

Business Report

# Roller Coaster Profit



# ROLLER COASTER PROFIT

**A lot of us are tired of looking at our income statements. Even when business is “about the same” from month to month, our income statements show wild, roller coaster results. Profits up one month and down the next with no obvious reasons to explain the differences. If that sounds like you, a likely explanation is that you have a matching problem.**

## WHAT IS MATCHING?

Matching is the process of recording income in your books in the same period as the expenses incurred in earning it. To show you what I mean, let's say you expense material or pay labor for a job in one month but don't invoice your customer until next month. The first month would look bad because you incurred expense with no revenue. The next month would look good because you showed revenue with no expense.

On the flip side, suppose you get a deposit on a job and record it as income this month without spending a penny on material or labor until next month. The first month would look good and the next month would look bad. Those are matching problems. Multiply the problem by any number of jobs or sales, each at a different stage of payment and expense, and you can see why your income statements don't make sense.

## WHY YOU NEED TO GET MATCHING RIGHT

You have to get matching right because your income statement is a critically important report, not only for your banker and the IRS, but also for you to use to make management decisions ([I wrote a book to show you how to do that](#)).

Matching may sound complicated, but it doesn't have to be first, because your bookkeeper or accountant, not you, should do the matching and second because I have some simple procedures you can follow once per month to get matching right.

If you're suffering from roller coaster profit, talk with your accountant or email me. I will send you detailed instructions showing how to correct matching errors using well-tested techniques that work but don't require a degree in accounting.

If you have any further questions, please don't hesitate to mail me at [Martin@annealbc.com](mailto:Martin@annealbc.com) or visit [www.annealbc.com](http://www.annealbc.com)



## **Martin Holland**

Martin Holland is the son of a successful entrepreneur. He grew up hearing about margins and markets, R&D and sales, risk and return on investment. He learned to love the language and rigors of business and grew to believe that business is both the most human of all endeavors and the highest calling. After selling a company in 2011, Martin became a coach in order to help other owners build profitable businesses that do not require their day-to-day involvement.

A native of Norman, Martin earned a B.A. degree from Hastings College in Hastings, Nebraska and a Masters in Business Administration degree from the University of Oklahoma. Over the past 7 years he has written business plans that have raised over \$52.4 million in bank and investor financing. He has helped 157 (and counting) business owners reduce stress and increase performance through clarity of purpose, better marriages, more money, and more free time away from the business.