

EXPLORE YOUR ENTHUSIASM EPISODE 56: WHAT YOU CAN LEARN FROM INCOME REPORTS

Welcome to episode 56: What you can learn from income reports! Today we're going to talk about the phenomenon of income reports and how you can learn from them without being distracted or deterred from your own work.

I've told you before: I love Income Reports! I love that they give you a real, inside look at how someone is running their business.

I first heard about income from Abby Glassenberg, of [While She Naps](#), when we met for coffee in 2013 (she pointed me towards [Pinch of Yum's](#)). Since then I've found them from all kinds of [businesses](#). Some are impressive, some are informative, but all of them are educational. Instead of talking about vague concepts like "success" and "growth", they show you the real facts on the ground.

When I had a conversation on the Starship forums about the people's growth, some of it fast, some of it slow, I was thinking about how subjective this all is - and how I wish there were more income reports about handmade businesses, those at every level from a few bucks a month, to thousands a month. So in episode 51, I introduced my solution: [The Real Numbers Project](#).

Since then, I've been collecting the real numbers of handmakers and starting this week, I'm sharing Income Reports from handmade businesses. The first report is live at [TaraSwiger.com](#). You can subscribe in the pink box to be sure you don't miss the next one.

But before you dive into looking at their real numbers, I think it's a good idea to think about what you're going to **do** with these numbers. What do they **mean**? What can you learn from them?

I've had to ask myself this through years of looking at income reports, because it's very easy to get distracted from the business I'm trying to build, by something successful someone else has built. And it's also easy (for me at least) to start playing the comparison game, which always leads to a negativity spiral, which is in no way productive.

I'm hoping to combat that, as much as possible, by sharing a range of real incomes, both from the small to the large, side by side, so that you don't just think that **one** person's way is the right way, or that only **one** person's example of success or failure means anything to you.

HERE'S HOW TO LEARN FROM INCOME REPORTS:

1. Look at the REAL profit: Income - Expenses.

Note how very different that number often is from the total revenue (just the income). On some income reports, the blogger will list what the expenses actually were, which I find fascinating - it shows you the

real, specific costs of running that particular business. This is especially important when so many businesses claim impressive numbers like 1,000 sales! Or six figure revenues! Well, that may be true, but that tells you absolutely *nothing* about the profitability of that business. You could *lose* money on 1,000 sales, if your [profit math](#) isn't right! Your revenues might be \$100,000 (six figures!) but your expenses could easily be \$60,000.

What's your profit margin like? What percentage of your income is spent on expenses?

2. Look for what's worked.

Whether the person is making more or less than you are, pay attention to what they say has worked for them. Have you tried something similar? Did it work for you? Why or why not?

3. Look at the business model and the branding.

Is it anywhere near the business YOU want? One of the biggest income reports I've seen online is from John of the podcast Entrepreneur on Fire. [He grossed over \\$200,000 in April](#) ...but his business model is not one I'm interested in. He has a few big membership sites that cost over a thousand dollars, and he hosts a daily podcast with entrepreneurs. In his income reports he also reports his hours, and he and his partner each spend over 200 hours per month at their computer. That is totally fine for him, because this is the business HE wants, but it's probably a far cry from your handmade business, where you easily spend 3/4 of your time in your studio, actually MAKING stuff.

You can make this same question even of another business. If you sell products and the income reporter sells patterns - that's quite a difference! If you sell high end jewelry with precious stones and the income reporter sells inexpensive hair clips - that's another big difference.

Another reason to look at the business model is that your profit margins will be completely different. A retail store, an author, and a bag maker all have wildly different profit margins on their products AND they have different time investments.

So ask yourself: What is your business model? What's your branding?

You see, it's easy to compare yourself unfavorably, but it's far more educational to look at all the facts, and take them into account.

Have you noticed that in all of my points, I've turned it around so you're actually asking yourself questions about your own business? That's because this is the best way to learn what will work for you, to build a business YOU actually want. Don't just take the lessons of someone else's business and apply it whole cloth - look at the parts and filter it through what you already know about your business.

Above all, ***don't let anyone else's numbers distract you from the business you truly want to build.*** Keep your eye on your own prize, and make decisions that will lead you there. Use other people's income

reports as encouragement (hey! this is what's possible!) and as reality checks (wow, there's a lot of expenses for a bigger business!) and just as data. Remember: you are a scientist and your job in building your business is just to experiment - to try things, collect data on if they work, and then try other things. Income Reports give you more data - data from someone else's experiment. It's up to you to decide if you want to try to recreate their experiment or if you can see it won't work in your lab.

With that, dear creative biz scientist, I hope you can learn from Income Reports and I hope the ones I've been sharing are just encouraging you to keep going and keep experimenting.

Remember to share your experiments with the hashtag **#exploreyourethuasiasm** and if you want to get all episodes and free weekly lessons beamed to your inbox, subscribe at TaraSwiger.com.

Have an exploratory day!