



CASE STUDY

The impact of implementing Profit First in a company experiencing ZERO profit:

The *Back Office Betties* Story

May 31, 2023

Owner, CEO & Visionary: Emily LaRaush

Dir of Operations: Katelyn Koplan

Fractional Integrator: Lisa McCurdy

Location: 100% Virtual

Team Size: 44

Industry: Professional Services

Summary:

Back Office Betties was in a profit slump and needed to find a solution to turn things around. Emily LaRusch was introduced to “Profit First” through EO, the Entrepreneur Organization. Fractional Integrator, Lisa McCurdy, oversaw the implementation of “Profit First” within the business. After implementing “Profit First” in Q2 of 2022 they saw profit at the beginning of Q4 2022. Back Office Betties then closed the year at 5% profit. To date, they have lowered labor costs, reduced their receptionist budget by 6%, and as of 2023 had the most profitable Q1 in the company's history.

Background:

Back Office Betties is a company that provides virtual receptionist and virtual assistant services for small businesses. The company had been struggling with maintaining a consistent profit margin, which was a cause for concern for the owner, Emily LaRusch. In Q1 of 2022, the company was not doing as well as it could have been, and Emily realized that they needed to

make a change in order to improve their financial situation. They implemented Mike Michalowiz's "Profit First" method to help them achieve their financial goals.

Solution:

Emily found "Profit First" through her membership in the Entrepreneur Organization (EO), a global network of entrepreneurs. Mike Michalowiz, the author of the book "Profit First," had been recommended by other members of the EO community. After reading the book, Emily realized that they had been approaching their finances all wrong and that "Profit First" was precisely what they needed to turn things around.

Enter Lisa McCurdy. Back Office Betties had brought on Lisa to help 1-day a week as their Fractional Integrator in December of 2021. Emily had this great idea and knew it needed to be implemented, but the "how" was in question. When Emily shared her idea with Lisa and Katelyn Koplan, Director of Operations, their wheels started turning. Lisa was able to help Emily take her idea and make it a reality!

Challenge:

The process of rolling out "Profit First" was not without its challenges. They initially tried to implement the system exactly as it was laid out in the book, but quickly realized that they needed to take a different approach. They had to get creative and come up with a plan that worked with their specific situation. It was important for them to find the right balance between implementing the system and not disrupting the day-to-day operations of the company.

Through creative brainstorming with Lisa, they were able to create a stair-step approach to implementing "Profit First," which allowed them to gradually increase their profit margins. They did this by setting realistic goals and steadily increasing the profit percentage over time. This approach allowed them to stay focused on their long-term financial goals while also addressing any short-term issues that arose.

Impact:

Overall, implementing "Profit First" had a very positive impact on Back Office Betties. The company saw a total turnaround in its profit levels, which brought peace of mind to the owner and improved the overall financial health of the business.

They implemented "Profit First" in Q2 of 2022 and started to see profit at the beginning of Q4, they closed the year at 5% profit. To date, they have lowered labor costs, reduced their receptionist budget by 6%, and as of 2023 had the most profitable Q1 in the company's history.

Overall the company was able to prioritize its spending, eliminate unnecessary expenses, and stay within its budget. Emily is now more confident in their financial future and is grateful for the guidance that Lisa and "Profit First" provided.

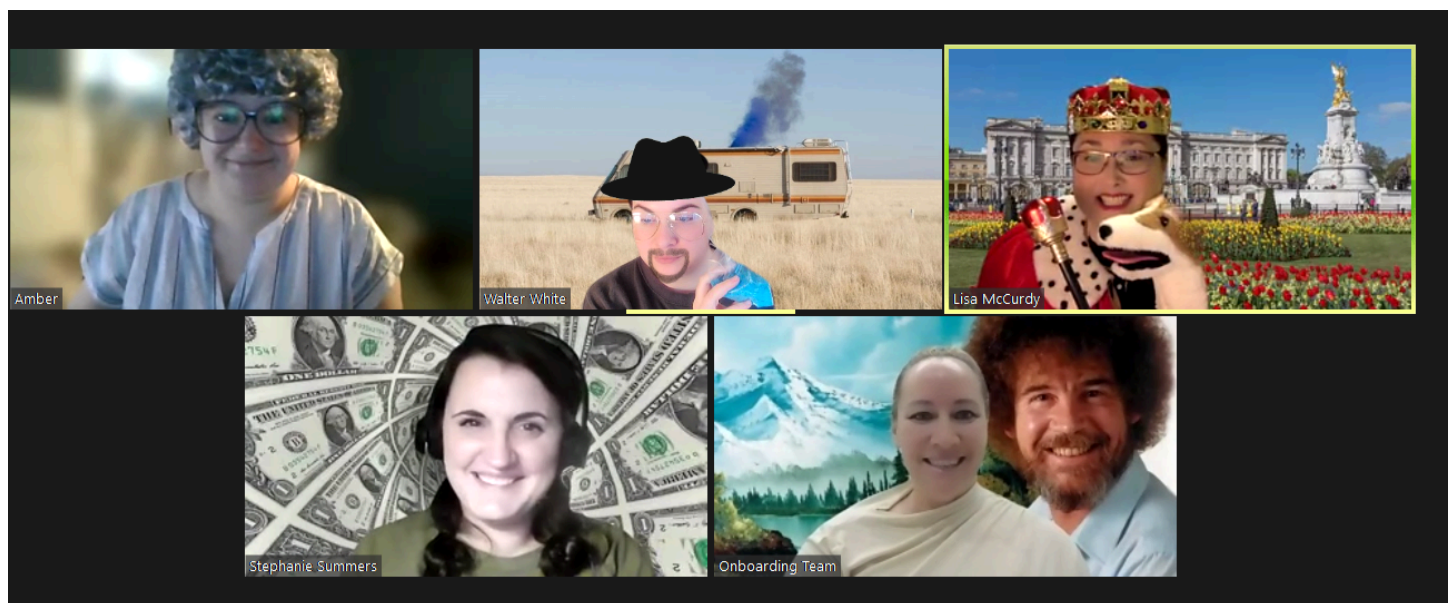
Closing Thoughts:

Q: “Emily, is there anything you wish you would have known about “Profit First” now that you're on the other side of success?”

“I would have hired a “Profit First” certified bookkeeper and had them help us. I think we've spent a lot of time and money on different CPAs, bookkeepers, and finance people to come in and help us with our books. It's kind of been a disaster. I think the reason for that is everyone's kind of running their own program. Whereas with “Profit First” you have a very specific finance operating system. I like the idea of having a system that you can easily follow. I just wish that all the bookkeepers were “Profit First” certified.” - Emily LaRusch, Owner & Visionary, Back Office Betties

Q: “Katelyn, what is the biggest lesson you learned?”

“The one thing that I think is really important with ‘Profit First’ is having a high-yield savings account - it's game-changing. Not all banks are high-yield, Mike talks about that a little bit in the book, but that definitely shouldn't be overlooked. Finding banks that are ‘Profit First’ friendly isn't as easy to find as Mike made it seem. We found Blue Vine Bank which is structured to work hand in hand with ‘Profit First’ and actually helps you automate “Profit First.” I've also started seeing exciting stuff about Relay Bank, too. Without a ‘Profit First’ bank it gets a little tricky doing all the transfers through all of the different bank accounts. Lastly, stair step! It made the process so easy to implement.” -Katelyn Koplan, Director of Operations, Back Office Betties



The Back Office Betties leadership team likes to have fun! Here we in a Myers Briggs training session where we dressed up as a famous personality who has our same Myers Briggs personality traits.

Resources: Profit First <https://mikemichalowicz.com/profit-first/>

CBLTM™ is not an affiliate of Profit First.

