

Tiny Course Empire Podcast Episode 75: Simple Tips to Smooth the Self-Employment Income Roller Coaster

*PLEASE NOTE: This is a machine transcription. Some punctuation and spelling weirdness are to be expected.*

I started my online business, well, the first version of it anyway, during the recession that followed the 2008 financial crisis. I was working for a company that was kind of barely hanging on, and every day I worried that I was going to lose my job. My husband and I were living. Literally paycheck to paycheck.

We'd get paid on the first of the month and that money went to pay the mortgage payment and paid a couple of small bills, and then we'd get paid again on the 15th and that would make the car payment and a couple of other small bills and some groceries. It got so bad that I started looking for a second job, and that's when I discovered that there were people making real money online.

So I started an online business. I started out as a writer. I was writing articles and blog posts and sales pages for other online business owners, and I did that for a year or so, and that little bit of extra money coming in every month gave us some much needed breathing room, and it eventually led to me quitting my day job and working for myself full-time.

What I didn't realize when I made that leap to full-time self-employment though, is how unstable your income can be when you work for yourself. And now with inflation continuing to rise as we've seen it doing for the past year or so, and housing costs continuing to go up. A lot of small business owners are really feeling the pinch.

It seems like every week I hear from someone who tells me that their sales are down, that their expenses are up, and maybe for the first time in a long time, they really feel like they're struggling. This is episode 75 of the Tiny Course Empire Podcast, and today I want to talk to you about some ways that you can smooth out those income ups and downs, whether it's the economy that's causing it, or you had a client cancel their contract or your courses just aren't selling like they used to.

**EVERYTHING YOU NEED TO START, GROW, AND SCALE YOUR ONLINE BUSINESS**

**50+ COURSES**

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**START YOUR \$7 TRIAL**

Hey, it's Cindy. Thanks for spending a few minutes of your day with me today. You'll find the show notes and recommended resources for this episode [tinycourseempire.com/75](https://tinycourseempire.com/75). If you know someone who could use some advice about keeping your small business cash flowing while your expenses feel like they continue to grow, then I would appreciate it if you would send them that link.

Again, it's [tinycourseempire.com/75](https://tinycourseempire.com/75). Let's dig into my first point, which really isn't about keeping your money flowing, but it's more about being prepared, and I want to talk to you for just a minute about. Taxes. I should probably remind you here that I am not an accountant and I am not an attorney.

I'm just a small business owner like yourself, and I've learned a few things about how small businesses pay taxes, thanks to some smart accountants and attorneys that I've worked with. Now it's important to cover this topic here first because a really common mistake I see, especially among freelancers and new business owners is that they forget to save for their taxes, and I get it.

This is so easy to do, especially if you're used to being employed. It was a mistake that I very nearly made myself and had it not been for my husband. I probably would've found myself in a lot of trouble at the end of my first full year online. See,

when you have a job, your employer takes your taxes out of your paycheck and sends them to the government for you.

At least that's how it works here in the US and in Canada. I assume there are similar systems in other countries, but when you're a freelancer, you bill your clients and all that money comes into your account minus any payment processing fees. Of course. Then you are responsible for figuring out how much of that has to be paid to the I R S or the C R A or whatever branch of government in your country handles income tax.

Now, it seems pretty simple when you say it that way. You just set aside a portion of your money to pay taxes, right? But how much, what percentage of your income goes to taxes and, and where do you put it? What do you do with it? What I want you to do is talk to an accountant. They'll help you figure out how much you need to put aside, but here in the US the number that you'll most often hear is 25 to 30%.

That means for every \$1,000 you earn, you need to take 250 to \$300. Of that money and save it to pay your taxes. And that's because the last thing you want is for your business to create more stress in your life, for it to create more bills that you would then have to deal with. So creating a system to manage your tax responsibilities is really important.

Facing a big tax bill that you can't pay is a really good way to turn even a good economic season into a terrible one for you personally. So please make sure that you have a plan for paying your taxes, for saving that money so that you don't get caught short at the end of the year. Now, if you've been in business a while, you might be thinking, come on Cindy, I've got this dialed in already.

But when your expenses are creeping up and your income is dropping, you might be tempted to borrow from that account that you've earmarked for your taxes. Don't do it. Resist the urge. Do not fall into the trap of thinking that you'll catch up later. Believe me, it is much, much easier and less painful to pay the IRS first.

Don't think that you are going to catch up before the end of the year because something always comes up, right? Something always happens that makes that not possible, so don't put yourself in that situation. Another thing that every small business owner needs. Well, every adult person really, but especially small business owners who don't have the luxury of regular paychecks that just land in their checking account every week, is an emergency fund.

This was the very first thing that we did before going full-time online, and that was to create that emergency savings account. All of the money that I was making on

the side, writing articles and sales pages got funneled into that fund because I really wanted a cushion. Just in case, just in case I needed to buy a new computer just in case a client left and took a chunk of my income with them just in case the car broke down and we had to come up with hundreds or thousands of dollars quickly to fix it.

And yes, all of those things and more did happen to us, but having that emergency fund in place really helped. Now if you Google Emergency Fund, you're going to find advice that says that you need three to six months worth of living expenses. That's a really good start, but I believe that for small business owners, more is better.

We built up our emergency fund to about 10 months worth of living expenses before I quit my job. Now in the beginning, if you're living paycheck to paycheck like we were, it can be really hard to build that fund up. That's why we put all of my freelancing money aside while I still had a job that was paying all the bills.

Having that emergency savings made the switch from employee to business owner much easier and much less stressful. And I'll tell you now that we're 12 years into full-time self-employment, we still have an emergency fund and it helps to smooth out the income ups and downs that inevitably happen. If you don't have an emergency fund, start one today.

Even if you can only put \$50 a month into it or even less than that, do it anyway. Having that little bit of cushion can really help to smooth out those slow months when they happen. And here's something else to remember. If you do have to use your emergency savings for a new computer or new tires on your car, your very next priority needs to be to rebuild that fund again.

Even if you have to do it \$5 at a time, you will never regret having that cushion of savings that you can draw from if you need it. The third thing that you want to do when the economy takes a tumble is to review your expenses. Now, this isn't about cutting out every unnecessary expense, but it is about prioritizing what you choose to spend your money on.

At the beginning of the pandemic and facing the possibility of weeks or maybe months or heck, even years of barely leaving the house, my husband and I decided that we would sign up for Netflix. We're not really big television watchers. We don't have cable television to the house, but we figured and kind of rightly so, that we'd be bored and that we'd want something to do besides stare at the walls all day.

So we signed up for a Netflix account. I think it was like \$13 a month or something like that. And for a while I binge watched a lot of television and movies for the first few months, but a couple of years later, I thought, you know, I haven't watched a movie in a few months. It turned out Netflix was no longer a priority to me, but getting outta the house and getting some exercise was, so I started paying \$70 a month to go to yoga class instead, and that's totally worth it to me.

That's what I'm talking about when I recommend reviewing your expenses on a regular basis. I'm not saying you shouldn't spend money on Netflix or you shouldn't go to yoga class or whatever. But you do want to be intentional about it. You do want to make sure that what you're paying for is actually a priority for you.

Here's the thing, it's really easy to look at your bills every month and say, well, you know, Netflix is only \$13. That's nothing, and I might want to watch something, so I'll just keep it. But if you're paying \$13 for a Netflix account you don't use and \$70 for a yoga membership and you never go to class and \$6 a day for a latte that you don't even really like, that stuff adds up. Over a month, you might be looking at more than \$250 in charges that you don't intend to spend.

Now. Again, if you enjoy that latte, then by all means keep drinking it. I'm not saying that you should deprive yourself of every little thing so long as you know what you're spending and that you are actively consenting to it. A study by the C N R Research group in 2022 found that Americans spend on average \$219 on subscription services each and every month.

And you might think that's not too bad, right? It's 200 bucks, whatever. It's not terrible until you get to the second part of that study. While we're spending on average \$219 every month, we think we're only spending \$86. So there's what? A hundred and. \$130 that we don't even realize that we're spending on average.

In other words, you might just be spending money you are not even aware of and that you don't intend to spend. So here's what you can do about that. Log into your credit card or your online banking account and pull up last month's statement. Go through it line by line, and for every recurring or frequent charge, ask yourself, am I using this?

Does it have value for me and is it necessary to keep it? If you can't answer yes to those questions, then cancel that subscription or stop buying, whatever that thing is. Put that money somewhere that it's going to be more useful to you, maybe in your emergency fund, or maybe you invested in a new training you can leverage to increase your income.

## Tiny Course Empire Podcast Episode 75: Simple Tips to Smooth the Self-Employment Income Roller Coaster

Or maybe you just invest it full stop as long as you are intentional about it and aware of where your money is going. That's what really matters. Okay, so we've talked about keeping up on your taxes and saving for a rainy day and cutting your expenses. Those are all good steps to take, whether the economy is sketchy or not, all of those things will save you money in one way or another.

You won't have to pay fines to the government if you keep up with your taxes. You won't have to pay to borrow money if your car breaks down or your roof springs a leak, and you might just save a couple hundred bucks a month by cutting out subscriptions that you're not using. But what about earning more?

Because as my ex-husband used to say, there are two ways to smooth out your finances. Either you can spend less or you can earn more. There are no other options here. So let's talk about some ways that you can earn more. The first thing that I want to encourage you to do is to create passive income streams, and they don't have to be great big streams of income.

They don't have to bring in thousands and thousands of dollars every month. I think that's what we all think about. That's our goal ultimately, is to create income streams that bring in hundreds or thousands of dollars every month, but little income streams add up as well. Just like those small expenses add up to big money, small income streams add up to significant money too, but in the other direction.

Instead of going out of your pocket, going out of your wallet, going out of your business, you'll find that you have more money coming in than you thought you did, and that's a really good problem to have. I have another episode about this that I'm going to link to in the show notes. It's called Three Ways to Earn Passive Income in Your Business, but here's some ideas that you can use to get started.

First of all, create a welcome sequence for your lead magnets that doesn't just nurture your new subscribers. You all know how I feel about nurture sequences, but that. Actually sells them something. If you're listening to this episode in real time, I do have a live workshop coming up for [Six Figure Systems](#) members.

That's all about welcome sequences that sell. We're going to be talking about how to offer your new subscriber the exact next thing they need, and how to do it without being pushy or spammy and while still being of service to your new subscribers. The only way to get that workshop is to become a member of [Six Figure Systems](#), and I would love to see you on that call.

Tiny Course Empire Podcast Episode 75: Simple Tips to Smooth the Self-Employment Income Roller Coaster

All you have to do is go to [tinycourseempire.com/join](https://tinycourseempire.com/join), and you can come aboard for just \$7 for your first seven days. That gives you access to the entire course library, all of the live Q and A calls, a live workshop each and every month, including the one that is coming up and around the middle of June.

And again, that's [tinycourseempire.com/join](https://tinycourseempire.com/join). Another passive income idea is to create a resources page for your website visitors. This is going to link to the tools that you use, the courses that you recommend, the software that you use, or the materials that you recommend to your customers, to your clients.

Put all of those links on a resources page with your affiliate links. You don't have to limit this to your resources page either, though. You can put affiliate links on your blog. You can put them in your about page, you can put them in your lead magnets wherever you have an audience who follows you and who looks to you for recommendations.

Share those affiliate links, those commissions add up even if they seem tiny. You can also cross promote your own products passively. For example, when a customer reaches the end of one course, give them the next step to take with a link to another course or another product that you sell. You can do this in your course platform or you can do it in an email onboarding sequence, or both.

Of course, you can do both. And yes, you can absolutely do this with things like printables planners and other digital products. Get these cross promotions set up from the start and you'll begin to see sales come in here and there, even though you're not promoting anything actively. And that is what passive income is all about.

And as your audience grows, Those little income streams will grow and all of a sudden you are making significant money from things that you set up months or years ago. Now passive income is fabulous. I love to see those sales come in and you will too. But if your sales are down, or if you have an unexpected bill show up, or if groceries are suddenly twice as much as they used to be, then being able to create cash on demand is going to make you.

A lot less stressed over those changes. I've told the story before about my dad and how worried he was when I quit my job to come online full-time. My dad was of an older generation and he worked for the same company for more than 40 years. That's just how it was done when he was growing up. That's what made him feel secure.

He knew he would always have that paycheck at the end of the week. He wasn't getting rich. But he was comfortable knowing that he had a predictable income, knowing that he could always make his car payment, he could always make his house payment. He would never worry that he wasn't going to have money because he had that predictable income.

And something I didn't realize until a few years into running my own business is that while that paycheck might be a sure thing, and really that's actually only if the company that you work for doesn't fold or doesn't lay off half its workforce, so your paycheck might feel secure. It felt secure to my dad, but the only real security is your ability to create cash when you need it.

As small business owners who learn to market ourselves, that's where we excel, and nothing is more secure than being able to do that. Here's what I mean by creating cash on demand. It's having the option to email your list with an offer and earn a few thousand dollars over a weekend. It's having the option to email past clients with a crazy good project offer and land a new project or two overnight.

It's having the option to sell an asset like a website or a course that you created, or even your time for a quick influx of cash, right when you need it. If you are feeling the pinch right now, ask yourself, what do I have to sell and who can I make that offer to? Maybe you have a course or a product that you created, and you can email your list or post in your Facebook group or make an Instagram reel promoting it.

Maybe you have time to spare and some writing skills, and you can reach out to business owners, you know, who might need a sales page or a few blog posts written. Maybe you have a skill that you can teach, and even if you don't have time to create a course about it, you could host a low-cost workshop, promote that workshop to your mailing list or on social media.

Or ask your friends to share it with their lists. There are lots of ways to create cash when you need it, but just like everything else, this is a skill that you have to cultivate and it helps honestly, if you've done some of the foundational work first, it's a lot easier to launch and sell a live workshop if you have a mailing list to sell it to.

The same is true for the passive income streams that we just talked about. The more new subscribers you have to your mailing list, the more sales you're going to make in that welcome sequence. So that brings us to my final point, which is to always be sowing seeds for the future. If you're not careful, it's really easy to find yourself on a money-making hamster wheel.



## Tiny Course Empire Podcast Episode 75: Simple Tips to Smooth the Self-Employment Income Roller Coaster

And this is especially true for freelancers. It happened to me, but it can happen to course creators as well. Hamster wheel is that cycle where you have to keep running or the money just dries up. If you're not working, you're not making money. If you're not creating a new course, you're not making money.

And worst of all, if a client decides to leave, you don't have a ready replacement. That's the kind of thing that happens when you aren't prioritizing what my friend Angela calls later money tasks. So now money is the cash on demand plan. We just talked about that. But later, money is planting seeds that will bloom in the future.

It's things like writing a blog post, building a new funnel, working on that course that you're creating, updating your resources page. None of that will put money in your hands next week, but those seeds will produce fruit down the road and it will put money in your pocket eventually. Or to put it another way, now money is the urgent projects later.

Money is important. Stephen Covey, in his book, the Seven Habits of Highly Effective People, talks about doing the important work even when the urgent things are pulling at your attention, even though they don't have clear deadlines. It's these important tasks. It's these important projects that create your success down the road.

It's also the most important tasks that are the easiest ones to put off until later because it doesn't feel important to get that blog post written or to create a new lead magnet or even to create a new course, not when you already have a full client roster or you're focused on creating cash to pay the bills today.

But you have to make time for the important things because by the time that you realize your income is taking a dip, that the economy has had an impact on your business, it's too late to go back and create that foundation. You have to have these pieces in place before you need them. That's the only way to keep your cash flow smooth when the rest of the world is riding the income rollercoaster.

I recommend spending at least a couple of hours every week on these tasks. Whether it's emailing your list, promoting your lead magnets, writing a blog post, or recording a podcast. Ask yourself if you've been letting things like these tasks slip in your business in favor of the more urgent projects. I know when I was freelancing, it was hard to get inspired about writing blog posts or.

Keeping up with the newsletter after I'd already spent all day working on client projects. Even now, it can be difficult to prioritize those important tasks, but I know

that this kind of project is exactly what's going to keep the business growing, so I make it a point to do these things every single day.

Look, I know it's been a really tough year or 18 months for a lot of small business owners. I've been hearing from a lot of you, like I said, who are seeing slower sales or having to make hard choices about whether or not to hire a new team member or even downsize on services. Does that mean it's all doom and gloom, though?

No. In fact, next week I'm going to bring you some ways that you can pivot and improve your business if you're in a slump. So you're not going to want to miss that one, but for now, Here's what you can do to mitigate the effects the economy might be having on your business. These are your action items for today.

Number one, if you don't have a system in place for managing your taxes, do that first. Talk to an accountant if you need help, but get that in place so you don't end up in trouble with the I R S or the C R A or your country's version of the income tax people. Next, start an emergency fund if you don't already have one, even if it's just a few dollars a week, you will be thankful that you have it when you need it.

Then review your expenses. Know what you're spending money on, and do it with intention. Don't just pay the credit card bill without thinking about it. Really understand where your money is going, and make the intentional decision to spend it or not. Next, you can create passive income streams, make use of those auto-responders, your website and even your existing courses to bring in more sales of your products and affiliate offers.

You can learn to create cash on demand. Start thinking about how you could raise \$500 today if you absolutely needed it. What would you sell? Who would you sell it to? Keeping those ideas in your back pocket can really help you out when you need some quick cash. And so seeds for the future, don't neglect your blog or your podcast or your email list.

Those are the assets you'll use down the road to build passive income and to create cash on demand. But you can't do any of that if you don't prioritize them today. Spend at least a couple of hours every single week on those later money tasks because they really are the most important thing you could be doing.

Now I want to hear from you. Has inflation and a shifting economy had an impact on your business? How are you handling it? What are you doing to keep the cash flowing? What are you doing to make more sales? Or maybe your income has grown because of the economy. Some businesses do really, really well in a down economy.

I'd love to hear about that as well. Hop over to [tinycourseempire.com/75](https://tinycourseempire.com/75) and share with me in the comments I'd really love to hear from you. While you're there, be sure to hit the subscribe button so you don't miss any episodes. The magic of the RSS feeds will drop each new show right into your podcast app of choice every Thursday morning.

And if you're enjoying the show, I'd appreciate a rating and review wherever you're listening. That helps others to find us. So thank you to all who have left a review for me. I really appreciate it. That's it for me today. Have a terrific day, everyone, and I will talk to you all again next week.

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Tiny Course Empire Podcast Episode 75: Simple Tips to Smooth the Self-Employment Income  
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