

## Sales - Profit = Expenses

Time to get serious about your expense analysis party. This exercise will help you trim the fat from your business and still keep the vital organs humming along like a well-oiled machine.

### STEP 1:

Print out your current income statement, accounts payable report, credit card statements, loan statements, the last 12 months of bank statements, and any other statements for debt accounts.

### STEP 2:

Go line-by-line through each expense and label them (P) for Profit-generating, (R) for anything that is necessary but could be Replaced with a less expensive alternative, and (U) for any expense that is Unnecessary for delivering your offering. For a visual representation of expenses, try color-coding these categories with highlighters.

Review every expense, including salaries, commissions, and bonuses for employees, office rent, equipment, healthcare, raw goods, the office Spotify subscription. Everything. If money goes out of the business, it needs to be categorized as P, R, or U. This can be subjective, so feel free to recruit some outside help when you're done. (Hint: Your Profit First Professional or Guide!)

### STEP 3:

Go through and circle every expense that is recurring (even if it is a different amount sometimes), meaning it will happen again at least once in the next year or more frequently, such as monthly or weekly.



READY TO BUILD A BUSINESS THAT ACTUALLY PAYS YOU?

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LET'S CHAT.

jodi@northokanaganbookkeeping.com | [www.northokanaganbookkeeping.com](http://www.northokanaganbookkeeping.com)



## Now Let's Do Some Math

### STEP 1:

Add up all your expenses for the year. This includes everything you labeled and/or circled. Exclude tax payments and owners' distributions or salaries. Now divide that number by twelve to determine your monthly "nut" – the total amount you have decided you need to cover each month.

### STEP 2:

Determine the difference between your current monthly operating expenses and the number it must be according to your Instant Assessment. This is the amount you need to cut in expenses.

### STEP 3:

Band-Aids come off more easily when you tear them off. Work a plan to cut expenses until you are 10 percent below the target number on your Operating Expenses TAPs in the Instant Assessment. Start by cutting the "U" expenses first. Then find ways to the "R" expenses with replacements or alternatives. And evaluate the "P" expenses to see if you can structure the expenses more favorably.

But why work a plan to cut an extra 10 percent beyond your Operating Expense TAP? Because as you cut expenses, you may realize that something has a negative effect on your business, and you can't replace it with a timely alternative. You may need to take back a few expenses. Call this expense "bounce-back." It happens – we just need to prepare for it.




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**Royal Bank of Canada**  
P.O. Box 4047 Terminal A  
Toronto, ON M5W 1L5

RBCFOA0001 0123456789-01-000001 0-0001

19715

**SUSAN SAMPLE**  
1234 ANY STREET, SUITE 5678  
ADDRESS LINE #2  
CITY, PROVINCE A1B 2C3

## Your personal chequing account statement

From March 12, 2004 to April 12, 2004

Your account number: [REDACTED]

How to reach us: 1-800-ROYAL\* 1-1  
(1-800-769-2511)  
[www.rbcroyalbank.com/deposits](http://www.rbcroyalbank.com/deposits)

### Summary of your account for this period

Signature Plus [REDACTED]

Royal Bank of Canada  
5879 ROUTE JEAN-BAPTISTE, MONTREAL, PQ H3C 3B8

[REDACTED]

[REDACTED]

[REDACTED]

**RBC is now paperless!**

Dear Susan, we're pleased to introduce you to digital imaging. Now you can retrieve images of cheques in seconds and view them online. It's as easy as a click of a mouse.

Try our new digital imaging service today. If you're not already an RBC Royal Bank Online Banking client, visit [www.rbcroyalbank.com/online](http://www.rbcroyalbank.com/online) or simply call 1-800-ROYAL\* 5-5 (1-800-769-2555).

### Details of your account activity

Date	Description	Withdrawals (\$)	Deposits (\$)	Balance (\$)
	Opening balance			4,247.14
15 Mar	Transfer		85.00	
	Interest paid		.15	
	Caraway Subscription	14.99		
	Instacart purchase - 1381 - Nasr Foods Inc.	47.82		4,269.48
17 Mar	Phone Bank - Maltby	1000.00		4,169.48
18 Mar	Prescription Co-payment	100.00		
	Invoice Paid - Client 1059		2,500	5,169.48
19 Mar	Office Interns	60.00		5,109.48
22 Mar	Phone Subscription	38.00		
	Phone Bank Subscription	125.11		
	Spotify	6.94		4957.41

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# Meet Jodi Bariesheff, Your Certified Profit First Professional



When you work with North Okanagan Bookkeeping, you're not just getting a bookkeeper—you're gaining a strategic financial partner with the experience, credentials, and mindset to help you grow profitably and sustainably.



*Jodi Bariesheff, BBA, CPA*

Founder of North Okanagan Bookkeeping, Jodi is one of the few Certified Profit First Professionals in the Okanagan—and one of only 17 Certified Professional Bookkeepers in the region. With over a decade of hands-on bookkeeping expertise and a Bachelor of Business Administration, Jodi brings the precision of a professional bookkeeper and the strategic lens of a business coach.

As part of her Profit First Certification, Jodi implemented the method in her own firm—and the results were immediate. By using the same tools she now shares with clients, Jodi created greater clarity, better cash flow, and more take-home profit in her own business. She knows the system works—because she lives it.

## WHAT IS PROFIT FIRST?

Profit First is a globally recognized cash management method that flips the traditional model on its head—ensuring your business is profitable first, not last. It's simple, behavior-based, and works with your existing habits to help you:

### **Guarantee profit from every dollar earned**

- Pay yourself first
- Build up cash reserves
- Eliminate tax-time stress
- Take control of your finances—without spreadsheets and stress

## WHY WORK WITH A CERTIFIED PROFESSIONAL?

Anyone can read the book. But Certified Profit First Professionals are hand-selected, trained, and mentored by Profit First co-founder Mike Michalowicz's team—and held to the highest standards. We're part of a global network of elite accountants and bookkeepers who specialize in transforming businesses through simple, powerful financial systems.

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