What the Business Actually Made

Revenue is a rumor. Profit is the number.

Ask a small business owner how the business is doing and you'll usually hear the money that came in. It's the biggest number, the busiest number, and almost never the true one. A cleaning business in this example took in **$6,240** across three months — that's the money that came IN. What it **kept** is **$4,920**, and that is a different number, arrived at by one subtraction most busy owners never sit down and do.

The method is two logs and a subtraction. Money in gets one log. Money out gets its own log. Profit is what's left when the second is taken from the first — and everything else, including the tax set-aside, is built on that kept number, not the rumor.

The example — Bright Spark Cleaning, three months

Money in — one log, eleven payments. The Alvarez home at $650, the office suites at $700 and $750, deep cleans, move-outs — every payment a line in the income log. By month: **January $1,850 · February $2,040 · March $2,350 — $6,240 in all.**

Money out — its own log. Supplies, fuel, marketing flyers, social ads, the phone, insurance, equipment. By month: **January $410 · February $455 · March $455 — $1,320 out in all.**

The one subtraction that matters:

> **January** — in $1,850, out $410, kept $1,440
>
> **February** — in $2,040, out $455, kept $1,585
>
> **March** — in $2,350, out $455, kept $1,895

$6,240 - $1,320 = $4,920 kept. And the margin in one line: **78.8¢ of every dollar stayed** — the rest was the cost of earning it.

The tax slice comes off the profit, not off the top. The example sets aside **25% of the $4,920 — $1,230** — put away as it goes, not hunted for in April. Twenty-five percent of the kept number is a far smaller, far truer figure than twenty-five percent of everything that came in, and it's the kept number the tax is actually figured on.

The steps

- **One log for money in.** Every payment, dated, as it lands. Not the bank balance, not a feeling — a list.
- **One log for money out.** Every cost of doing business, in its own list. Supplies and fuel are not the business "doing badly"; they're the price of the income, and they belong on paper.

- **Do the one subtraction.** In minus out is kept. Monthly, so a leaking month shows up while it's still one month.
- **Read the margin.** Kept divided by in, in one line: how many cents of each dollar the business actually holds onto. It's the fastest health check a small business has.
- **Take the tax slice off the profit.** A set percentage of the kept number, set aside as the profit happens — so April is a payment, not an ambush.

The honest part

Two cautions, plainly. First: $6,240 in sounds like "the business made $6,240," and it did not — it kept $4,920, and plans made on the bigger number (new equipment, a hire, a slow month taken easy) are plans made on money that was never the business's to spend. Second: this example covers **three months**, January through March — the tracker's other months are still empty. Three good months are three good months. They are not a year, and the discipline is to keep logging until the slow months have had their say too.

The free way

Two notebook pages run the whole method: an income page and an expense page, one line per payment or cost, totalled at each month's end, with the one subtraction done in the open — in, out, kept. A hand-kept log teaches exactly the same lesson; what the spreadsheet adds is only the adding, the month-by-month breakdown, and a dashboard that holds the margin and the tax slice where you can see them.

If you'd rather have the adding done for you, the Small Business Profit Tracker Spreadsheet is in our shop.