

A mini guide
for creative
entrepreneurs to
start and scale your
dream business

MINDING YOUR BUSINESS

Revel



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INTRODUCTION

You can't make money doing the thing you love.

Business is done by white men in suits and ties.

Success is achieved by blood sweat and tears.

Society has been pushing these ideas down on us for a very long time. But you've had enough.

You're ready to turn your creative passion into a full time career. To smash the perception that a business can't be based on inspiration and creative fulfillment. That you can't find success doing what you love.

The best part is, you don't have to do it on your own.



This guide is an introductory breakdown of six core facets to building and scaling your dream creative business. It's called the "mini" guide because it's a mini version of our free [Minding Your Business: Mini Course](#) that you can sign up for [here](#).

And that's called the mini course because it's a mini version of our full-length [Minding Your Business: The Creative Business Bootcamp](#) which is jam-packed with over \$6k worth of information!

Throughout this guide, you'll see a handful of Mini Course Tools that we've designed to help you make the most of all this information. You can access all those tools, for free, when you sign up for the course, so be sure to check it out.

Following your passion has already gotten you this far. It's time to see what you're truly capable of. It's time to combine creative fulfillment and entrepreneurial success.

It's time to start Minding Your Business.

MINDSET IS EVERYTHING

Start your business right

What's the difference between a business and a hobby?

For most of us, this line can get pretty blurred, especially when you're striving to build a business out of your passion.

But, in the eyes of the IRS, there's a very clear distinction:

Businesses can offset losses against money they make elsewhere. Hobbies can't.

This distinction has huge tax implications. If the IRS decides to reclassify your business as a hobby, you won't be able to claim any losses for it on your tax return.

You're serious about the business you're building. This is more than just something to fill up your free time, or keep you busy on rainy days. To prove this to the IRS, and to maintain the tax benefits of a recognized business, here are some steps you can take:

Get an EIN

AKA an Employer Identification Number. You can apply for this for **free from the IRS** and receive it almost **instantaneously**, allowing you to create a separate identity for your business instead of using your name and SSN on official documents.

Consider your structure

Establishing your business as a legal structure separate from yourself isn't a requirement to be recognized as a business by the IRS but it does help. Plus, there are certain benefits to establishing a legal business structure that may help you save money. Check out **Section 2: Choosing Your Vehicle** to learn more.

01

02

Separate your banking

No commingling here: keep your business and personal bank accounts separate to show the IRS you're taking this seriously. **Bonus:** this helps you keep the mindset that your business is a separate entity from yourself, with its own cashflow you're working hard to improve.

03

CHOOSE YOUR VEHICLE

Sole Proprietor, LLC, S-Corp, and more

Choosing your business structure is a hugely important step in your entrepreneurial journey. So how can you be sure you pick the right one?

TOP TIP: don't choose a business structure solely because it's what another entrepreneur chose. Even if they're in the same industry, have a similar mission, or share other attributes as the business you're building, choosing a business structure is a highly personal decision and depends on several behind the scenes factors.

To help you choose, let's break down some of the key qualities of the four most common business structures:

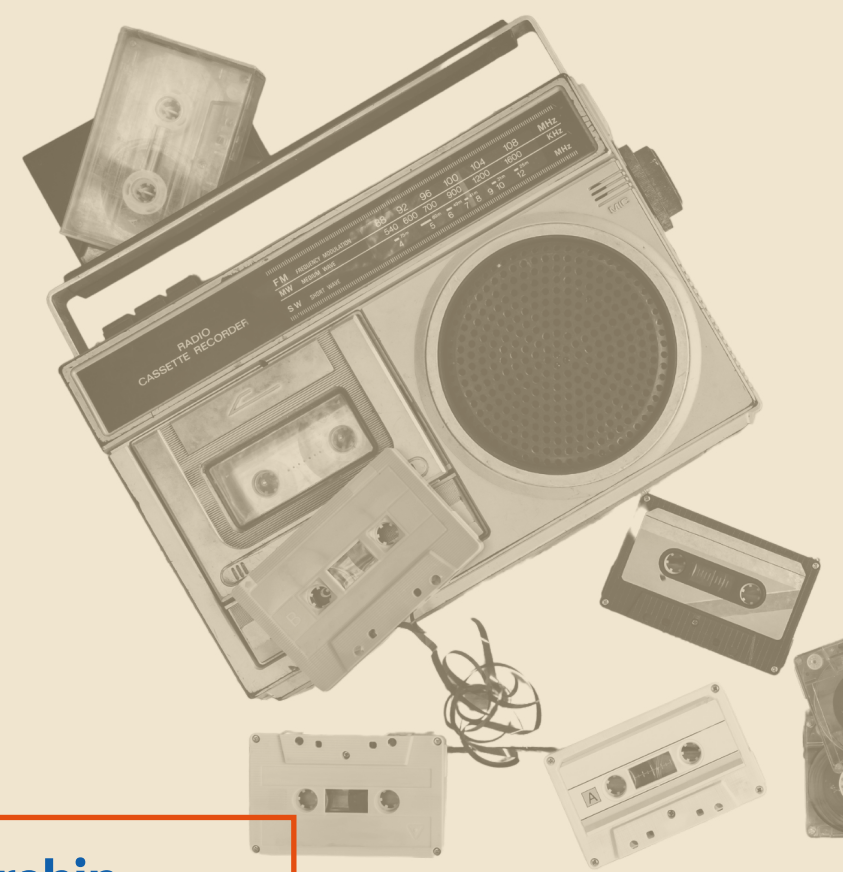


Sole Proprietor

- One owner
- No liability protection - you and your business are one and the same, sharing all assets, profits, debts, or lawsuits
- No separate tax return
- Responsible for income tax AND self-employment tax*
- Typical bottom line profit range: negative to \$100k

*What is self-employment tax?

Self-employment tax includes your Social Security and Medicare taxes. When you work for an employer, 50% of these taxes are automatically withheld from your paycheck while the other 50% is covered by your employer. In a sole proprietorship, you're both employee and employer, meaning you pay the full amount.



Partnership

- More than one owner
- Shared division of profits, losses, and liabilities
- No liability protection - your business is still not considered a separate legal entity (unless you form the partnership using an LLC)
- Form 1065 - Partnership Tax Return
- Responsible for income tax AND self-employment tax on your share of the business' profits
- Bottom line profit range: negative to \$500k

S-Corporation

- One to 75 owners
- High liability protection - your business is a separate legal entity
- Form 1120S - S-Corp Tax Return is an informational return with no federal tax assessment.
- Responsible for income tax on your share of the taxable profit, including wages, paid at a personal instead of corporate rate
- S-Corps are able to circumvent the "double taxation" that C-Corps are subjected to.
- Bottom line profit range: \$100k-\$5M

C-Corporation

- Infinite number of owners
- High liability protection
- Form 1120 - corporation pays both federal and state income tax on business profits
- Responsible for personal income tax on your salary, paid in either wages or dividends
- Bottom line profit range: \$5M and up
- Allows for greater preservation of capital in the business at higher profit levels



**Want even more help
choosing your business
structure?**

**Minding Your Business:
Mini Course Bonus Tool**



Structure That Suits Analysis

By answering a range of questions about your business and goals, this tool calculates your effective tax rates for each different structure. See exactly which structure is best from a tax advantage perspective. Sign up for the FREE mini course [here](#).

PROTECT YOUR SH*T

Building a team and creating contracts to protect yourself

Building a business doesn't mean you have to become a jack of all trades. The best business owners in the world know how to surround themselves with smart, skilled people so they're not stuck juggling ten balls at once.

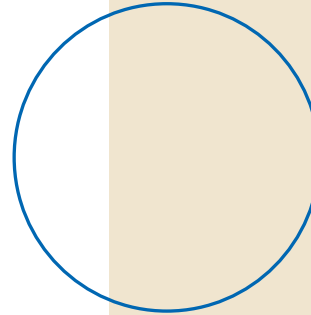
Your Starting Lineup

The experts you want with you from day one to keep you protected.

- Lawyer (ideally someone with industry experience)*
- Accountant (again, ideally with industry experience)
- Financial Planner
- Insurance Broker

*Turn to your starting lineup:

Contracts are a great first project to undertake with your new lawyer. And, when you choose a lawyer with industry experience, they'll already be familiar with how deals are commonly structured, plus pitfalls and areas of opportunities to keep an eye out for.



Get It In Writing

Stay protected with airtight contracts.

One of the biggest mistakes a creative can make is **giving sh*t away for free.**

**Your time is valuable. Your work is valuable.
Your creativity is valuable. So keep it
protected with a good contract!**



The two most important things a contract should achieve are:

01 Protect your intellectual property

What are the confines of use when you sell a piece of creative output to a client? Design your deals so they serve you, giving you the most flexibility, control, and future access to your content possible.

02 Protect your cash flow

License fees, regular deposits, penalties for late payments: your cash flow is the lifeblood of your business. A good contract means you get paid on time, every time, with clear ramifications if this doesn't happen.



Top 5 Contract Fails

An in-depth list of the top five biggest mistakes we see creatives make when it comes to their contracts. Drastically improve your contracts, fast. Sign up for the FREE mini course [here](#).

Want more tips for an airtight contract?
Minding Your Business: Mini Course Bonus Tool





ACCOUNT FOR IT ALL

Accounting and the golden rule of writing things off

Surprise surprise: as accountants, we have a special place in our hearts for accounting. But why should you care?

THE WHY

Keeping diligent records of your incomes and expenses helps you do two things:

01 Reduce your tax liability

The better you keep track of everything, the more likely you are to find ways to reduce your taxable income. AKA, less money flowing to the taxman and more staying in your pockets.

02 Legitimize your business

Back to that old hobby vs business chestnut we talked about in Section 1, the first thing the IRS looks at when categorizing your business is whether you maintain “complete and accurate books and records.” The more diligent your accounting, the less they have to doubt.

THE HOW

However you get your accounting done, the most important thing is that it's done. With that being said, let's break down some of the key differences between the good old fashioned spreadsheet and more modern cloud based accounting solutions like Xero.

We exclusively recommend and use Xero at Revel because we believe it's the best accounting software out there. It's as simple as that.



Spreadsheets

- Free (usually).
- Widely accessible: almost everyone has used a spreadsheet at some point and they can be accessed quickly and easily.
- Capable of tracking the four most basic categories you need in your accounts: name, date, amount, and category.
- They don't work if you don't: a spreadsheet won't automatically be updating itself behind the scenes, and unless you make the time commitment to update it DAILY your records will quickly become outdated.
- Human error: an extra zero or misplaced decimal is difficult to catch but can have big repercussions on your data.

Xero

- Competitively priced with different tiers depending on your needs.
- Intuitive user experience.
- Cloud-based, meaning you can access data anytime, anywhere.
- Highly collaborative and integrates with apps for payroll, project management, invoicing, and more.
- Works behind the scenes: your bank accounts and cards can feed data automatically into Xero, saving you from the daily bookkeeping time suck and minimizing human error.

5 Common Deduction Myths Busted

Martin breaks down some of the most common misconceptions and questions business owners have about deductions so you don't make the same mistakes. Sign up for the **FREE** mini course [here](#).

**Need a bit more guidance
on deductions?
Minding Your Business: Mini
Course Bonus Tool**

BUILDING A HEALTHY BUSINESS MODEL

As business owners, we spend a lot of our time thinking about how we'll structure the products and services we deliver to clients. All too often, however, we don't give our internal structure the same consideration.

The Business Model Puzzle

Think of your business as a relationship between a few key pieces. **Those pieces are:**

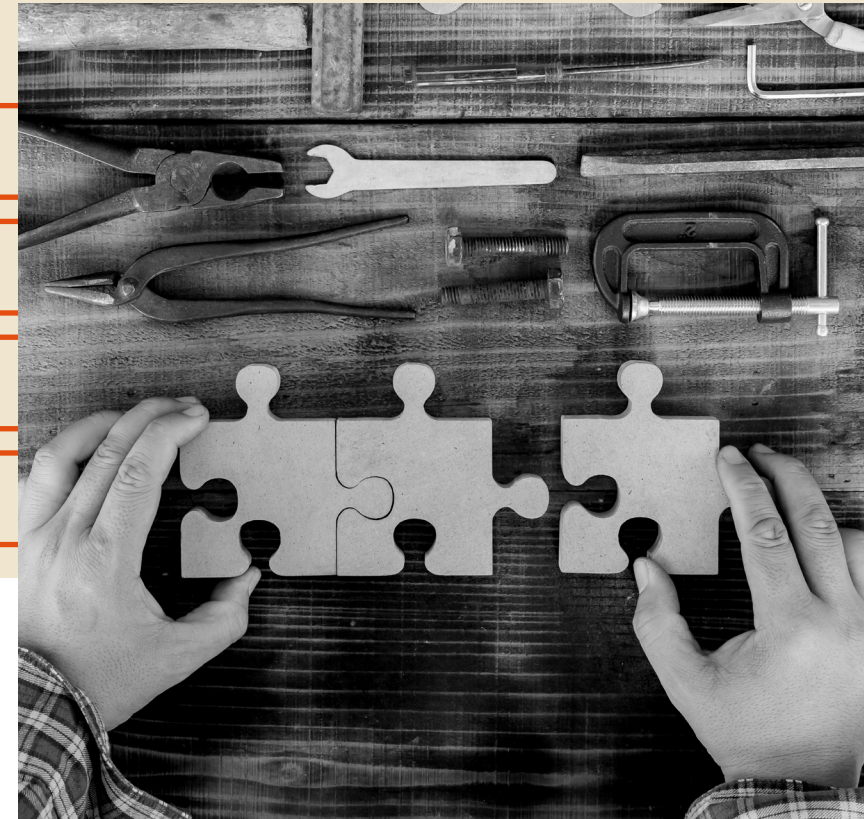


Revenues

Direct Costs

Overhead

Profit



The goal of a business model is to work out how all of these pieces will fit together to drive success. The complete [Minding Your Business](#) course breaks all these down more in depth, but for now, let's start with **revenue**.

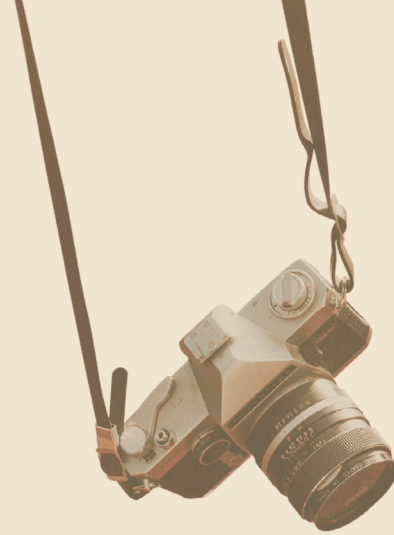
The Power of Recurring Revenue

Nowadays, there's a subscription for everything: your toothbrush, your groceries, your vitamins, your toilet paper. Whatever it is, people are looking for fixed, predictable planning so they can always have the products they love on hand.

More than being great for your client, a **recurring revenue stream** is great for your business. It:

- Creates consistent, expected cash flow.
- Boosts your business value.
- Builds customer loyalty and brand recognition.
- Frees you from being solely reliant on one off sales.

You might think a recurring revenue stream isn't possible in your business, but there are innovative and creative ways to introduce recurring revenue in almost every industry out there. Spend some time brainstorming. You may surprise yourself!



Looking to diversify
your revenue?
Minding Your
Business: Mini
Course Bonus Tool

The power of revenue diversification

"Diversification" is one of those buzz words you hear a lot these days, but it's for good reason. The more **diverse** your revenues are, the **healthier** they are.

Revenue stream alternatives

A breakdown of over two dozen ideas for alternative ways of generating income and strengthening your business model.

Your revenue stream storm

This tool helps you rank your different revenue stream ideas based on a variety of factors so you can prioritize the most profitable AND fulfilling ones.

Sign up for the FREE mini course [here](#).

AUTOMATE AND INTEGRATE

Tools to use and systems to create

A business owner's most finite resource is their own time. Don't waste it with a clunky suite of apps that cause more headaches than it does solutions.

The right systems and apps will be seamlessly automated and integrated so you have more time to focus on what's important to you.

We've broken our recommendations for tools down into two tiers:

TIER 01

Includes the most accessible and inexpensive building blocks that will form the foundation of all your systems. We recommend these to all business owners from the very start.

TIER 02

Includes extra powerful and occasionally higher priced tools that will help take your business to the next level further down the line, but aren't essential right away. For the full Tier 2 list, sign up for the free MYB mini course [here](#).



TIER 01



*App Integration

The more channels these tools are able to talk to each other on, the better your systems flow. Anytime we can create an integration path we're:

01. Taking a task off someone's plate who would have had to do it manually, freeing up their time

02. Reducing human error.



**Want to make better use
of your time?**

**Minding Your Business:
Mini Course Bonus Tool**

Time Saving Worksheet

Track the time you spend doing various activities before and after implementing new tools so you can see exactly how many hours you're adding back to your days. Sign up for the FREE mini course [here](#).

WHAT'S NEXT?

First, take the time to thank yourself. You're investing time and effort into your dreams and your business. Not everyone is going out of their way to learn this information, so just by reading this guide you're setting yourself up for success and placing yourself ahead of the pack.

Hungry for more? Great. We've got you covered. Our [Minding Your Business: Mini Course](#) is available, for FREE, right now. It covers these six topics more in depth with extra advice and info not included in this guide.





Or, if you're ready to go all in, sign up for [Minding Your Business: The Creative Business Bootcamp](#), which packs over \$6k of value into a self-paced Masterclass-style course designed exclusively for creative entrepreneurs, including:

- What it means to adopt the “business owner mindset” and why that’s the most important place to start.
- Detailed walkthroughs of the 7 major business structures and worksheets that guide you through which make the most sense for your business.
- What you need to keep track of in your businesses and the systems we recommend for doing that.
- Business taxes, personal taxes, sales taxes, other taxes, and approachable explanations of which apply to your situation and when they’re coming.
- Busting through typical myths around what you can or can’t write off (and why so many other CPAs and accountants out there are giving creatives bad advice about this and costing you money).
- How to determine your hourly rate and feel confident asking for it.
- Top business tasks begging for automation or outsourcing.
- Biggest new-owner time-wasters.
- And a business model worksheet that turns all other business models on their heads.

**Thank you for letting
Revel play a role in
your journey.**

**WE CAN'T WAIT
TO SEE WHERE
IT GOES.**

Revel