

Introduction

WHY DO YOU NEED TO KNOW AND UNDERSTAND THIS?

BEFORE I WENT FULL TIME WITH MY OWN CAKE AND BAKING BUSINESS, I WAS BY EDUCATION, AN ACCOUNTANT. I WORKED IN BOTH THE PRIVATE SECTOR (AS AN IN-HOUSE ACCOUNTANT FOR SMALL BUSINESSES) AND IN PUBLIC ACCOUNTING PREPARING MONTHLY BOOKKEEPING WRITE UP AND TAX PREPARATION.

During my time in Public Accounting, our firm served mostly small business owners in a variety of industries. I was surprised to see how many business owners really have no idea what they were looking at when we would go over their monthly financial statements

Now, these were intelligent hardworking entrepreneurs who were very capable in their businesses. I was shocked, however, to see these confident smart individuals shrink in horror or have the “deer in the headlights” look on their faces when we placed their prior months reports in front of them!



There were generally two different reactions.

1) Those who would get visibly uncomfortable, but would go along with us in our discussion pretending as if they understood the conversation, but being too embarrassed to ask questions; and, 2) Those who would become a bit defensive and upset by explaining, “I don’t need to understand all of this! That’s what I pay you guys for!”

So how can a few pieces of paper cause such strong emotional reactions? I believe that it is fear of the unknown at the very core.

Now, I’m not saying that business owners need to have a Master’s Degree in Accounting or be CPA’s in addition to running their businesses, but instead, every business owner should have a good understanding of what the numbers mean on each of the different financial statements in order to make good informed decisions on running a profitable business.

This is no different in the baking industry. Further, it is just as important to the large brick-and-mortar bakeries with 20+ employees, as it is to the solopreneur who runs a baking business from a home studio.

You don’t need to be J.P. Morgan and you don’t even have to do your own bookkeeping, but you should at least learn and understand the basics of how your business finances work. **It is our goal with this course to give you a clear understanding of your numbers and not be afraid of them!**