

The Legacy Lounge Podcast with Tiffany Neuman
Season 1, Episode 62
Legacy Leader on Profitability: Melissa Houston

INTRO: Hi, I'm Tiffany and you are listening to The Legacy Lounge podcast. If you are a high achieving, mission-driven entrepreneur who wants to elevate your income, impact, and influence, you're in the right place.

I left my corporate career as a creative director for Fortune 500 brands to create a legacy with my work and to support entrepreneurs to do the same. I'm not talking about having your name on a building or statues in your image. I'm talking about leaving behind a positive impact and creating something enduring that can be passed on. You pour your time, energy and passion into your business, so let's make sure your efforts will create a ripple effect that reaches far into the future.

Each monthly series will guide you through the business leadership and life skills you need to successfully leave a legacy that stands the test of time, and each episode is totally valuable on its own. We are here to provide you with the tools and ideas to make massive shifts and quantum leaps in your business, transforming you from entrepreneur into legacy brand.

TIFFANY: Hello there and welcome to this episode of The Legacy Lounge. I'm so excited to introduce you today to an amazing guest, the incredible Melissa Houston. Melissa is the founder of She Means Profit, Blog and Podcast, and she has over 20 years of experience working in business accounting. Her work includes industries such as tech startups, government, non-profits, public accounting firms, and corporate accounting. But one of her favorite things to do is to teach entrepreneurs how to manage their business finances.

Melissa is also a regular contributor at *Forbes* and *Entrepreneur*, and she writes about managing personal finances and business finances.

So, Melissa, I'm so excited to have you on and a little back story. We worked on your brand together, but I've also just really enjoyed watching your journey, watching you empower women with their finances. And so super excited to have you here today.

MELISSA: Thank you so much for having me, Tiffany. I'm very excited to be here, too. And yes, I love to talk about how we can empower women with financial information.

TIFFANY: So good. So specifically, we're gearing up for the summer months here in North America, and we're taking a little bit of a hiatus on the podcast. Not completely. I'm still going to have shorter bits released every week, but I really wanted to feature some powerful women speakers and really go back to the foundational pieces of business.

I talk about the foundations of your brand and how important it is to have your messaging and the foundations that we don't think about in our businesses. And to me, things like your finances, your sales, those foundational pieces of your business are so important and often we don't have time to work on them. So I thought interviewing you during these months would be really amazing to shine the light for women who are like, okay, summer is coming up. I might actually have a little bit of extra time to work on the business rather than in the business. So yeah, I really wanted to talk to you specifically around money mindset, how to become cash confident, and all of those amazing things.

MELISSA: Yeah. And these are such important topics. You're right. Nobody really talks about how to manage your finances. A lot of it is the bright, shiny objects, how are we going to get sales in, how are we going to brand and message, and all that fun stuff, which seems way more exciting than, Why do I have to look at my business numbers? But it's so important, especially if you want to build a business that is going to be around for the long term. You absolutely can't ignore your finances.

TIFFANY: So true. Okay, so my first question is, and I've done a lot of work on this myself, I think most successful entrepreneurs, it's just something that you have to do, which is work on your money mindset. And personally, I think it's an ever evolving thing, but I'd love to hear from you specifically, how does money mindset make the most difference in your business?

MELISSA: It's such a good question. And I hear a lot about money mindset, too, in the online space, and I hear a lot about manifesting and stuff like that. And I'm more of like, "Okay, you need money mindset."

Money mindset is the first step in my cash confident framework. And what I was noticing was a lot of my clients were definitely stuck on the money mindset part, but not in the sense of trying to manifest money and wish money to come in the doors and stuff like that. It's a deeper issue when I work with my clients because money mindset is a lot of self worth. And looking at your numbers, a lot of people tend to look at them and judge the results and equate that with their self worth. And that's what scares people.

So the money mindset part is really important because you need to have the confidence and that feeling of assurance when you look at your financials because your financials are not there to tell you if you're a good or bad business owner. What they're really there to tell you is what's going well in your business and what you can improve on it and how you can improve on it.

So by not looking at your finances, you're missing out on a lot of opportunities to make your business better.

TIFFANY: That is such a good reframe. I mean, I will be vulnerable here and admit that the first, I don't know, three or four years of my business, I didn't want to look at my bank account. I wanted nothing to do with it. And still now it's more of just like, I don't have time and I make time.

We take so much of our worth from how much our business is making and how many people we're serving. And then, of course, we tend to compare to other people who are plastering their results all over

social media, which I want to talk to you a little bit about also because maybe we could get into this a little bit later. But you talk a lot about profit.

And a lot of times what I found, it took me so long. And as soon as I realized this, that was another big reframe for me is that just because somebody is saying they have these million dollar launches, they're rolling in the dough. I was beating myself up because I'm like, oh, I have a boutique business. I probably may never have a million dollar launch. That's just not my business model. But when I realized that I'm actually pretty profitable and doing well, even though I don't have those because I focused on it.

So anyways, I love that you're talking about this. I really do. I'm like jumping in my chair because I'm so excited. Let's just go for it.

MELISSA: We'll deal with everything later because it's such an important thing because everybody seems to be flashing their revenue numbers online. They're like, I had a seven figure launch. I'm an eight figure business. I'm this, I'm that. It's all like the highlight reel. But the reality of it is, and trust me when I say this, because I've got over two decades of experience working as an accountant, is these 7 figure launches and eight figure businesses can still be in the hole. They can still be losing money and not having profit whatsoever. So if you're a smaller business and you're like, well, maybe your revenues are like 500,000 or even 100,000 or whatever, it doesn't matter because the numbers that matter are your net profit margins. So if you have a healthy net profit margin, which tends to be around 30% give or take, depending on what industry you're in, for coaching, it can be much higher. For restaurants, it's much lower, but we'll use 30% as an example.

So if you are a profitable \$100,000 revenue business at 30%, and that means after you pay yourself, just for the record, so that means you've got \$30,000 of profit before you pay your taxes.

And if you had a million dollars launch or whatever, and maybe your launch was, I don't know, 2% profit, you barely scraped by. That \$30,000 that you're making at \$100,000 of revenue is doing much better than that million dollars launch. It's all about the profit. It really has not a lot to do with the revenue.

I have seen seven, eight, nine figure businesses go bankrupt because they have not managed their money well. Profit is all about financial management and how you manage your money in your business to make sure that you are turning a profit. Profit is necessary for businesses.

TIFFANY" Yeah, I'm so glad we went down this path, too. And I, of course, want to say that I'm like, there are also million dollars launches and businesses that I'm sure do very well. When I heard that for the first time, it really opened my eyes and I stopped. I think I was shaming myself in some ways without meaning to. It's just you see those shiny things, you're like, oh, my gosh. And it's also a lot of businesses are lifestyle businesses. And it's just like we compare ourselves and then you're like, man, I suck.

MELISSA: And it's so sad that we compare ourselves because that's definitely another money mindset issue, right? Where we think that because they're making a million dollars that they must be doing so

much better than us. But that's not necessarily the case. And to run a million dollars or a seven, eight figure business, whatever, it takes a lot of money to get to that point, right? And we all know that. There's a lot of Facebook ads. There's having a team, having copywriters. There's a lot of stuff that goes into a launch. So yes, they may be profitable, but you have to make sure that you're watching your numbers to ensure that these launches and these businesses are going to be profitable. So if you are one of these business owners and you're thinking like, "Well, I make a million dollars a year. I don't need to watch my bank account or anything like that because I'm doing A OK." That's a misconception. What you really need to be doing is watching your expenses to make sure that you don't spend more money than what you're bringing in each and every month.

TIFFANY: Yeah, so good and so true. I just hope that the right person listening right now is giving themselves a little bit of grace. If you've ever had those thoughts just seeing others online and wondering if you're business...I think we have these big goals and visions. With my own clients, the first process we do is make a vision for our brand. I get so many people saying, I want a multi seven figure business. And that's great. If you do, that is totally fine. More power to you. But when I share some of this information, they're like, you know what? Maybe it doesn't really matter that I hit that number. It's like, I just want to make this much personally. I want this much profit.

MELISSA: Exactly. Because running those businesses and all the power to people who do that, but it's a lot of work and there's a lot of moving parts that go into running large businesses like that.

TIFFANY: So true.

MELISSA: It's more of a to each their own, right?

TIFFANY: Yeah, to each their own. Absolutely. So another question, just staying on this same topic in a different sense is you talk a lot about owning your financial power. I'm sure it ties in in a way to what we're already talking about, but can you tell us just a little bit more about what that means or what that means to you?

MELISSA: Such a good question. And being financially empowered to me means being confident. So when you have financial confidence, you know your business and it allows you to be the best CEO that you can possibly be of your business. Because when you know your numbers, you know your business intimately.

So to me, empowerment is having the ability to read your financial reports, knowing that you can hold a conversation with your accountant and your bookkeeper and take that valuable feedback that they're giving you and understand how it applies to your business and how it applies to the decisions that you make in your business. Because ultimately you want your decisions to be profitable. And if you don't understand how your business makes profit, it's really hard to make profitable decisions.

TIFFANY: So good. And again, I love everything that you're saying ties back into profits. That makes so much sense.

MELISSA: It's all about profit. There's nothing that happens in your business that doesn't affect your profit line. So it's whether you hire the right or the wrong employee or you spend too much money on Facebook ads or whatever directly or indirectly, it's going to affect your profit line. So you have to be careful of the choices that you make.

TIFFANY: Right. So again, I know you have a whole process and we can get into that a little bit later too. But one question I had specifically, somebody's listening to this right now and maybe they were like I used to be and completely avoiding the whole financial thing and or they're like, "No, I'm doing pretty good, I do my taxes and I have a spreadsheet, I know where I'm at." Either way, for somebody to get truly cash confident and be able to make these decisions, what would be the very first thing that you would suggest that somebody do?

MELISSA: Look at your financial statements. I would say the best way to get cash confident is look at your income statement and understand because so many business owners, and I'm not saying that you should be ashamed of this if you are one of them, but there are many business owners that don't even know, first of all, how much they're making a year and or if their business is profitable.

So you mentioned avoidance earlier, and I love that you mentioned that because I would say 99 % of the clients I work with have dealt with avoidance because they usually come to me saying, I cannot look at this any longer. I know I need to look at it. I just never want to.

Everybody wants to avoid looking at their financial statements. But what it is is it gives you valuable feedback. When you understand how to interpret your financial statement, especially your income statement, you understand what's going well in your business and what isn't. So having the confidence to look at your numbers is really important.

But the other thing, too, and I often encounter this with women, and I'm hoping it's okay to bring up at this point, but to be financially empowered means that you're creating financial goals for yourself, and you have the courage to claim those goals.

So what I mean by that is quite often I'll work with women, and when we first start working together, I want to know what their goals are in their business. And they're like, Well, I hear this answer a lot. "Well, I only need to make as much as I need to make to eat or to pay the rent or whatever, as long as my personal bills are met, then I'm fine."

So I always challenge that. I'm like, Why is it okay just to scrape by? You're a business owner. Why wouldn't your business goals be a lot grander? And a lot of it comes down to the... Well, all of it comes down to the money mindset. It's all attached to self worth. We had attached money to our self worth so often. And especially women were taught to think small and dream small and take up a little space in the

whole bit. So when I asked them, do you want to have money for family vacations? Maybe help your kids out financially, retire your spouse, not have to worry about the money in your bank account or whether you're going to pay bills or not.

And usually they're like, "yeah, that's exactly what I want, I don't want to worry about money." So why would you only want to bring in as much as you need to survive? I always challenge them, make bigger goals for yourself. It takes courage to claim those goals, but you have to claim those goals so that you can work towards them and realize that you're worth more than just scraping by.

TIFFANY: Yeah, absolutely. I think so many of us, depending on how we were brought up in our childhood or like me, I grew up without a lot of money. It's just like, okay, well, I want to do better than I did, but it's like stretching that. So I 100 % agree. I also think about making an impact with the more money we make. I know this is said all the time, but it's such a good reminder. The more we're earning, the more we can give back too. When I remembered that, when I was like, "Oh, I just need to make this much but wait, I want to be that change in the world because we, gosh, we need it right now. Right?" Wherever you live, we need more positivity in the world. And I think it's going to come from women.

MELISSA: Absolutely. And I'm so glad you brought that up because it 100 % is going to come from women. Women, statistically, they are more aware of their surroundings, so they're more likely to invest into the community, and they support other women in business. So those two things right there are huge reasons why you would want to get more wealth in the hands of women. But the other thing, too, is that with more money comes more power, and women tend not to abuse the power like our counterparts do, or have historically been proven to do. So getting more wealth into the hands of women creates a better global economy.

TIFFANY: Yeah, such a good reminder. And I think that's, like you said earlier, the reason why, yes, it doesn't always feel easy to let ourselves dream up those really big goals, whatever that may be for you. And it does take courage, but it's so worth it.

MELISSA: Absolutely. And for those people out there who are like, "Well, I do have these big goals and I do want to claim them, but I feel ashamed or embarrassed or I feel like people will judge me."

We need to change that narrative. I personally, I have been comfortable with money my entire life. It's always been a topic that I can discuss with my family, discuss with my spouse, my kids. Money is a regular topic that we have on a daily basis, like a conversation. So I also feel very comfortable to say, I want to make money. I want to make a lot of money. I want to drive a nice car. I want to live in a nice house. I want luxury. I want money to give back to my community. I want money and I don't feel any shame about it. Period.

TIFFANY: Yeah, I love that. And it's so true, too. And even if, like we were saying earlier, I was like, well, maybe I don't want that big of a business. It wasn't for me that I was like, Oh, I don't think I deserve that. It was just like, I don't really want to work that hard. I want to be. There's that, too, right? And travel and

have fun. So anyways, there's so many different angles of looking at it, but I love this conversation. I hope the listeners... Actually, I don't hope. I know that they're loving it as well.

So to start wrapping up here, I have to ask about branding and legacy. So I ask about branding first. When you think about, since we're talking mostly about women here, women's brand, I feel like everything is tied into our brand. How we present ourselves, how we're showing up online, our websites. It's not the main thing, but people, unfortunately, do have a first impression of who we are. They do read the book by the cover sometimes. So how would you say that cash confidence, like having that confidence that you were talking about can actually affect your brand and your business as a whole?

MELISSA: That's a good question. I mean, you being the branding expert and I've learned everything about branding from you. You're an excellent teacher. But I think that when you've got cash confidence, that comes through with your brand. You've got a confident brand, you know your business, you know how you're presenting yourself in the world and you feel good about it.

TIFFANY: Yeah, I love that. And it makes sense, too, because a lot of times what we put out there is one thing, but then the energy that we're showing up is with another. And women are so intuitive. I feel like you can almost feel it when somebody's not being super authentic. And I guess I'll just leave it at that. I think they go hand in hand.

MELISSA: Yeah, I completely agree with you because that confidence is going to permeate through somehow, right? Whether you feel like it's tied directly to your brand or not, if you're financially confident, you're going to feel good about your business. So when you talk about your business, you're going to feel good about it when you talk about it. Instead of having that feeling of inauthenticity or you're trying to hide the fact that you don't feel so secure in your business because you have no idea if you're going to make payroll payments next week or if you can manage this bill that's coming in or whatever, it will seep out into your life in some way.

TIFFANY: Yeah. All right, so legacy. I always have to ask because we are in the Legacy Lounge and one of the things I talk about is leaving a legacy, legacy branding, those things. But most importantly, especially this last year, I've been talking about how can you live your legacy? Because why just leave things behind when we can live our legacies now, right? So what does legacy mean to you specifically? And why is it so important?

MELISSA: Specifically, it would mean to me that I am leaving a legacy of money to my family. So hopefully I'll die old and my husband will die with me so we can pass on a legacy of financial gain to our children. But also, it's such a complicated thing for me to explain because it's like, legacy to me has always been financial, but it's not necessarily a bad thing. It's good to take care of your family. You want the best for your family. You want to pass it down. Generational wealth, I mean, there's nothing wrong with that.

But legacy also to me means leaving them with the financial tools to manage that money well, and hopefully that they've made their own way in life and made their own money and just basically have the financial tools and the financial confidence and the financial savviness to manage all of that and then just pass it down from generation to generation.

TIFFANY: Yeah, so good. Because I think you're right. What's the point? I think I heard a statistic recently around generational wealth usually only lasts two to three generations because they lose that passing down. And then for people who have never had it, too, and it comes down... You know how they say that, you win a lotto and if you don't know what to do with it, you just lose it.

MELISSA: Yeah. So when I'm teaching my kids, it's all about how to manage your money, but it's also about how to be a good person. So that legacy ties in closely together because like we talked about earlier, a lot of good can be done with money. So yes, I want my kids to get that legacy, get that money coming to them, and not necessarily when I'm dead. This can happen when I'm alive, too. You help them out with the purchase of their first home or what have you. Because when you look at the generational wealth, you look at how much it would have cost our parents to buy a home compared to what it costs our kids to buy a home. It's a huge gap.

Just to me, it's doing good and having that financial foundation so that they do good with their money.

TIFFANY: So good. All right. So before we wrap up, I want to make sure and talk about something else that I would consider part of your legacy, but I love that obviously focused on family. I feel the same way.

But you have a new book coming out. I do. And so why don't we talk a little... Because it covers so much of everything we talked about today. I would love for you to share more details about the book, where they can find it, all of those good details before we wrap up.

MELISSA: Yeah, thank you so much for bringing that up because *Cash Confident* was written for women entrepreneurs, where I'm trying to help women entrepreneurs identify the fact that they're in a unique position to create as much or as little wealth as they want through their business.

So this book arms them with the financial tools to help them do so. So if you want to build your empire or you just want to pass a small amount of money for a legacy or anything in between, whatever your financial goals and dreams are, it's about having the courage to claim that but also knowing how to do that.

And so I'm really excited about this book coming out. It's directed to female entrepreneurs and business owners. Men can read it too and still benefit from it. But I had the female entrepreneur in mind when I was writing, and the launch date for that is May 16th.

TIFFANY: Amazing. Well, I am so excited for you and for the book, and I know it's just going to impact so many women. So definitely, if this conversation has intrigued you, make sure you check out Melissa's

book. We'll put details down below and link to her website and everything so you can start stalking Melissa.

MELISSA: In a good way. Yeah, we call it stalking with excellence.

TIFFANY: Awesome. Well, thank you, Melissa, so much for joining me here today and just for having this open discussion because we talked about just learning how to be profitable, having confidence in your cash flow, and all of those things are so important.

My goal is to really just make sure female entrepreneurs are empowered in all different angles. So I think this is such an important topic. So happy to have you here.

MELISSA: Thank you so much for having me. Really appreciate it.

Absolutely. All right, everybody, we will see you next time on The Legacy Lounge. And stay tuned because we have so much more goodness coming your way.

OUTRO: That's it for this episode. Thank you for listening to The Legacy Lounge Podcast. Connect with me on Instagram [@tiffanyneumancreative](#) I would also love to hear your feedback to see what resonates with you and what you'd like to hear in the future.

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Remember what you leave behind is not what is engraved in stone monuments, but what is woven into the lives of others. What are you doing today to pour into others and to leave your legacy?