North Okanagan BOOkkeeping

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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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.

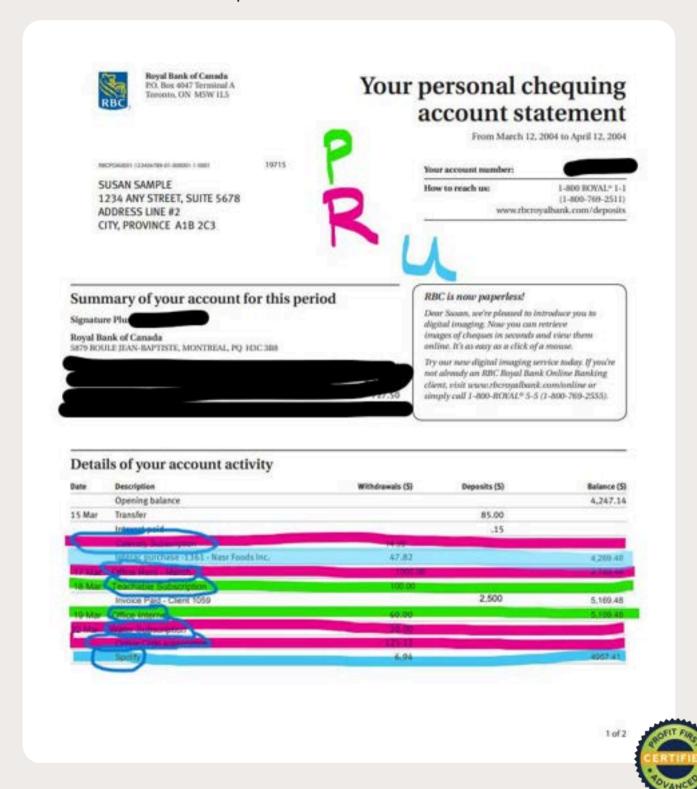
But why work a plan to cut an extra 10 percent beyond your Operating Expense TAP? Because as you cut expenses, you may realize that something has a negative effect on your business, and you can't replace it with a timely alternative. You may need to take back a few expenses. Call this expense "bounce-back."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

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LET'S CHAT.

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 handson 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

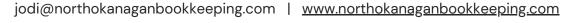
- Pay yourself first
- Build up cash reserves
- Eliminate tax-time stress
- Take control of your finances—without spreadsheets and stress

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.

READY TO BUILD A BUSINESS THAT ACTUALLY PAYS YOU?

LET'S CHAT.





Uplift Your Financial Success

