

EXPLORE YOUR ENTHUSIASM

EPISODE 198: THE POWER IN KNOWING YOUR NUMBERS

Knowing your numbers is powerful. By knowing your profit margins and your goals, you can make a monthly, weekly, and daily plan of exactly what you need to do in order to make the amount of money you need to make. So stop flailing around and get knowledgeable, so you can spend your time as effectively as possible.

Welcome to Explore Your Enthusiasm, episode 198, with me Tara Swiger. I have a few announcements:

The weekly vlog is back - taraswiger.com/youtube.

We are coming up on episode 200, which is going to be a call-in show! So listen in at the end of the episode for details on how you can be on my show!

in this episode I'm going to mention my class [Pay Yourself](https://TaraSwiger.com/pay) - it's open now and the price goes up at the end of March, so if you want to learn your numbers- your profit margin, break even point, check it out and TaraSwiger.com/pay. It's a 6 week class where you will learn what numbers you need to be tracking, how to track them, how to make your business profitable and how to fix the problems if your biz isn't profitable. It's specifically written for handmade businesses - those who craft your product and I've got a special section for you pattern designers and workshop teachers.

NOW LET'S GET INTO THE EPISODE.

Knowing your numbers is powerful. It can inform the decisions you need to make. It can guide your product development. It can help you confidently state your prices. And it can tell you exactly how to spend your time most effectively.

Knowing your numbers = knowing your costs

= Knowing how many of your product you need to sell in order to break even, and then to reach your goal

= Knowing how many activities you need to do in order to make that many sales.

Then your question is: Am I doing the level of work I need to do to reach my goal? And how much am I willing to do each week or day in order to meet it?

First, let's take a minute to think about that - how would it feel if you knew what you needed to do in order to reach your goal? If I could tell you - do this work, for this many weeks or months and you'll be there?

You can use math to get that kind of clarity. Let me take you through the steps.

First, you need to know your profit margin on each product (because you are not earning 100% of the PRICE of each product. In my class Pay Yourself, I help you work out this number, for every single product you have.

Then you need to know your goal + how many of each of your products you'd need to sell to reach that goal. Again, we work on this in Pay Yourself.

THEN, you need to know your conversion rate: What sells your products? And how many products does it sell?

For example, maybe when you launch a new product, you tend to sell 5-10 of them. So you know each launch = about 7.

Or maybe when you teach a workshop, you sell 10 products. 1 workshop = 10.

In reality we all have multiple methods of selling and they each have their own conversion rate. For me, a podcast episode or 2 sells a book. A Starship launch sells 20 spots. An essential oil workshop sells 5 kits. A week of regular social media posts sells a kit or two.

If you just started your business last month you're not going to know what your conversion rate is, so you know what you need to do? TRY EVERYTHING. Not all at once, but one by one work through the different options. Don't just list your thing on Etsy, try a bunch of marketing tactics, over time, and see what gets the best results.

If you've been in business for over 6 months, look at what you've done that HAS sold items. Whenever I talk about this with someone they always stop me - but I've tried so much and nothing works! That's the wrong angle to come at this from. Instead, come from the question: WHAT HAS WORKED? Something has worked if you've had 1 or 2 sales - what was that?

IF YOU HAVEN'T HAD SALES, KEEP TRYING STUFF.

And I wanna challenge you further - try personal, direct things. Don't just keep posting on FB and IG and complain that you don't have any sales - build direct, personal relationships with people. Invite people personally to your special VIP list, offer to send influencers your work, call up shops and ask if you can talk to them about carrying your work, go to a craft show and talk to buyers. What I see a lot of is makers doing general, one to many marketing, before they have "many". In the beginning, focus on personal sales - on getting ONE person to buy your work while you build your social media.

Now that you have some sales and you know what works - look at the actual numbers and average it out. When you do X activity you have Y sales. You can even take it one step further and do the math for the average revenue from each activity (using your profit margin for each product) - the cost of that activity. If I do X activity, I make \$Y.

So in order to make your goal amount...how many of that activity would you need to do?

Then....do it.

Seriously, it's that simple!

A few problems that might come up:

1. I can't possibly do that many of those activities in a week.
 - a. Is that true? Is it just a greater volume of work than you've ever done, but perhaps still possible?
 - b. do you need to get more effective in those activities? Perhaps your craft show display could become more effective at selling, or your webinars could end with a stronger call to action or your Instagram photos could be more compelling?
2. I don't want to do that many of those activities.
 - a. Make each activity more effective (this may take trial and error!)
 - b. Rethink your biz model. One thing that people find out in Pay Yourself is that they can't possibly make as many products as they'd need to make to hit their goal, the answer is to raise their price or stop making the unprofitable products. If you don't want to do the activities that it takes to hit your goal, you may need to change your prices, your activities, or your biz model.
 - c. Rethink your goal. Maybe you don't want to work as hard as it will take to reach the goal? Maybe the goal isn't that valuable to you? Maybe it's not the right goal for you?

You see, none of these problems is a PROBLEM, unless you just ignore it. Makers get into confusion either because they don't actually know the numbers or because once they do know the numbers they're not acting on them. Maybe they're disappointed by what they find, or they want it to be otherwise, but the fact is: Be honest with yourself. Be honest with your business and what you're willing to do.

This process, actually doing the numbers can be SO clarifying. What students say after Pay Yourself is that they feel so much better because they can see a path to their dream biz. They can see that maybe they'll have to make hard decisions or they need a different direction, but at least now they KNOW. and when they start to doubt, they have the resources and the knowledge to fight that doubt.

You can check out Pay Yourself at TaraSwiger.com/pay. I completely revamped it last year with new videos and worksheets and a new platform, but kept it at it's old price for one more year. But at the end of March, the price is going to go up for \$199 to \$299, so it's more in line with my other large workshops. So grab it now at TaraSwiger.com/pay.

My 200th episode is coming up! And to celebrate I want to have YOU on the show! so call in and leave a message and we'll include you on the show - you can share what you love about the show, when you listen and if you have a business question, ask it!

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Thanks so much for listening and have a great day!