

Jillian Flodstrom (00:03):

Welcome to the Scale Your Small Business podcast. This is the place where we help entrepreneurs and small business owners put systems in place to see exponential growth. I'm your host, Jillian Flodstrom, a serial entrepreneur, a compulsive organizer, and your business cheerleader. I'm gonna help you calm the chaos, increase productivity, and grow your revenue. Let's get started.

Speaker 2 (00:28):

Today

Jillian Flodstrom (00:28):

We have an amazing guest with us, someone who has dedicated his career to helping entrepreneurs build profitable businesses. He's the founder and c e o of Clever Profits, a company that provides fractional C F O services to businesses of all sizes. With over six years of experience under his belt, he has helped countless business leaders reach their true potential and achieve their goals. Please join me in welcoming Adam Renold to the show. Hey, Adam, how are you?

Adam Rundle (00:54):

Thanks so much for having me. Yeah, it's great to appreciate

Jillian Flodstrom (00:57):

It. Yeah, I'm excited. This is, I mean, I kinda geek out on all this financial stuff because I'm a total nerd. So I'm excited to talk to you today about some of this fractional c f O services that you provide. So let's dive into it. The services that you provide for small business owners, how can that really benefit small businesses?

Adam Rundle (01:18):

I mean, you know, you run a business to make money, that's why you are in business. And yes, it's important to have a bigger vision. It's important to you know, wanna impact people and wanna, you know, serve your community. But at the end of the day, if initial business is actually making money for you and supporting you it's probably not gonna last very long. So, you know, it's, you're running a for-profit business. So if that's the purpose of your business, then without understanding if you're profitable or not, or why you're profitable or, or how that works or how to break that down and how to understand that, then you're playing the wrong game. It's kind of like, you know, trying to play a basketball game and not understanding how to score points. You know, you think you have to throw it into the crowd score points, you're not gonna do very well. So, you know, our job is to make sure that as our clients run their businesses and do their, do what they're good at, that we are ensuring that their business is viable, sustainable and has got the longevity of need so that they can continue to not only own from their business, but also impact the people around them.

Jillian Flodstrom (02:21):

I love that. And people can start working with you anytime they don't just have to be starting their business. It could be, they could be years into it and just really need help on developing those financial models and those projections. How do you help them to drive their growth and profitability?

Adam Rundle (02:40):

Yeah, so you know, if, when you think about finances, it's, it's not different to any other area of business. You're doing a bunch of activities in order to move the whatever you're trying to do forward. And then you need to be able to evaluate, are those activities working? Is, am I being effective? Is this helpful or not? That you can, you can move if you need to move or you can double down on what you're doing. So like anything in the world, whether it's marketing or whatever it is you're doing, you need to be able to evaluate what's going on. So the first thing, what we need to do is ensure that you have a financial system so that you can evaluate. So you need to have a system that you can organize and sort your financial data so that you can produce a view that says, Hey, this is what's happening.

Adam Rundle ([03:26](#)):

This is objectively what is actually happening in your business. But the bigger problem is, and we've all done this before, and myself included, and I'm an accountant, we've taken out a little piece of paper and we've gone, okay, so if I, if I sell this marketing package for 2,500 to 10 people, I'll make 25 grand. And then you go, okay, so what do I need? Okay, I may need a website, I need this. And you jot down to a couple of things and you go, okay, so maybe I can make X amount of money. Okay, cool. Now what if I did that five times or 10 times? And we call that napkin math and we all do it. We, you know, we, we, we get a piece of paper out, we take out our calculator and we kind of calculate, what if I did this or what if I did that?

Adam Rundle ([04:04](#)):

And, and just think back to the last time you did that, you all, you're doing ising, all you're doing is going, well, what do I want something to look like? Now the problem is when you need to measure the actual performance of your business, it's quite a strict process. You need to go in and have a QuickBooks account or a zero account, and you need to allocate and reconcile. You've gotta do this stuff to get it right and accurate. So if you're doing that on one hand, but on the other hand you've just got a little piece of paper with a bunch of scribbles on it, how are you ever gonna talk to each other? How are those two worlds ever gonna talk to each other? So the real trick is saying, okay, it's all very well that you can measure what's happening, but surely we should use the same platform and format in order to forecast so they can talk to each other.

Adam Rundle ([04:46](#)):

So it's not only about having a financial system, it's about having a reporting system that says, okay, let's go in. And what we do is we have, it's nothing fancy. It's a Google sheet that just is integrated into QuickBooks. You kick a button and all the data comes in. But we build the system in such a way that when we can pull actual data and then we can go and plan, they talk to each other. They're the same things, are the same thing. We're not gonna get any surprises when we go, oh, my piece of paper, I forgot to factor in the fact that I owe taxes. Well, I forgot to factor in the fact that I had, you know, the software cost that I didn't factor in or this, you know, I had an employee and I forgot to put their benefits down, or whatever it is, you're now not losing out on the real detail.

Adam Rundle ([05:24](#)):

You're talking about the same thing. When you're planning, you're planning in the same format in the same way that you're measuring. So that every single time we can just look at both of them and say, well, last, last month you planned to make a hundred thousand dollars, but you're only made 85. Okay? And then you plan to be X profitable, but you only so profitable, you plan to spend X amount. Yeah, but you spent this much yet. So now you can start to look and say, well, well, did I plan incorrectly? How can I

plan better? Why did I miss my forecast? And you're doing that so that you can improve. You're doing that so you can make decisions because if you didn't do that well then how would you know that what you're doing is working? And so what we do is we build the system, but then we also use a, our planning, you know, the way we forecast and plan is on the same system. It's all linked together. So you're doing it concurrently. You're not doing one here and the other one there and hoping that they can talk to each other.

Jillian Flodstrom ([06:13](#)):

How great is it that it's that partnership between two things, when really it's probably systems that you're already using. It's not one other thing that you need to find and purchase. It's them working together. And that, I would think would create less friction too, in a process for a business that might be saying, oh my gosh, what's, I don't need one more thing to do. Yeah,

Adam Rundle ([06:38](#)):

Yeah. You don't need any more. You don't need more. You just need to use what you've got to its fullest potential. And you know, it's very hard to do accounting without one of these platforms these days, you know, it's just, you know, you could get out it old, I'm thinking on this old leather ledger book, and you can jot down some debits and credits if you really wanted to. But the reality is, these, these pieces of software which cost, you know, like 40, 50 bucks a month, are super powerful. Just leverage them properly, utilize them properly, manage them properly, and you'll get an incredible outcome from them.

Jillian Flodstrom ([07:10](#)):

Well, and I think another huge thing for a lot of small business owners, you mentioned it briefly when you were talking before, was budgeting, you know, and forecasting. And why is it so important for us as business owners to have those budgets, and how do you help us create those budgets and manage them?

Adam Rundle ([07:28](#)):

Yeah, so I, I, we're not a big fan of budgets. We, I feel like budgets are sound like it's like corporate, you know, Ooh, I've got a budget, they're gotta go spend my budget. Also I think the connotation of budget's pretty limiting. When we, the ver the verbiage we would use is, is forecast and projections. And we're saying what we wanna do is we want to, we want to anticipate what do we want it to look like based on a number of factors, but what do we want next month to look like, or next quarter or next year to look like? So we're, but we're forecasting and we're projecting what do we want it to be? Even if it's an expense item, we, what are we, what are we anticipating our marketing costs to be next month? Obviously we're gonna use historical data, we're gonna use our intellectual ability to understand what we're trying to do.

Adam Rundle ([08:15](#)):

Are we, you know, deploying any new marketing strategies? What does that cost? We've got new people coming in, whatever it is, so that we can then project and forecast. But what, when we do that, we use a system called the perfect p l and the perfect p l is what it is. It's, it's, it's a framework that says how do you construct the perfect looking profit and loss statement? So how do you construct, if you could, if you could, obviously, if you could wish what your P N L looked like, it would be all income, no expenses, and you would all make a lot of money. But, you know, in realistic terms, if we could, if we could project, what do we ideally want this thing to look like, what would that be? And we have, through the industries

we've worked with, through the people we've worked with, we built a framework that knows what it should look like.

Adam Rundle ([08:59](#)):

So if you're a digital marketing agency or if you're a coach or a consultant or whatever, and maybe we, we know, I can probably tell you right now, all the metrics that you need to be aspiring for in your business. Now everyone's a little bit different. Obviously you can be a little bit high, a little bit lower, but there's a framework that says this is what it should look like. That's what perfection looks like. So we're using that model. We're using who you are as a business owner, what are your dreams, aspirations, your goals, how do you operate? And then we're using actual data and say, well don't tell me next month you're gonna make a million dollars when your best month ever has been \$85,000. Like that's, there's a misalignment between those three things. And so what we're trying to do is take those three things, the model, you who you are as a business owner, your goals and actual realistic data that we can measure objective.

Adam Rundle ([09:46](#)):

Either you can't change the past and we take the three together and we say, well, how can we now realistically project what we are gonna see forward? And then we have that conversation, we do that, we project it, and then we say, okay, well if that's what you want and this is where you are, what's the difference? Simple gap analysis, there's a difference. Okay, we know what to go work on. We're gonna do this. We're do this, go this, I'll go do that. And then we'll come back two weeks later, you know, four weeks later and say, well, what happened? We can now measure, did what happened? Did that meet our expectation? Did we close the gap or not? Did we exceed it even better? What did we learn? Okay, I'm gonna do it again. And then you just keep going and it never ends. Cause business never ends. So you just, you're constantly doing that.

Jillian Flodstrom ([10:27](#)):

It seems so simple the way you explain it of like, okay, here we are as a business, this is where we wanna go. Let's look at all these different things and let's move towards that goal. And I think that gets lost with us to small business owners sometimes, because the daily dodge ball that we're going through, it's like we rarely have time to sit down and look at this and say, okay, how much do we wanna make this month? How much did we make last month? And what's the gap? Like, how do we fix that? So what are some other specific financial challenges that small businesses face that you help people navigate through? Because I think all this stuff is so fascinating.

Adam Rundle ([11:06](#)):

Well the first, it's probably like removed some of the noise. You know, if you're running a small service based business, I'm gonna talk about service-based businesses here. We, we don't do a lot of work in, in e-comm, we don't do a lot of work in, you know, SaaS or manufacturing or stuff like that. Our focus is service-based businesses. That's, so I'm gonna talk to them in the moment. So what I'm gonna say is true for the others, it's just not gonna be di you know, hundred percent cause I'm gonna some important things, but we get distracted with the, in reality, if you're a service-based business, there are basically only two things that matter. Your ability to get people to pay you money and your ability to deliver what they paid you for. It's kind of the only two things that exist. So you wanna get more people to pay you money and then you wanna deliver on your promise so that they stick around or they go tell their friends and their friends come.

Adam Rundle ([12:04](#)):

It's pretty much so it, so if you're finding yourself spending a lot of time thinking about things that don't fall into one of those two categories, you are probably wasting your time. The, the, you know, the old 80 20 principle. So if you are worried about things that don't fundamentally move those two needles, well then you are probably wasting time. So when we look at your finances, that those are the two biggest things we measure. We call it the golden ratio. So we say the two first numbers we measure is client acquisition, cost and fulfillment cost. It's like, what are, what are they, what are their percentage of revenue? And do we like that number? If that's a good number, you're likely gonna be running a good business. If you're not running a good, those are good numbers and you're not running a good business, it's cause you not being very clever.

Adam Rundle ([12:48](#)):

You're spending money on things that don't matter, like the other stuff doesn't really matter. Yes, your software can matter, your systems can matter, but they matter to support those other two. So you gotta get those right first. You can't be trying to figure out that before you get it right. You know, they, I think it's taken people a long time to realize like, doesn't have to be perfect, it just has to work. And then you can perfect it along the way. So we spend all this time going, well, I want the per best website. Well, I just need a website that gets people to say, yes, I need to have the best copy. Well see a copy that makes people say yes, that's more important than a bean fancy and good looking. And so we really try and when we're working with our clients, we really try and dumb down those things. We really try to say, Hey, let's, let's focus on what matters. Let's put what matters first. And when we measure finances, those are the first numbers we look at. They're at the top of the list, those numbers we talk about the most with the aim of saying, Hey, let's, let's focus on what's gonna move the needle. Let's not focus on bs.

Jillian Flodstrom ([13:49](#)):

That's so cool. I, I mean all this stuff is really just getting us as small business owners to pause and say, Hey, look at all this stuff. It's super important for your growth, of course, staying in business because if you're not in business, you can't help other people. One of the things that are key to keeping our businesses moving is cash flow. And I know that you have very specific things that you can help people with. You know, why is cash flow so critical and how do you help businesses manage that effectively?

Adam Rundle ([14:22](#)):

Yeah, I mean obviously cash flow is, you know, cash is king. You know, we don't, we don't the world doesn't operate on hugs and kisses. So, you know, you've gotta, you are, again, you're running a business, you're running a business to make a profit. So at the end of the day, yeah, if you don't have money, there's not much you can do. If you're a service-based business, you technically, and some people will argue with me here and there, there are always exceptions to the norm, I guess. But you should technically never have cashflow problems. And the reason is because if you have cashflow problems, you actually don't have a cashflow problem, you just have a profitability problem, you're just not making enough money or you're spending too much money. It's a very different thing. You know, cashflow in terms of managing cash flow is actually a timing thing.

Adam Rundle ([15:12](#)):

It's all about timing. So if you're a massive corporation, like a manufacturing business and you gotta go buy 5 million worth of stuff and then pump it through machines for three months, then produce it, then

market it and sell it three months later. So you bought it six months later, you may get paid for it. You could have cashflow problems because you bought a tier and you paid for a tier and there's a big gap. So how do you manage the gap? If you're a service based business, by and large, you're getting paid upfront. If you're not getting paid up upfront, you've probably gotta change that. You've probably gotta go and say, Hey, I've gotta get paid at least some portion of what I'm gonna do upfront. So it's probably not a cash flow problem in terms of timing, it's probably just a profitability problem.

Adam Rundle ([15:55](#)):

Meaning your metrics off, I just told you there's a breakdown. You gotta spend X amount here, X amount here and X amount. Yeah. If you get the math right, perfect. P n l math, right? It's just math, it's not even accounting, you know, spend less than you make, then you shouldn't have a cashflow problem cause you'll be accumulating cash. Another reason a lot of business entrepreneurs have cashflow problems is because of themselves and they don't know how to manage how they interact with their business. Now, in the perfect world, they would be the great wall of China between you and your business. So you're on one side and your business on the other side, and it functions by itself and it pays you a realistic fixed amount of money be fixed, but a realistic amount of money based on its performance, not based on you, based on its performance.

Adam Rundle ([16:41](#)):

Okay, based on how much it can afford to pay. Because if you need 20 grand, but your business only made \$5,000 next month, well, you know, what are you gonna do if your business bank account has 50 grand in it, you may just go and say, well, I can take 20. So that then creates cash report because now you are eroding cash in your business when your business shouldn't be under that pressure. Technically it shouldn't be under that pressure, but it is because of you. And so that's another big focal area that we talk about is trying to manage business owners, how much they're earning, what are the expectations. One of the worst things we see is you kind of bold and grow and grow and grow and grow and, and when you growing, you get these like kind of high profit margins. It's really, really great.

Adam Rundle ([17:22](#)):

Everything's working. And then you start, you start to take big draws, you start to make good money and then you realize, I can't do this all myself. I'm working, you know, like a working my face off. I can't like do anything. And I've started pulling people. You start like building a team and all of a sudden your profits come down massively because you know, you're building a resource base and you're going, well, last month I made 20 grand and I took that home, but you certainly told me this month I made five. Well, yeah, we had to go employ a bunch of of people so that you could see your family again. Like there's, there's these ebbs and flows. So you gotta manage that. And so that's a big piece that we navigate with entrepreneurs is, hey, you know, there's times where you can make a lot of money, but there's also times where you can't and how do we manage that and how do we make sure that you are, that you're not putting undue pressure on the business?

Adam Rundle ([18:05](#)):

Yes, you are important, but I would rather your business be around in five years time than not, because that's gonna serve you the best. That's gonna give you the best outcome. Is your business actually still being around? So I wanna protect that, I wanna make sure that that's protected so that doesn't happen. And yeah, so we we're just very aware of that. We're tracking that all the time. We're having those

conversations with our clients like, hey, just you wanna make sure you have enough cash in your business at any point in time to ensure that you don't run into any problems.

Jillian Flodstrom ([18:33](#)):

What are some tips that you have for, let's say that someone is a service-based business and they are commission only. Do you have any strategies for folks that you know might fall into that where their income is fluctuating? There might be times that they have really good times and not so good times. Do you have any suggestions for that?

Adam Rundle ([18:52](#)):

I mean, it's probably, probably more your wheelhouse than mine in terms of wealth advising. You know, we try not to, we try not to venture too much onto the personal wealth side. We simply because our focus is business. So, you know, we wanna advocate for the business. Yes, we're advocating for the business owner, but our job is to keep the business alive. And so we try not to venture too much on the, to the personal side, but it's, it's, you know, it's the ad agile constraint. You know, be, be be sensible. You know, if you use your business like your personal bank account and you, you know, have a Ferrari one day and then you walk in the next day, like that's not gonna help anyone. That inconsistency is one hard for you as an individual and like your own psyche and that's gonna play into your business.

Adam Rundle ([19:42](#)):

And so the best business owners that that we see are ones that have very stable personal lives in terms of how much they're spending. They're not necessarily flamboyant, they're not necessarily going beyond they, they, they're living reasonably. Doesn't mean that they can't enjoy themselves based on the success that they're enjoying. Doesn't mean they can't treat themselves, but it's very, it's, it's, it's very moderate. It's very in, in relation to what's happening. And they, they understand that they are, their, their individual life isn't 100% depicted by their business. So as the business up goes up and down, their personal life needs to be stable. And when those two are in sync with each other, you can just imagine how erratic life can be in all in all phases.

Jillian Flodstrom ([20:28](#)):

Absolutely. Well thank you so much for spending time with us today. There's so many, I mean, we could talk for hours about this because I find this fascinating. I know a lot of our listeners do as well. So if people wanna connect with you, if they are in a similar situation where things are kind of going all over the place and they need someone to kinda of bring everything back together, give those projections, where can people find you at?

Adam Rundle ([20:54](#)):

The easiest is Facebook. Adam Rundle on Facebook is probably the easiest for most people or clever profits.com. Pretty simple. You can just go to our website and it's lots of resources and we have a YouTube channel so you can go check that out and talk all things taxes and finances and everything it needs from a financial element to run your business. And there's, by doing so, there's, you know, send me a message on Facebook or you can click on the link on our website. We will certainly re you know, create some time to chat to you and see if there's anything we can do to help you

Jillian Flodstrom ([21:25](#)):

Well, and I'll be sure to add those links into the show notes so people have easy access to them as well. Thank you again so much for spending time with us today.

Adam Rundle ([21:32](#)):

Thanks Lin. Appreciate it. And yeah, thanks for having me. It was fun to be here and yeah, just I hope I hope I took a little bit of the sting about our finances and it's pretty simple. This is one thing I wanna leave you with is business started thousands of years ago. Cause first business then was accounting not the other way around. So there was a guy on the side of the road selling wine. Jesus may have walked past. He was running a business. What was he doing? He didn't have accounting, he didn't have a zero account or a QuickBooks account. He didn't have some thank fancy bank account. He didn't have any of that. He just, he just made wine and he sold it. It can be that simple. We've overcomplicate. So let's get back to the simplicity and that's really probably gonna thrive the most.

Jillian Flodstrom ([22:22](#)):

I love that. It's so true. We as entrepreneurs tend to overcomplicate things. So I love that bringing that back, that your process is to simplify that and also makes it so much less overwhelming.

Adam Rundle ([22:35](#)):

Thank you so much. Appreciate being here.

Speaker 2 ([22:39](#)):

That's

Jillian Flodstrom ([22:39](#)):

All we've got for this episode of the scale of your Small Business podcast. One thing that would really help me and other new potential listeners is for you to rate this show and leave a comment in iTunes, Stitcher, or wherever you tune in to listen. Also make sure to link up with us@higillian.com or on social media. And don't forget to please just share, share, share this podcast with anyone who you think might enjoy it. Until next time, remember, it's never too late to get clear.