

Ep #62: Financials for Creatives



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With Your Host

Tobi Fairley

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Ep #62: Financials for Creatives

You are listening to *The Design You Podcast* with Tobi Fairley, episode number 62.

Welcome to *The Design You Podcast*, a show where interior designers and creatives learn to say no to busy and say yes to more health, wealth, and joy. Here is your host, Tobi Fairley.

Hey friends, how are you? I am really good because it's summer. I am so glad it's summer, or at least it's almost summer for some of you. But where I am, my kid is out of school so we are on summer time, which I love. It's so nice to have some downtime, which over the next few months I will have lots of extra time with my daughter and by the pool and we'll take a little bit slower pace, which is so good and mornings just aren't as hectic. I get to have my mornings all to myself, which is my favorite.

So I really, really love this time of year. And by taking a slower pace, I mean a little slower because it's really hard for me to go really slow. Those of you who know me know that. But I'm going to go way slower than I almost was going to spend my summer because I was about to do the exact opposite accidentally.

And I had all these big plans and I had all this fun stuff for my business and for *Design You* and you know, just lots and lots of overachieving that I was about to do, which I'm prone to do. And then I started putting it all into my calendar because you know I'm big on time blocking. And guess what? As I loaded that stuff in there, I was like, oh my gosh, this is impossible. What in the world?

So I pushed back a lot of deadlines until early fall and now I'm really excited that I can have some Fridays off and we can do a lot of stuff still and make a lot of progress. It doesn't mean I'll be sitting around, but it's definitely going to be at a pace that is doable.

So yeah, I'm always doing a lot, and I'm even going to teach a new course, which I'm going to tell you about in a minute. Well, it's not totally new but I've not taught it live ever, so I'll tell you about that in a second because it's

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called Financials for Creatives and it's super cool, and it has to do with our podcast today.

But I'm going to do that in June and I'm going to go on an awesome vacation with my family and you know what, it's just going to be great. So I want you to think about that. I want you to start to think okay, it's summer. It's the beginning of summer. I have time to plan this whole thing, these next three months to look exactly the way I want them to look.

And we're going to talk about it today in today's episode a lot about finances and maybe part of what you need for summer is finances that you don't have. So maybe you want to put a little bit of a different kind of approach to your summer and cash flow some of the things you want to do.

But I just want you to see that periodically - I just wanted to bring this up before we get into finances today, that periodically, you just want to stop. Maybe even once a quarter and just look ahead of you and see in the next 30, 60, 90 days, what's going to happen and how am I going to make the things I want to happen happen, and is it doable, and I put it in my calendar to see if it all fits.

So that's what I've been doing and it's top of mine and I wanted to give you a little sort of PSA, a little Tobi reminder to check in on your time management and what you're going to do for the next few months. And if you need to circle back to episode 54 on time management and time blocking that I did just a few weeks ago, by all means, go back and look at that because it's going to help you make sure that you're not overachieving and over-scheduling your summer, but it's also going to make sure that on the flipside, if you were going to take it too easy, and if you're going to be really frustrated with yourself in the fall that there wasn't any cash flowing in, maybe you want to shift that a little bit too and get a better, more realistic picture that works for work-life balance and for cash flow.

So there you go. One more time. A commercial for time blocking in episode 54. But what's today's episode about because it's not about time. Time is super important. The other thing that's probably equally important,

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especially in business is finances. So we're going to circle back to that category that I told you my signature course is all about, which is called Financials for Creatives, and let's talk about that today. Let's talk about what finances do look like for creatives.

Because as I mentioned a minute ago, I'm teaching that course in June so you're going to hear this episode right around the 1st of June, maybe a couple of days before, and that course is - it's finances. So I know you're thinking blah, yuck, Tobi, why would I want to spend two whole days with you talking about finances?

But I can assure you after you hear today's episode that a lot of you need to join me, and guess what, I'll make it really fun for you. So joining me in *Design You* and getting that live course where you can take it while I'm teaching it on Crowdcast live and you can ask questions for all the different modules and we can really get you comfortable in a topic, a subject, a part of your business, and even just your personal life even if you don't have those finances in order too.

But we can get that piece that's maybe been a train wreck for you for a long time or are you on the hot mess express of finances as they call it. If it's a train wreck, or maybe even not quite a train wreck but you just don't have them organized and working for you then you absolutely need to get in *Design You* and join me for that program.

So let's talk about it because I'm going to teach it two days live stream. Obviously, I think it's important if I'm going to take two days out of my summer to teach this live all day. But let's talk about why it's important. I'm going to tell you.

So, first of all, many creatives, you may be one of them, just think that they're inherently bad at financials. And even if you don't think you're bad at them, a lot of you just don't like them. You've decided that they're just blah. They're bad, they're boring, they're hard, they're painful, they're uncomfortable, and it's just not your thing, right? They're complicated,

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they're scary, all the negative feels we can possibly feel we have associated with our finances.

And really just kind of money in general. And I've even done other podcasts in the past about money mindset. In fact, we can link in the show notes the time management podcast I just talked about and the money mindset podcast that I'm now talking about, so you can go back and listen to that if you want to. But I've talked about this before because what you think about money and what you think about finances is a huge issue and it can actually keep you from making the amount of money that you want.

And I would suggest that many of you as creatives, and especially creative women, even worse. We just are so anti-money. But it doesn't even have to be that you're female. Just creatives in general. We just don't like this topic at all, right? And humans in general, we just load up all kinds of baggage and negativity on money. Not even in our businesses.

I mean, poor money, right? We put all this stuff on money. It's the root of all evil, and people that have it or want it is greedy and you know, just are greedy, and we put all this stuff on money. And the thing is money is just paper. It's just paper that we exchange for other things of value. It's not scary until we assign all this meaning to money, and until we assign all this negativity to the whole idea of finances.

And I want you to start to think differently about your finances. I want you to see - and this might be a stretch at first so hang with me, but I want you to start to think of your finances as your friend. Really, all that they are in business is a checkup really of how healthy or unhealthy your money position is, and that's a really important thing to know.

And so if you can learn to set up a system that you are not completely afraid of for your finances and how to really understand them, it's really no different than getting a clear picture of other things in your life like your personal health. So if you go to a regular wellness exam with your doctor, or you should go to one if you don't, but if you do and you create a good

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working relationship with your doctor because we've all heard lately that we need to take charge of our own health.

So if you do that, then it's the same type of thing that we're doing when we create a good relationship and understand sort of the baseline of our finances and we create a good relationship with our financial advisors, our accountants, our bookkeepers and the other people that really are part of the health and wellness of our business.

So I like seeing those kind of as the same thing. You hopefully won't just absolutely ignore your health, although some of you do, and this is your PSA for that also. Public service announcement. But you really, as far as your business goes, you need to think about that financial health and wellness of your business. And the way to do that is to really get clear on where you stand financially, what's happening that's working right, that's making you money and profits in your business and what's not.

So again, it's no different than figuring out what's causing issues in our health and doing things preventatively so that we don't have long-term disease and dysfunction in our health. Exactly the same thing with our finances. And I want to tell you and I hope that you'll kind of believe me and get on board with this idea that it's really not optional to really dig in and understand our finances if we want that long-term healthy business with less stress and more profits and more freedom.

So not our go-to move as creatives, right? Not our natural state to go absolutely I love finances. It's the opposite of that. So what are we supposed to do? Well, the first thing you have to do is you have to change your mindset about finances and about working with those bookkeepers or accountants or bankers or any of the people that seem super scary and intimidating, and you just don't want to admit to them that you don't know what they're talking about.

You don't want to admit that you don't know what the words that they use mean, you don't want to admit that you have no idea what your financial position is or any part of that stuff, and so we have a lot of mental blocks

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there. We have a lot of pain and suffering that's caused by our thoughts around getting to know our finances and our financial advisors and partners that help us deal with our money.

And we just - we really don't open our mind to the possibilities that it's not scary. It's just something we aren't familiar with. So it may be unfamiliar but it's not scary. And it's totally something that you can get comfortable with if you're willing to, and you're going to have to get comfortable with your finances or you're never going to really use them as your best friend, as I was saying. As your ally, as the path to where you want to take your business financially.

So I believe that there is no point in working really hard in your business if you don't know what the things you're working on are doing financially. And our businesses are not charities. So even if you don't need the money and a lot of you don't. You're like, I have a second income or my spouse is paying the bills and this is sort of a hobby to me, even though I feel like it's a real business, I just really ignore the whole financial part.

Well, please don't do that anymore. Please don't work that hard for no money because even if you don't need the money that your business makes or could make, forgoing those profits doesn't help anybody. So I want you to at least learn to make a lot of money, even if you don't use it. Even if you do turn around and give it to charity, if you do give it away to help other people, or you give it to your kids.

Do whatever you want with it but please don't make making money in your business optional because it doesn't help anyone at all. It might slightly help your client because they're getting a deal, but at the end of the day, it doesn't even really help them. They don't appreciate or understand the value of what you're doing for them if you're not charging them what it's worth. So it really just does a disservice to everybody.

So let's dig in a little bit to this mindset stuff and then we're going to get into a few other reasons why you really need to get on board with having your finances in order and being comfortable with it, and then beyond that, I'm

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going to give you a couple of resources besides my upcoming course that you can check out that have really helped me think differently about my finances.

So first, a little bit of the mindset stuff. So I want you to consider a few beliefs that you may have and how they're really sort of fallacies in your thinking and how they're likely holding you back with your finances. So first of all, most of us think that if we just do what we love and we work hard enough, that the money will eventually follow.

And this is one of the biggest myths of running a business because what I want you to know is that you absolutely must engineer your business and your financial systems for profit. It does not just happen. Financial success does not just happen. It has to really be orchestrated and that's why I want you to think about your finances as your best friend.

Because if you can really understand them and you know what's working and what's not working, you can do more of what's working and less of what's not, right? So that's the first thing that I want you to think about is are you having the belief that if I just do what I love and I work hard enough, that money will follow, because it doesn't. So that's myth number one.

The other thing I want you to realize that's really a fallacy is that financial success is not about time, meaning how long you've been in business. So you don't just tough it out until you hit a certain amount of time and then the money kicks in. So it's not like you hit year five and then you finally start to make money or you hit year 10 and you suddenly start to make money.

There are thousands and thousands of businesses who literally struggle and barely keep their head above water financially for years and years and years and years. So time has nothing to do with your financial success. The only way that it has anything to do with it is maybe you get more experience and wisdom over time and at some point you decide to take charge of your finances, which I hope is right now, and then you can engineer the profits in your business.

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But time along, just time passing has nothing to do with your finances finally kind of getting in gear and starting to show up. So yeah, you can engineer your business for profits from day one if you want to, by understanding the value you provide and how to charge for it and how to set up systems for profits and expenses that get you the financial results that you actually want.

But it takes deliberate action. Planning, strategizing, and understanding. And without being deliberate in this part of your business, it's really unlikely that it will just start to run effectively on its own and that cash will just start really flowing to you the way you want it to.

So you can't just ignore it and hope that it'll thrive, and that's true for anything. We can't ignore our health, we can't ignore our green plants downstairs and not feed them and hope that they thrive. You have to pour yourself into anything. Your relationships, your business, your finances, anything that you want to thrive, you have to fully immerse yourself in them and really give it what it needs.

And your finances are no different. They have to be deliberately planned, orchestrated, organized to get you to where you want to go. But here's what I do want you to know; I want you to stop thinking thoughts about your finances - a little more mindset stuff - that make you feel ashamed, embarrassed, stupid, unequipped, inexperienced, or any other negative feeling.

Because if you've listened to my podcast on the mindset work before, if you've heard episode four about the model and if you've learned about how your thoughts lead to your feelings, if you are feeling ashamed, embarrassed, stupid, unequipped, inexperienced, or any of that stuff, it's coming directly from the thoughts you're thinking.

So thinking I hate finances, I'm not good at finances, they're confusing, they're hard, all that stuff is not going to move you in a direction positively with your finances. I want you to give yourself a little grace and a little bit of

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a break because it's not your fault that you don't know how to do this. Nobody taught you. Heck, nobody taught any of us.

Unless we're lucky enough, and there's only a few people like this in the world to have parents or a mentor that really knew this stuff, then nobody taught us how to manage our money at all. Personally or professionally. My parents are very successful and have been in business for a long time, and they didn't even really teach me how to manage my money and how to really feel comfortable with money, and how to befriend money and my finances, and how to use it as a tool to get where I wanted to go.

It wasn't until I was well into business, and even had an accounting degree - even my accounting degree didn't shift my thinking and shift the way that I run my business to engineer profits. It was studying in books and immersing myself in the content of some experts that really know how to do this well.

So I didn't know for a long time in my business. I would say for at least - I mean, almost 10 years. Maybe year seven or eight or nine, I really started understanding my finances. And y'all, I have an accounting degree and an MBA. So give yourself some grace. Let yourself off the hook to this point. It's not your fault.

But it's time that you shift into making it something that you're really focused on, that you want to take charge of. But I get it. I get that it's so much easier to keep your head in the sand, and I get that it's just something that you procrastinate on and I'll think about that later when I have to. But any more procrastination and ignoring of our finances is only going to add to the pain and the shame and the embarrassment later.

So we're going to nip all of that in the bud right now and start using these financial systems that we can put in place as a tool to help us to get to where we want to go. And the easiest way to do that is just to rip the Band-Aid off right now today. Just rip it off and say okay Tobi, I get it, I've ignored that part of my business, I don't know anything about it, I've absolutely tried

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to stay away from it but now I hear you, let's rip this Band-Aid off and let's get this in shape.

Because guess what? Your life and your business are going to be so much better when you get this part cleaned up and really working for you. So here's some of the reasons that I really want you to get your finances in order. One of the main reasons is having your finances in order is really important so that you can pay yourself really well if you don't already.

And most designers and creatives that I know do not pay themselves really well. And I can't tell you how amazing it is to pay yourself really well and to know that you have the money to do that and that you also have created recurring revenue streams so that you know you're going to have the money next month and the month after that and the month after that to keep paying yourself.

Because a lot of you are thinking, well I might have the money this month but who knows what I'm going to have next month. And so many of you do the opposite of paying yourself well consistently. You wait until the end of a month or a quarter or a year, or maybe when you need money, and you go look and see how much is in there that you can take, and hoping that there is some.

Again, not a good way to run your business and your life, and definitely not a way to feel that financial freedom and create the kind of life and business that you dream about. So when we're there, when we land on the side of not paying ourselves at all or not paying ourselves well, it's because we're in scarcity mindset around money.

And we have the belief that we need every single dime that we do make to invest back in our business, or to pay other people instead of ourselves in our business, to keep our business afloat again. So why would we think that? Because we don't really know. Because we don't have our finances in order and we don't really know and we're not looking at what our real financial position is on paper, and we're not doing anything to project out what our income might be over the next few months or the next year.

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So we literally have zero information. We're blind when it comes to our finances, and we're trying to make a good decision. And if I was in that position, of course I would also err on the side of living in scarcity land because I would think I can't just start paying myself a lot of money and hope that it pans out.

So we're never going to believe there's enough if we can't actually see it on paper. And even if there isn't enough, if even you're like, Tobi, if I did know, I promise you it's not enough to pay me and invest in my business, well guess what, when you know your finances, when you understand them and you understand which things you're doing are making you money, and which things you're doing are not making you money, and you might be surprised at the truth about that, but when you know that, then you are equipped to do more of what's working and stop doing what's not.

And until you know that, you are likely to keep doing things that aren't working, that aren't profitable, just because that's your definition of your industry, of the design industry, if that's the one you're in. You're like, well, that's how design works, I'll just keep doing it and then eventually the money will come.

Well, no. Because again, you've heard me talk so much about broken business models and changes in the industry, but you need your own finances to be the evidence, the proof that shows you what you should be doing and what you should not be doing. And until you know that, you're very unlikely to make a change.

Another reason I want you to know your finances backwards and forwards is so you can stop working yourself to death all by yourself. Because when we don't have our finances in order, we also don't know if we can afford other help. So back in scarcity land again, we err on the side of hiring nobody. Or if we do hire someone, it's the lowest possible level of help that we can find that just feels like kind of a warm body to take a few things off of us.

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And guess what? That doesn't really take any pressure off of us. That just gives us somebody to manage. So when you don't know that you have a significant amount of money, or an ample amount of money to invest in a really high-level team member that could elevate your business and add value to your business that you could turn around and charge for or that could bring clients in, you're not going to go hire that level of person, right?

You're going to hold yourself and your business small because you just don't have enough information to know if you can really afford good help. One of the things that I struggled - not that I struggle with but the people I coach in *Design You* struggle with the most when I'm helping them create digital marketing strategies and systems is they get stuck because they really need to contract employees, virtual employees and other people to do parts of the work for them, the things that are outside of their zone of genius, but they won't let themselves hire anybody because they don't have their finances in order and they have a lot of I guess, bad beliefs about money that are holding them back, that are keeping them in scarcity land.

And so it's a huge hump and a huge hurdle that we have to get over of okay, well how do I hire people when I don't have any money, and how do I make money when I have all these messed up beliefs about money, how do I really start to create an abundant amount of money with my value and my gifts?

So again, every ounce of this financial conversation, the beliefs part and the systems part are tied to getting your business future ready, including all the stuff I've been teaching you about digital marketing strategy. So everything starts with your finances.

I spoke a lot about all those dilemmas in my dirty little secrets podcast. If you haven't listened to that one, or even if you have, go listen to it again. It's episode 58. And I want you to really know that content backwards and forwards and what I'm doing today with this podcast is basically drawing a straight line from all those dirty little secrets I talked about right over to your finances.

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Because I think it is inherent in the fact that we don't know or want to know about our finances that all those other dirty little secrets and issues exist and persist. And if all of these reasons, the mindset reasons and the paying yourself reasons and the hiring other people reasons weren't enough to get you off the hot mess express when it comes to your finances and get you focused on getting that stuff cleaned up and really using it to your advantage, then I hope that considering the future of your business will be the thing that gets your attention.

Because when you think about the future, what's going to happen next year, beyond that, I want you to see that if we hit another recession or downturn in the economy, which a lot of people are saying is going to happen, at least a small one in 2020, but we don't really know, but what if we hit another one? What would that do to your business? If you don't have your finances in order, you are not at all prepared for the future of your business.

Because probably, 90% of those in our industry and in other creative industries similar to ours struggle to develop a consistently profitable business on a regular basis and again, I can draw a straight line back to the reason why and it's because there's a lack of understanding about their finances. That is the reason why.

And if that's the case, that 90% of us are already struggling to develop consistent profit in our businesses, then the next step to that and the truth is that many of us and many of our peers are literally less than three months away from bankruptcy at any given time. So when there's any major change in our industry or the economy like a recession, if one came around again, that could easily be the thing that puts a whole bunch of us out of business.

I'm not, again, trying to scare you with this content. I'm just trying to make you aware that you don't have to leave yourself open to what could happen to your business because you have time right now. You can start today and really prepare to recession-proof your business. And a lot of things I teach you here on the podcast and that I teach in *Design You* and my coaching

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program are the things that recession-proof your business like recurring revenues with scalable products and adding a whole lot of value into the world in a way that's easy for customers to buy.

And I taught you just last week I think about the currently 126-billion-dollar knowledge industry, right? A year that we can get a piece of that could help balance our cash flow in an ongoing way. But if we don't have our finances in order, we can't even get ready to get into that industry and get a piece of that pie. We can't even get ready to sell scalable products and to make a difference in our business and create recurring revenue streams because we don't know where we stand.

We don't know what's currently working, we don't know what's not working, we don't know how much money we have to spend and invest in creating those other revenue streams, so we just stay stuck. And we just stay stuck and wait and hope and pray that another client comes along before a recession comes along.

And I get it. As creatives, we're really even wired to resist structure and rules and that's what makes finances work. But what I do know is that even though it's not our natural state, that we can learn to have structure. In fact, many of us really, really do - in fact, most of us do thrive in structure, even though it's not our first kind of natural go-to place.

But if you put structure in place, especially in your finances, and you practice following through with that structure, it can really start to change your life. And I want you to be in a position where you're empowered in your business. I don't want you any longer to feel like I can't afford that.

I mean, I think back about a lot of us in our childhood and my parents were very blessed and they worked really hard and made a lot of money, but they didn't always have a lot of money when I was younger. And so I remember different times that we were learning how much we could spend and where we could shop and all the things that we could do, and we've all had that.

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Honestly, no matter how much money you have, there's always a limit to it, right? So there's always a time where we're like, well I can't afford that or I wish we could have that, or your parents used to say that to you. You may be that way in your household finances right now. If you or your spouse or somebody else in your family is in charge of your finances, you know, that role of we can't have that.

I don't want you to be that way in your business. I don't want you to just take things at face value. I don't want you to just accept that we don't or want or can't control these things in our business because we absolutely can. We can absolutely learn to take charge of all of this.

And I want you to shift from thinking things like I charge what I charge and that's the going rate in my area and I get what's left at the end after everything else is covered and that's all I have, Tobi, there's nothing I can do about it. I want you to shift from that kind of thinking to empowering yourself to the exact opposite.

You are the business owner. This is your domain. And even though you're not super comfortable in your finances right now today, you can be. And you can take 100% charge of whether or not you can afford anything that you want. Your big salaries for yourself, high-level employees, investing in a digital strategy. All of that stuff really depends on you and whether you get in control of your finances and make it happen.

You get to decide. You get to make the plans and the choices that lead to greater wealth and to financial and time freedom. It's all up to you. So I want you to think about it. Are you going to stop just letting your expenses determine your profits? Are you going to engineer profits instead? Are you going to stop spending everything that you make already without paying yourself or investing in things that really make a difference in the bottom line?

Are you going to stop waiting to see what you do make in any given year and instead decide what you want to make and put the financial systems and sales systems and all of that structure and support in place so that you

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reach or exceed those goals year after year after year? Because the people that you're looking at that are thriving financially in their business, it is not by accident.

It didn't just happen because they've been in business for a long time. It happened because they took charge at some point, day one, day 100, year 10. At some point in their business, they decided to take charge of their finances and you can do the same thing. They decided to run it like a real business or even better than what most of us run as real businesses.

And to do that, I highly recommend a couple of things. Couple of books, first of all. Profit First, Mike Michalowicz. Genius. He teaches you exactly how to engineer profits in your business and trust me, it's going to blow your mind. It's going to blow your accountant's mind. It is not the way they taught us accounting in school with my accounting degree, but it is absolutely genius and I highly recommend it.

The other thing I highly recommend, which you've probably heard me say this before is the book by Jen Sincero, You Are a Badass At Making Money. It will help you with all the mindset stuff around money. The scarcity stuff, the believing you're worthy, the charging what you're worth, all the stuff mentally and emotionally that comes up around money because I promise you, you got a whole bunch of that you probably don't even know you have.

And if you literally just take those two things, the mindset piece from Jen and the engineering your profit, that whole financial structure from Mike, from those two books, if you did nothing else but those two things, you could absolutely change everything about your financial position.

But if you want to learn from me exactly how I take tools like their tools and a lot of tools I've learned over the years and through my education and studying and if you want to come take two days' worth of live stream courses with me in June, then you need to get your buns in *Design You* right now, in my program and let me help teach you how to get comfortable as a creative with financials.

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How to make financials your bestie, how to make you so comfortable there that you even blow your own mind because instead of being sort of a victim or sort of at the effect of your finances, you instead turn it around and you take charge and you're empowered to manage your finances in a whole new way.

So if you want to do that, get in *Design You*. Spend those two days with me. I promise it'll change your life and your business forever. But before you even do that, go check out those two books from Jen and Mike and really dig in and spend some time thinking about making your finances one of your top priorities in your business.

So that's all I have for now today, friends. Thanks for hanging with me in this scary, boring, whatever you call it topic of finances because I don't know about you, but I happen to think finances are amazing because I love nothing more than financial freedom. So, see you next time friends. Bye for now.

Thank you so much for joining me for this episode of *The Design You Podcast*. And if you'd like even more support for designing a business and a life that you love, then check out my exclusive monthly coaching program Design You at tobifairley.com.