the people who are like, “Oh, my God. I know I gotta do this,” yeah, it’s okay but you’re gonna be faced with some tough decisions and you can do it. You really can.

Jaime Masters: Funny how emotional all of this stuff is as we’re talking about it. Right?

Justin Krane: Yeah, for sure.

Jaime Masters: You assume that money are just data and numbers and that sort of thing and it brings up all sorts of stuff. “Oh, wait. If I don’t look at it, then I’m okay. Right?” Is there any books or recommendations for people to get over some of that stuff that you recommend?

Justin Krane: There are some guys that are really, really good if you Google them that can help you with it.

[00:42:02] So it's really about money scripts. It's the stories that we keep repeating over and over in our mind that we learn from our parents or by someone that we keep repeating. Someone might think that they always have to be a caretaker. Right? And they'll take care of everyone else but themselves. Or someone might think in their mind that money is the root of all evil so that whenever they bring in the money, they just wanna spend it because they feel that they don't deserve it.

So I know a guy by the name of Brad and Ted Klontz, K L O N T Z. They've got books on it. Rick Kahler, R I C K K A H L E R. These are money psychology guys. And then my mentor, I don't know if he has a book but he's mentored me on this because when I work with people, this stuff comes up. I'm not the expert. I just am aware of it. Right? And you want me to give you his name for the notes or?

Jaime Masters: I would love that. Yeah.

[00:43:00]

Justin Krane: Yeah. Jim Gottfurcht. It's spelled G O T T F, as in Frank, U R C H T.

Jaime Masters: I love that you gave us this because A, I haven't heard of any of these people, which I think is amazing. Because usually, you're like, "Oh, it's David Bach. It's so and so," and I feel like yours, I'm assuming, will go into much more detail on the psychology side.

Justin Krane: Oh, yeah. Way. Major.

Jaime Masters: Business owners are smart and they need the high level stuff that will make a difference in their business. Okay. So I love that. I love talking about money. Maybe that's sort of why I have a show called Eventual Millionaire. But we have to start wrapping up so what is one action listeners can take this week to help move them forward towards their goal of \$1 million?

Justin Krane: I think the action is making a decision that you need clarity. You need clarity and what is one thing that you can do to get clearer on your numbers? Is it making that phone call to the bookkeeper? Is it

calling the accountant for your taxes? Is it looking at your sales and seeing what's doing well?

[00:44:00] Take one action all around the word, "clarity," because when you're clearer, you'll be more informed, you'll make better decisions, and you'll feel good about it.

Jaime Masters: That's what everybody wants in life. They wanna feel good talking about this stuff. Awesome. So where can we find out more about you, what you have to offer, all that fun stuff?

Justin Krane: Yeah, so as people are listening, you're probably like, "Oh, my God. There was so much stuff. I'm overwhelmed," and that's okay. You can be stressed. There's no problem about that. But I've created a guide that people can go to to download and then work on what we just discussed like in bite sized chunks. Literally, you can have a glass of wine and do this. So go to cashflowgift.com. One word. Cashflowgift.com.

Jaime Masters: That you for making it bite sized and easy for us because yes, we need to be spoon fed but eventually, the medicine will help so thank you so much, Justin.

Justin Krane: Yes. Thank you. It's great to be here.

Jaime Masters: So amazing to have you on. I hope you have a fantastic day.

Justin Krane: You too.

[End of Audio]