



# The Interior Designer's Dilemma:

How to keep your money separate from your client's money

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2022

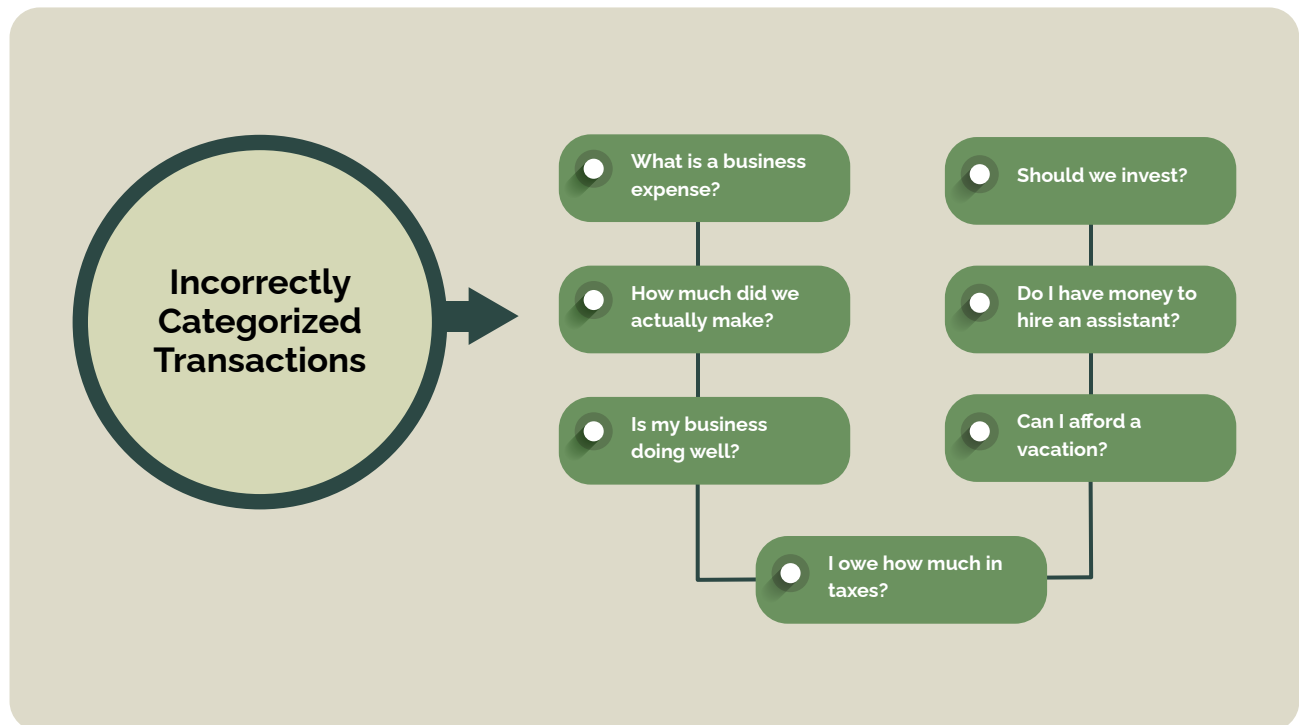
Interior design businesses have a lot of moving parts to manage with each new job; from client requests to hiring subcontractors, and sourcing furniture to buying decor, it's no small undertaking.

We also know that you didn't get into interior design to sit and calculate finances all day - but it's an inevitable part of owning a business. It's easy to jump into your work and tell yourself that you'll create a better financial plan down the road. But next thing you know, you're knee-deep in client projects with no time to figure out the best process. It can feel like business is moving at the speed of light, but you're still financially stuck. Your best-laid plans still leave you falling short of your profit goals.

One of our clients had this exact dilemma before we worked with them:

### THE PROBLEM

Their books had become messy and overwhelming over the years. Their incorrectly categorized transactions prevented them from understanding their businesses' true performance, which made it difficult to make decisions for the future of the business. And, unreconciled transactions led to overstated company expenses, which meant their tax return would potentially be inaccurate.



When the books are sloppy in this way, it makes it impossible to know what the real money situation is, which leads to frustration and extra time spent on managing the books. No business owner should spend more time managing their money than they do working with clients and focusing on their businesses' future success!

## OUR SOLUTION

**AccountSolve** came in with a clear vision of what needed to be done. After making a deep dive into the state of the books, we found every imbalance and inaccuracy. We then created a detailed and clear report so that our client knew exactly what the situation was, and then our team got to work making all of the changes outlined in the report.

Now our client has clean, beautifully organized books, and a new bill paying process so that they could stop spending time handwriting checks to vendors.

**This story is proof that accounting for your business doesn't have to feel chaotic.  
We're here to provide actionable steps that you can take today.**





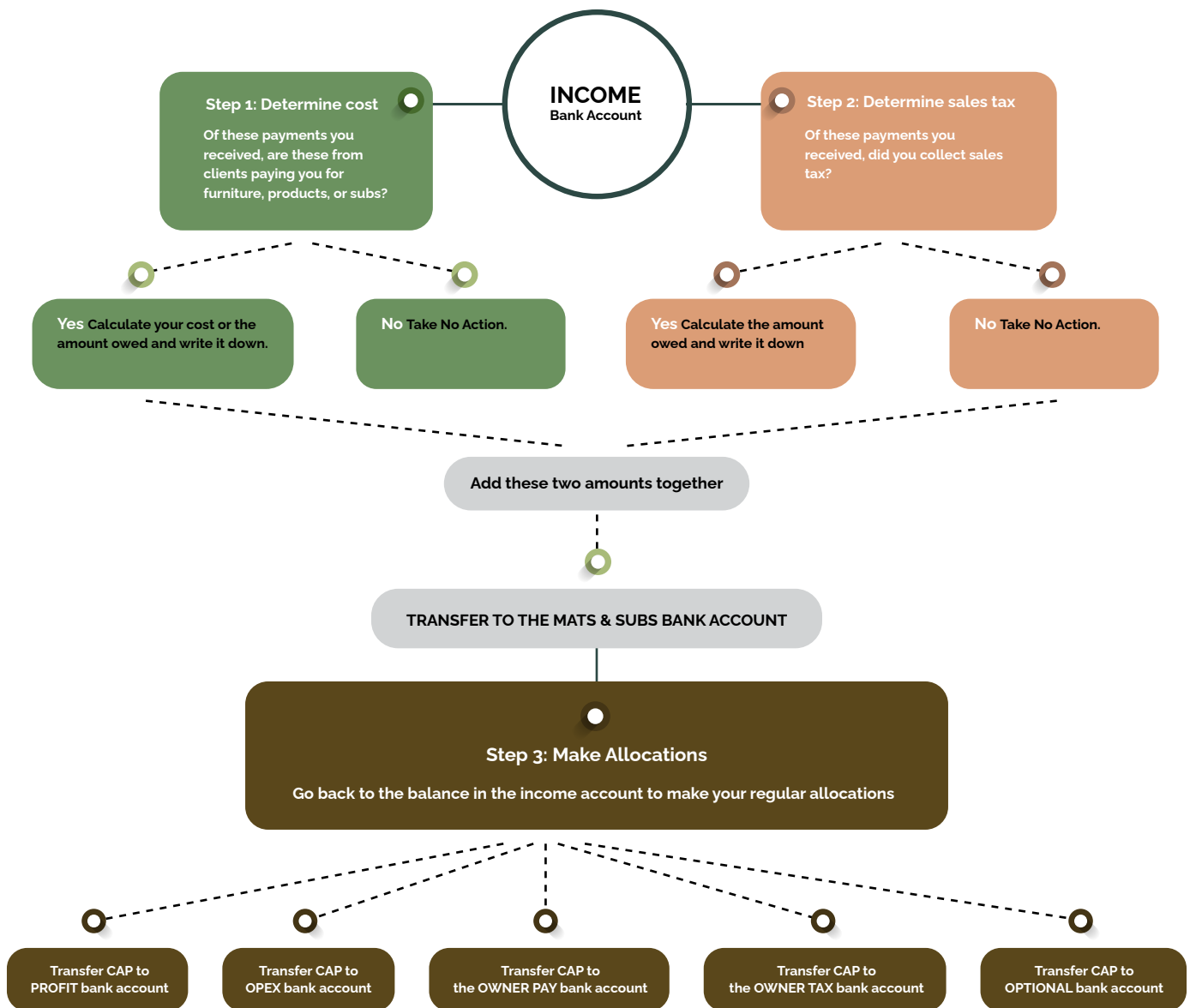
✓ **Profit First**

Part of the implementation we provided for our client was Profit First. A cash management system for businesses, Profit First helps organize the money in a business. This is a game changer for interior designers because they can use this system to separate out their money from their client's money.

Instead of having one bank account for all of the money that comes in and goes out, the business owner has multiple bank accounts that separate money for various purposes. For an interior design business, the bank accounts are typically Profit, Income (for all incoming money), Materials and Subcontractors (for all of the client project costs), OpEx (for operating expenses), and Owner's Pay and Tax (for the owner's benefit). The owner allocates funds on a weekly basis from the Income account into all of the other bank accounts. That way, the business owner is never confused about what's theirs and what's their client's.



When you make your allocations, follow this simple flow chart to keep your money separate from your clients. Never guess again.



## HOW TO BRING ORDER TO YOUR CASH ALLOCATIONS:

### STEP 1: Determine the cost

When it's time for you to make your allocations, first look at the payments that you received—everything that came into your income bank account. Separate out the transactions where clients were paying you for furniture, products or subcontractors. Once you've done that, calculate your cost or the amount owed and make note of that to the side. If none of the transactions included any payments for furniture, products or subs, you can move to step 2.

### STEP 2: Determine the sales tax

Look at the payments you received in your income bank account. Did you collect sales tax on any of those? If yes, calculate the amount owed and write that down to the side. If none of the transactions required sales tax, you can move to step 3.

Next: if you recorded your cost in step 1 and your sales tax owed in step 2, add those two numbers together. Transfer that amount to the Mats & Subs bank account.

### STEP 3: Make the rest of your allocations

Go back to the balance in the income account to make your regular allocations, transferring to:

- 1) Profit Bank Account
- 2) Opex Bank Account
- 3) Owner's Pay Bank Account
- 4) Owner's Tax Bank Account
- 5) Mats & Subs Bank Account
- 6) Optional Bank Account (Whatever else you've set up for your system)

Now, imagine a client project where you're not worried about your bank account. Everything is tidy and accounted for and you can focus on what you do best – creating beautiful spaces your clients love.

When we work with our clients, we help them create a customized Profit First plan that's unique to their business. We also help demystify the flowchart and provide other tools or support around this process and all of the aspects of Profit First.

**Schedule a call today to move from confusion over finances to confidence in your money management!**