Advantage
Your personal finance edge
May–June | 2023

ModernAdvisors accountants



Midyear business review

Financial planning 101 | Breaking bad habits | Take a breather
Turn passion into profit | Sizzling summer streaming

Why taking a break can bring new insights

As we inch closer to the halfway mark of 2023, take some time to relax, review and renew your spirit, both personally and professionally, for the remainder of the year. To help you get started, we've outlined the midyear moves your business should take now with seven tips for conducting a business review.

Now is also an excellent time to evaluate your financial situation and create a plan—or adjust your current one—to ensure you're on the right path toward meeting your monetary goals. Determine your net worth, develop a budget and stick to it. Your future self will thank you.

Determine your net worth, develop a budget and stick to it. Your future self will thank you.

While reviewing what's going on professionally and financially, assess whether you're holding on to any habits that no longer serve you. We've rounded up eight tips to help you deep-six those bad habits.

If your hobbies give you a sense of joy and purpose outside the daily grind, then turning your passions into profit may be just what you need. Our seven tips will help determine whether you're ready to take your hobby from passion to profit.

Summertime is quickly approaching, and it will bring sizzling temps for many. Cool off inside by streaming some of the highest-rated and top-grossing blockbuster summer movies produced since 1975. And if you're looking to step back and reset your mind, check out these mindful meditation retreats throughout the United States.

Here's to relaxation and rejuvenation,

Your trusted advisors

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Midyear business review



We're about to reach the midpoint of the year. And that means it's time to assess where we are—and what we need to do to reach our business goals by year-end.

If you set actionable business goals at the beginning of 2023, conducting a midyear review helps you reflect on the last six months, determine what worked well (and what didn't) and adjust to finish strong in the final half of the year. If you didn't get a chance to set goals for 2023, there's no time like the present!

Why a midyear review is important

Maya Angelou may have said it best: "You can't really know where you are going until you know where you have been." This is as true in business as it is in life. Setting goals each year is imperative to the success of your business. And evaluating your progress in a midyear review is important. Here are a few reasons why:

- It gives you a chance to assess your business's performance.
- It allows you to reallocate resources (e.g., time, staff) to achieve goals.
- It lets you adjust goals that are performing well or poorly.
- It keeps your team apprised of the status of business goals and objectives.

So, let's walk through these seven tips to help you with your midyear business review.

1 Make the time

This is the most important thing you can do. Block two to three hours on your calendar in the next couple of months. Don't invite your entire staff to the meeting, but be sure to include the major players in your business.

2 Gather important information

In preparation for your meeting, gather the documents and data you'll need, such as goals and objectives for the year, data insights that help determine your progress, or any additional KPIs relevant to your business. This could include customer satisfaction reports, business reviews, revenue data, sales numbers or website views.

3 Review the last six months

If you set goals for 2023, start analyzing how well your business is performing. Are you on track to meet your goals? Do you need to reevaluate any goals due to their performance (or lack thereof)? Are there goals that no longer apply to your business? Take notes on the changes that need to be made.

4 Plan for the next six months

Using the information from your six-month review, determine what goals need to be adjusted for the remainder of the year. Can improvements be made to help with progress? If some goals have already been met, consider raising the bar to make further progress. Focus on goals and objectives that may need more movement and adjust where needed.

5 Celebrate the good things

If you've met and/or exceeded some goals only halfway through the year, take time to recognize your team for their hard work. Ask yourself what feels good about the first half of the year and what accomplishments make you proud. If other goals haven't yet been met, celebrating the good things can help motivate your team to work harder in those areas.

6 Meet with the team

Once you've reviewed the previous six months and have a plan for the remainder of the year, it's important to meet with your team to make sure everyone's on the same page. (This is also a good time for any shout-outs for accomplishments.) Let them know what went well and where improvements can be made. And be sure to share with them what goals have been adjusted.

7 Apply what you learned

Once you've adjusted your goals and met with your team, it's time to put your plan into action. Armed with the knowledge of what went well and what didn't, your team and your business are in a good place to end the year on a successful note.

Remember, no plan is perfect; even the best-intentioned goals may not have the expected outcomes. That's why evaluating goals and objectives midyear is vital, so you still have time to make adjustments. Goals are just that: goals. Taking time to analyze and change course when needed can help your business achieve success by the end of the year.

If some goals have already been met, consider raising the bar to make further progress.



Financial planning 101

Financial planning is critical when it comes to managing a small business. While it paints a picture of your current financial situation, your financial goals and the strategies you've created to help achieve your goals, every business's vision is different. If you don't currently have a financial plan, now's a great time to start. And if you do have a financial plan, now's the time to review it and ensure you're on the right track.

What is financial planning?

Financial planning is a long-term structured approach to help you reach your financial goals. It includes setting goals, setting budgets and spending within your means, preparing for emergencies, investing wisely, borrowing appropriately, managing taxes, accumulating funds for large purchases, estate planning, providing for comfortable retirement, and managing risk.

Why is financial planning important?

Financial planning is important because it requires you to evaluate your current financial position. It helps you see your assets and liabilities to determine your net worth; it enables you to assess your expenses and income to help you gauge your cash flow; and it's essential for budgeting.

Creating a plan allows you to make the most of your assets and helps you plan not only for the present and immediate future but also for any retirement or succession goals. Here are some key steps to consider when creating a financial plan for your small business.

STEP 1

Define your financial goals

Having defined financial goals is the key to your success. If you don't know what you're planning for, then managing your money to reach your financial goals will all be for naught. Ensure goals are well-defined and prioritized accordingly. Large financial goals should be broken down into more manageable chunks.

STEP 2
Evaluate your money situation

Do you know how much money is sitting in an account or how much debt your business is carrying? It's important to know your current situation. Gather your balance sheet and first determine your net worth. This means subtracting your liabilities (e.g., debt, loans, mortgages) from your assets (e.g., money in accounts, retirement or 401(k) accounts, home equity).

STEP 3
Set a budget

Start by creating a budget that includes all business expenses, like rent, utilities, payroll, insurance, equipment or office supplies. This will help you evaluate where you need to curb spending or where you can afford to spend or save a little more.

STEP 4
Create cash flow projections

You must understand how money flows in and out of your business to make informed decisions on when it's best to spend or save. A cash flow projection breaks down your company's income and expenses (or accounts receivable and accounts payable), so you can proactively identify potential risks (i.e., a customer not paying on time) before they happen.

STEP 5
Outsource your taxes

Tax planning can be complicated for a small business owner, so it may be best to outsource your tax planning and preparation to a qualified accountant. Accounting and tax professionals know tax laws in your area and can help advise you on maximizing qualified business expenses and what to pay in estimated taxes, helping to reduce tax liabilities.

STEP 6
Identify possible risks

Taking risks is part of a small business owner's DNA. (You did start a business, after all.) But it's also important to identify outside risks that could impact your business financially, such as a labor shortage, product or equipment malfunction, market competition, or even natural disasters or pandemics. When you have a plan for what to expect, you can plan your finances accordingly.

STEP 7
Determine succession and exit plans

At some point in time, you may be ready to retire and hand over your business to a trusted partner or colleague. Or you may find yourself needing to sell or shut down your business. Either way, have a plan for each scenario so you'll know your company's worth when it's time to move along.

STEP 8
Consult a professional

Financial planning can be complex, and it's often helpful to seek advice from a professional accountant or financial planner. They'll help you develop a comprehensive financial plan specified to your business needs.

Financial planning is an ongoing process that requires careful attention and regular review. It's recommended that small business owners review their plans at least every six months to make sure financial goals are being met. By developing—and sticking to—a solid financial plan, you'll help ensure the long-term success of your business.

Breaking Bad HABITS

Maybe you've heard the saying, "Old habits die hard." And while it can feel like you'll never be able to break bad habits, it isn't impossible; it just takes time and consistent effort, with the realization that you may get off track from time to time. So, let's talk about what it really takes to deep-six the habits that no longer serve you well.

Are your habits serving you?

First, you need to determine whether your habits contribute positively to the life you want to lead. Do this by writing down the habits you've adopted over the years, and then ask yourself, does this habit...

- Keep me from moving forward?
- Benefit my physical or mental health?
- Create significant meaning in my life?
- Produce long-term consequences?
- Control my life choices?
- Produce other good or bad habits?
- Need to change?

Answering these questions will help you separate your good habits from the bad. And once you've realized the difference between the two, it's time to get to work breaking the bad habits.

Focus on the why

Take time to consider why you want to change a bad habit. Does it produce poor mental or physical health outcomes? Do you spend more money than you make? Write down *why* you want to change your habits and place it somewhere you'll see daily.

Identify your triggers

What actions provoke your bad habits? Does stress cause you to overeat or bite your nails? Does a bad day lead you to inhale an entire bag of chocolates? Pay attention to what triggers your bad habit so you can change how you react to it.

Replace the bad habit with a good habit

Instead of going cold turkey on a bad habit, try replacing it with a better option. If you tend to procrastinate and lack the motivation to get started on a task, set a timer for 10 minutes and work until the timer goes off. Or, if you're always rushing out the door in the morning, prepare your lunch the night before.

Use reminders

Leave notes for yourself or set reminders on your phone to help you stay on track. If you need to remember to take nutritional supplements, set a reminder for the same time each day. Or, if you're trying to create a better nighttime routine, write a list of what you need to do each night and place it somewhere you'll be sure to see it.

Create a support system

Breaking habits and developing new ones can be overwhelming, so ensure you have someone to call when you need reassurance or support. When you find yourself falling back into a bad habit, call or text your support system so they can help keep you on track and remind you of your *why*.

Give yourself grace

No matter how hard you try, you may slip up from time to time. And that's OK. Your goal should be progress—not perfection. Just because you make a mistake, it's not a complete setback. Acknowledge it and continue to move forward. Alexander Pope put it quite eloquently when he said, "To err is human; to forgive, divine."

Be patient with your progress

Don't set your expectations so high that you think you'll be done with a bad habit within a week. You've probably heard that it takes 21 days to make or break a habit. While that may be true for some, it doesn't factor in how long you've had the habit, if other behaviors enforce the habit, what rewards you get from the habit or how motivated you are to change.

Reward progress

Don't forget to reward your progress toward making positive changes. This can help motivate you to continue moving forward in banishing your bad habits. Celebrating small achievements is essential on your journey toward transformation.

Remember that making changes takes time. And any progress—no matter how slow—is progress. Keep referring to your *why*, pinpoint your triggers, be patient and give yourself grace. You can do this.



Turn passion *into* profit

Chances are you have hobbies and passions outside of your day job that give you a sense of purpose and joy you don't always find at work. Maybe you've even considered turning one of your passions into a business...but are unsure whether you could do it. You're not alone. According to a study by Vistaprint[1], while 27% of adults have turned a hobby into a side business, 55% want to but haven't yet taken the leap.

If you're part of that 55% and are ready to take the leap, here are seven tips to get you started.

1 Do your research

The first step is making sure there's a market for what you want to sell. See if your current hobby or passion is something that's currently available and where gaps may exist. Focus on who you want to serve and what problem you can fix for your target customer. You're already at an advantage if your passion offers something others don't. There's always space at the table, so don't be dissuaded by competitors in your market.

2 Build your online presence

With many people turning to social media and Google for product searches and reviews, your brand's online presence is invaluable. Ensure that your social platforms are cohesive and consistent with the same branding (e.g., color, logo, font), and keep things simple by focusing on the platforms best suited for your business.

Do you offer professional services? LinkedIn may be the best fit for you. Do you create handmade charcuterie boards that you want to sell on Etsy? Instagram and Facebook may serve you best. Consistency is key, so make a plan to post regularly on all channels, whether once a week or twice a day.

3 Put it to the test

Before you fully commit to your passion-based business, it's best to make sure there's a demand for your product or service. Ask your social media followers or connections to pre-order from you. You could do this by having them fill out a Google Form or asking them to direct message you with their order or service request.

If you get the number of requests you were hoping for, then it's time to open your business to all. If not, you may need to change your offering or tweak messaging or pricing to gain more interest. Testing the waters will give you an idea of how your business will perform before going all in.

4 Stay organized with a plan

If you've put your passion to the test and garnered enough interest, your next step is to outline a business plan. Determine how often you'll work on your business, ways to market your passion and—most important—identify a realistic budget. Set achievable goals and reevaluate consistently to see how your business progresses.

5 Figure out your finances

As tempting as it may be to buy everything you need for your passion, set realistic expectations. Understand your finances before you begin and identify the costs of starting your business. Take the time to research the costs of materials and labor (i.e., your own time) and any shipping costs you may incur if your passion includes tangible goods. Set a budget—and stick to it. Remember to start small. Buy materials as needed until you generate a consistent income from selling your passion.

6 Look at the long term

Don't forget that for most people, success doesn't just happen overnight. If you create your Instagram profile and first post, don't be disappointed if you don't gain thousands of followers overnight. Creating a business means starting small and being consistent...and patient—even through challenging moments. Make a long-term plan for where you want your business to go.

Start by selling one or two products or services; once they gain traction, add another service. Don't overwhelm yourself (or your potential customers) with too many options right out of the gate. When you start small, you can focus on improvements you may need to make.

7 Ask for help

Remember that it's OK to ask for help when you need it. If you have friends or family who own their own businesses, turn to them for advice. Check into local entrepreneurial communities for assistance, too. Many business owners live by the mantra, "Community over competition." You never know—one day, you may be the person who can help another passionate person get started with their own small business.

Don't quit your day job (yet)

While you may be ready to dive headfirst into your passion-based business, it's best not to kick the 9-to-5 to the curb just yet. You may experience longer workdays or less free time when you start your new business, but as Confucius said, "Choose a job you love, and you will never have to work a day in your life."

[1] "STUDY: Millions of Americans have a 'side hustle' to boost their incomes and pursue their passions," VistaPrint, August 1, 2019. https://news.vistaprint.com/side-hustle-study-us



Take a *breather*

Anything—your job, the noisy next-door neighbor, rush-hour traffic, the news—can lead to stress and anxiety. Some people find it helpful to practice mindfulness each day, while others prefer to meditate to remove the physical and mental negativity that surrounds them. Find your Om by visiting these meditation retreats scattered throughout the United States. Namaste.

Esalen
Big Sur, CA
esalen.org

Attend a workshop or book a self-guided exploration of Big Sur's majestic mountainscape and glittering coastline. Esalen focuses on creativity and the brain, body work, spirituality, leadership, plant medicine and more. Make reservations to enjoy the natural hot springs or the organic farm and garden to expand your personal growth.

Drala Mountain Center
Red Feather Lakes, CO
dralamountain.org

Against its backdrop of the Rocky Mountains, the Drala Mountain Center provides a serene setting for studying yoga, meditation and contemplative arts. Join a weekend or weeklong getaway as part of a scheduled or self-created program... and choose from 100 programs offered throughout the year.

Kripalu Center for Yoga & Health
Stockbridge, MA
kripalu.org

Begin your transformative journey with yoga and mindfulness-based education, nestled in the Berkshires of western Massachusetts. In addition to self-guided, solitary retreats, Kripalu also offers an evidence-based resilience program anchored in the science of mindfulness, yoga and positive psychology.

Kalani Big Island Retreat Center
Pahoa, HI
kalani.com

Relax, refresh and rejuvenate your mind and body in the coastal jungles on the Big Island of Hawaii. Take advantage of educational programs, wellness services, permaculture gardening and community living. Find your sense of purpose and joy by attending weeklong retreats centered around yoga, improv or self-mastery.

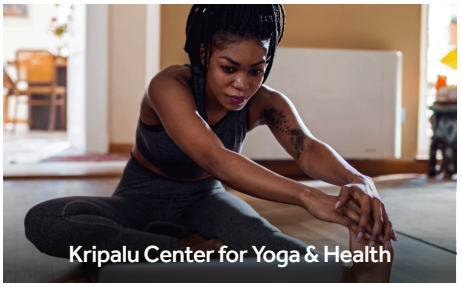
Retreat in the Pines
Mineola, TX
retreatinthepines.com

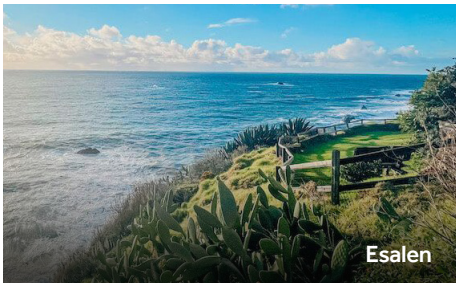
Women can find a deeper connection with themselves within the forests of east Texas. Created for women by women, Retreat in the Pines offers weekend getaways that promote mindfulness, healing, self-love, grounding and growth through yoga, nature walks, meditation and lifestyle workshops.

Southern Dharma Retreat Center
Hot Springs, NC
southerndharma.org

Gain greater clarity, wisdom, resiliency and inner stability by attending retreats grounded in Buddhist practice traditions. The Southern Dharma Retreat Center focuses on using noble silence, a tradition that involves refraining from speech (except in emergencies) and not making any social contact. Use the retreat experience to gain a deeper understanding of self.


Kalani Big Island Retreat Center


Kripalu Center for Yoga & Health


Esalen


SIZZLING
SUMMER
STREAMING

From killer sharks and Jedi Knights to dinosaur theme parks and Captain America, here are some of the top-grossing movies in the United States since 1975. Grab some popcorn or candy, fill your drink and steal away from the summer heat by streaming these popular summer blockbuster hits rated PG-13 and under.[1]



Jaws
1975 | Rated PG

Star Wars: Episode IV – A New Hope
1977 | Rated PG

Star Wars: Episode V – The Empire Strikes Back
1980 | Rated PG



Raiders of the Lost Ark
1981 | Rated PG

Back to the Future
1985 | Rated PG

Who Framed Roger Rabbit
1988 | Rated PG



Jurassic Park
1993 | Rated PG-13

The Lion King
1994 | Rated G

Shrek
2001 | Rated PG

Finding Nemo
2003 | Rated G

The Dark Knight
2008 | Rated PG-13



Toy Story 3
2010 | Rated G

Harry Potter and the Deathly Hallows: Part 2
2011 | Rated PG-13

The Avengers
2012 | Rated PG-13



Captain America: Civil War
2016 | Rated PG-13

Avengers: Infinity War
2018 | Rated PG-13

Avengers: Endgame
2019 | Rated PG-13



Top Gun: Maverick
2022 | Rated PG-13

[1] Movies on this list have at least an 85% Tomatometer® rating and at least an 85% audience score on Rotten Tomatoes.


Trust
has to be
earned
When it comes to your financial strategies and well-being, you can count on us to help your business reach new heights. From your monthly financial management, to your tax strategies and planning, we have the knowledge and commitment to keep you growing safe and sound.
Turn to us as your trusted advisor.
ModernAdvisors
accountants