

Episode 64

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tax season preparation, small business accounting, JB and Company, entity selection, public accounting, bookkeeping, QuickBooks, tax planning, value-added accounting, internal controls, fraud detection, financial trends analysis, credit card processing fees, business credit cards, cash flow management

SPEAKERS

Jason Duff, Jacob Badenhop, Ethan DeLeon

J

Jacob Badenhop 00:00

Yeah, I mean, right now the big push in accounting, you know, kind of sidestepping that, is value added. What does my accountant bring to the table, right? Gone are the days, or should be gone are the days, where your accountants just putting numbers in boxes.

E

Ethan DeLeon 00:14

Welcome to the Small Nation Podcast brought to you by Coverlink Insurance, where people are more important than policies. On this show, we unpack lessons from entrepreneurs to break down development strategies and do deep dives on small town success. Our goal is to provide value to our listeners by hosting conversations that teach, inform, and inspire. Hey everyone, my name is Ethan DeLeon and I'm here in the studio with the founder and CEO of Small Nation, Jason Duff. Today we are excited to have a trusted advisor of the Small Nation team owner, JB and Company, Jacob Badenhop, on the show.

J

Jacob Badenhop 00:49

Hey, thanks for having me. Hi, Jacob. How we doing?

J

Jason Duff 00:52

It's great to have you in the studio. Thank you, Jacob. Is one of the people that I have on my kind of top 10 calling list. He's like my 911 call to say, Jacob, I have this numbers accounting business question. What do I do? Fix all my problems. What I admire about him, if it's sending an email or jumping on a call, his accessibility and being available. And I think as a small business owner, having advisors like that, when you really do have a problem, that they'll pick up the phone or they'll shoot you an email back to give you an answer. Is a really important person to find. So thank you for being that for me.

J

Jacob Badenhop 01:28

Appreciate it. Yes. Thanks for the call out and shout out for it.

J

Jason Duff 01:31

Yeah. Well, you like numbers.

J

Jacob Badenhop 01:33

I do. I'm a little nerdy in the number world. I do like it.

J

Jason Duff 01:37

Can you tell us, have you always liked numbers since growing up?

J

Jacob Badenhop 01:40

Let's see, when I was a kid, I dreamt I was going to be an architect. And believe it or not, I hate math. I always like to point that out. I'm an accountant who hates math. But accounting is not math, it's numbers. Numbers and math are very different. And that was, I think, mid-high school when I realized I really liked numbers and statistics. And how things kind of tie out together. And, you know, I started taking some accounting and kind of fell in love with it from there, and it's just kind of blossomed ever since.

J

Jason Duff 02:04

Wow.

J

Jacob Badenhop 02:04

Did you grow up in this area then, or were you originally from Archbold, which is in the far northwest corner of Ohio, right on the Indiana-Michigan line? So, and then I married into the central Ohio area.

J

Jason Duff 02:15

I see. So, and by the way, you chose well because your wife is also involved in your similar industry and practice.

J

Jacob Badenhop 02:23

Yes, my wife is a corporate accountant, and that's— so we met in accounting school, and, uh, yeah, she Yes, we have riveting conversations nightly about accounting. I bet. That's awesome. Yeah.

J

Jason Duff 02:35

So where did you go to college and then what was maybe your first job out of college?

J

Jacob Badenhop 02:40

Yeah, so I am a Capital Crusader or whatever they've changed their name to now, United or something of the variety, but in Bexley, Ohio, down in Columbus. I spent my undergrad years in the big city of Columbus. All right. First job kind of after that, I went into medical practice accounting. That was actually where I started, I guess, my career. Then ended up in a firm in the Columbus-Marysville area. Nice. And that kind of blossomed from there.

J

Jason Duff 03:06

So you kind of started off internal, like within a company?

J

Jacob Badenhop 03:09

Believe it or not, no. It was an outside practice management firm. Really? So kind of similar to what I'm doing now, except it was just very specifically geared towards anesthesiologists, actually.

J

Jason Duff 03:20

Yeah.

J

Jacob Badenhop 03:20

Wow.

J

Jason Duff 03:21

Very specific. Yep. Sweet. Well, I think one of the things we like to do in the show is just kind of give the lay of the land of, you know, the different industries and different parts of business. Um, and previously, I think it was episode 31 or something like that, we had, uh, Jacob Schrader on the show kind of explaining a little bit of some of the fundamentals. But can you maybe explain, you know, the financial, uh, um, landscape in general and then kind of where you're at on that spectrum?

J

Jacob Badenhop 03:50

Uh, as far as the financial landscape, do you mean like what we do, or—

J

Jason Duff 03:55

Yeah, like what's the difference between what you do versus CPA versus like internal accountant?

J

Jacob Badenhop 03:59

So obviously CPA and what we do are the same thing. So we're public accountants, right? So CPA, EA, we all get thrown into the same bucket. We're public accountants. So there's kind of two spectrums in the accounting world. There's the corporate accounting side, which is what my wife does. She works internally for Nucor Steel in Marion, and they take care of the day-to-day operations of the business and report that out to SEC or whomever. We're on the public accounting side. So we tend to handle the smaller businesses that need help, whether it's taxation, payroll, accounting, bookkeeping. You name it. That's kind of the spectrum we fall in. Our firm in particular, we're kind of that bread and butter of we do everything for a small business you can possibly think of. And if there's not a solution that we aren't currently doing, we will find a solution for you, whether that is we will hire somebody or we will develop that solution. So that's kind of where we fall in that spectrum.

J

Jason Duff 04:45

Well, I had to question Google today to really understand what an accountant is. And do you know what the definition of an accountant is according to Google?

J

Jacob Badenhop 04:53

I don't, actually, no.

J

Jason Duff 04:55

Someone who solves a problem that you didn't know you had in a way you don't understand. So I heard that, that definition. And here's the, here's kind of the high level is that being a small business owner, a lot of times you're so focused on working to build your business plan, you're working on finding out what product or service is and you're selling and you're getting clients and money's coming in. And one of the afterthoughts that you kind of pop up later is, What do I do to stay in compliance? Like, you know, and what do I do as I'm earning money? You know, at some point if you're making profit, the government's going to have some questions about that because they're going to get their share of it. And I run into so many people that start and it's like, well, I don't even know how to fill out this form or what entity to start with or to, to, you know, create because there's so many different options. And how many pages are the tax code? Do you happen to know?

J

Jacob Badenhop 05:50

I actually don't know.

J

Jason Duff 05:51

I think it literally could fill this room with paper.

J

Jacob Badenhop 05:53

I mean, I know my master tax guide's about Font 5 and it's at least 6 or 7,000 pages.

J

Jason Duff 06:00

So, oh my God. But here's the point. So for the small business owners that are listening, coming to someone like you, what's your advice and then how do you help them?

J**Jacob Badenhop** 06:08

Yeah, I mean, the first thing, if you came in and said, hey Ethan, I'm starting a new business, you know, come in and talk to me. And the first thing we're going to talk about is your entity selection because your entity selection can start you off on the right or wrong foot right out of the gate. You know, you, everybody watches TikTok, they're going to tell you how to pay zero taxes. Well, it's not how it works in the real world. There is some taxes that get paid, but some of that starts with your entity selection. And that's the very first thing we start with. Whether you become an LLC, we work with your attorney to determine, okay, what's your legal liability need to be? Then we look at what's the taxation liability need to be? How fast are you growing? Are you looking at losses your first couple of years? Are you looking at income for the first couple of years? That determines on how we set up your entity. Maybe you're a sole proprietor, maybe you're a partnership, maybe you're an S corp potentially. We generally stay away from C-corps in this day and age. Now, that could change. Tax code's changing, so that could change. But, you know, that's kind of how we start. That's the very first lay of the land before we even really get into looking at your numbers and talking about things. Yeah.

J**Jason Duff** 07:05

Even though that's all on the legal side, like we've talked about before, it still has an effect on—

J**Jacob Badenhop** 07:09

Yeah, the legal, legal and accounting teams always have to work hand in hand. And your insurance advisor, actually, that's the other one that has to work hand in hand because everything we're doing, we kind of look at ourselves as we're the We're the hub and the spokes come off of us and we try to keep it all together. Gotcha. And so that's how we find ourselves advising our clients a lot of times.

J**Jason Duff** 07:26

Yeah. So I'm curious, the majority, like the, the majority of your clients, I guess, would they be coming in after their first year of business kind of freaking out, preparing for taxes, or what stage do you typically start working with?

J**Jacob Badenhop** 07:39

It's all over the place. Yeah. I was telling Brianna, my office, and I just got finished talking about it. She's like, I feel like the last 15 people have walked in the door have been the, oh crap, Yeah, I've made a lot of money mentality. This time of year, that seems to be what we get. Now, in the summer, entrepreneurs— because we can kind of see our cyclical time— for summer, entrepreneurs tend to be ones that have thought it out a little bit more. If they're thinking about starting a business, they roll in, we talk about it, we talk about what it looks like, things like that. Especially those who are buying businesses, because right now we're having a lot of business transactions because older people are finally selling their businesses to some of the younger folks. And that's a lot of our conversation now too.

J

Jason Duff 08:15

Yeah, super cool. And then a lot of that is that just you getting them set up with some way to manage it themselves, or do you guys like, you know, QuickBooks is a super popular tool out there. Is it, you know, getting them set up with that or a bookkeeper or something like that and then eventually coming back to you?

J

Jacob Badenhop 08:31

It's all over the place. So we always look at ourselves kind of your first stop. We'll either— we'll advise on what we think the best option is because there's some folks I can teach you accounting. Give me 8 hours on a Saturday morning and I'll have you set up and going. And I know you've got the ability to keep it going until it gets to a certain size. There's others we come in and we say, hey, let's set you up on bookkeeping. We've got internal bookkeepers here that we outsource. We also do a lot of outsourced accounting for folks that just outsource their entire back office. And so we gear it towards whatever somebody is looking for and what we think their ability is. Because there are some people that come in and say, I don't know anything about accounting, Jake, just take it. Take it. Tell me what it's going to cost at the end of the year. That's the kind of mentality some folks have. But for the most part, we like to teach you. I want you to learn what I'm showing you. Yeah. Because there is so much in your data that helps you run your business.

J

Jason Duff 09:17

Yeah. And I think that's some of what we talked about before. What do you think for that person that's coming in that's brand spanking new? You mentioned the entity creation. Yeah. And then they're starting to collect receipts and income and they need to— they've got a checkbook and they're starting to put expenses out. Like, at what point does it make sense that you, you know, take a step to get an accounting software or system?

J

Jacob Badenhop 09:40

So we look at 25 transactions a month is where I tell people to start thinking about it. And, you know, An Excel sheet goes a long way, and that's the first thing. When you are first starting out, open that Excel sheet, just start writing it down in your Excel sheet. There's no need for writing it down on paper. At about 25 transactions a month is when we say, let's get you into QuickBooks. Let's get you thinking about booking your transactions, generating reports, what is reconciling your bank account, things like that. Now, uh, sometimes that changes, depends if you're invoicing things like that, depends the nature of your business. We might have you start sooner, but Generally, that's when we start to look at it.

J

Jason Duff 10:15

This is kind of actually more of a personal question, but you mentioned you have, you know, outsourced bookkeepers that, you know, within your organization. But like for other listeners outside of like just your organization, where would you point people to find someone to help them keep their books straight?

J**Jacob Badenhop** 10:31

You know, start with your local accounting firms. You know, we're— we all have bookkeepers at most of the firms. And the outsourced accounting piece is becoming such a It's kind of like fractional plane sharing, right? It's the NetJets mentality of bookkeeping. We're all doing it now where we might hire a bookkeeper that might handle 7 or 8 clients a month, and that's what their job is. You're kind of fractionalizing the accounting piece and the bookkeeping. So start with your local accounting firm. If you have not started there, you know, there are some outside firms that go international. But, you know, even QuickBooks has the fractional bookkeeping piece that's out there. But always start with your local account because you would be shocked that some of these smaller firms that have this ability that I think a lot of people overshadow. Yeah, you know, I can, I can name you the 6 of us here in Bellefontaine in particular. We all have some variety of bookkeeping service we actually offer. Yeah.

J**Jason Duff** 11:19

And I think that's really important because your time is your money and it's figuring out what you're naturally really good at. And I admire like, I think the goal is to become better educated about accounting, but you may wake up and realize, I don't enjoy doing it or I'm not very good at doing these things. So, you know, assessing how much time you're spending on those activities and if you can find a trusted partner And I think that's where I really appreciate Jacob and his team is, you know, we live in the everyday of our business, but to have another set of eyes looking over what we're doing and advising us on that is really important. Can you maybe speak in, in when you have worked with small business clients, when you start out with a very small company and that company ends up growing, you know, there's usually activities like hiring employees. And then spreading the trust. And it could be the trust could be who's signing checks, who's taking money to the bank, just things that you have seen and then also how you advise and support as those businesses grow.

J**Jacob Badenhop** 12:26

Yeah, you know, a little bit where we come in, there are folks that we write checks for and take things to the bank because their staff is either not qualified or not capable or period, just doesn't have time. But we do come in from time to time and we set up the internal controls for companies because that is a hot thing right now on Who should have access, who shouldn't have access, especially some of these businesses now. It's not uncommon to have a million-dollar business, small business anymore. It's pretty common. You know, it's gaining the trust of the employees. I know you and I have had the conversations as you've hired team members and things like that over the years. You know, it's just finding the ones that you can trust and having somebody outside vet them as well. If you have a trusted accountant, financial advisor, insurance, lawyer, whomever, have them vet that person for you, especially if they're going to be handling your check writing or handling your bank depositing or things like that. Like that, just so you can get a comfortability level. And then I always tell every small business owner, don't be afraid to open the bank statement. I know you don't want to look at it, but don't be afraid to look at it when you're trusting somebody else doing it, because you just never know. And it's not necessarily that it's malicious. Sometimes it's just people forget. Yeah. And, and, you know, so always, always keep that piece in mind.

J**Jason Duff** 13:34

Well, and I want to share a personal experience, um, you know, that I have had in the company. And I, I haven't been very public about this. In fact, this is probably the first time that I've actually shared it, but like You know, we hired— we had a very trusted employee in a position helping collect rents and manage our self-storage business. And with our self-storage business, we rent storage units. People pay rent every month. Most of those transactions come in by credit card, but we do have some checks and some cash. And after the person had been in that position for nearly 15 years, retired, We end up hiring someone new and someone that on the surface, uh, looked really good, had a great resume and was in that role for about 2 months. And it was the same time that we were going through changing our software. And when we were changing that software and moving from one accounting software package to another, and, uh, as I, uh, I was working with our team, looking through some of the numbers, I found a discrepancy. And for the longest time I just assumed, oh, it's probably the software, it's a glitch. Like, and even the staff member that I was working with, like, shaking her head and saying, yeah, like, I don't know, you know, it's only— luckily it was just a couple hundred dollars. Well, we let that go a few more months and then that number, that gap ended up being several thousand dollars. And what Jacob just shared about looking at the bank statements, and this is coming from a non-accounting I appreciate business, but I'm kind of a non-accounting person. But in the bank statement, there is a reconciliation that you can do at the end of the month called your bank reconciliation, where you're looking at what your books say and then what the bank says, and you want those two things to match. And I'm saying this like my non-accounting brain. And we did that activity, and it was very clear that as I was going through what the accounting software in the book said and what the bank said was off. And what we ended up finding is there was a pretty clear trail that the cash that was coming in was posted to the software, but it never made it to the bank. No. And the same person that was collecting the cash was the only person that was in charge to get the money to the bank. And can I tell you the feelings that I went through after I discovered this? I didn't believe it. Yeah, I was like, this person on the surface was so kind and so nice, and I kept trying to find a way. There has to be a mistake. It's stuck in a desk drawer or it's— but the problem is, and this is the power of accounting and patterns, it was really clear this wasn't just like one transaction. It was like 8 transactions.

J**Jacob Badenhop** 16:20

Yeah. Yeah.

J**Jason Duff** 16:21

Have you— do you see those situations much with your clients?

J**Jacob Badenhop** 16:24

We do. Believe it or not, it's more of a common— we have a joint friend of ours that we've had an issue with here recently that we found some issues in. You know, we probably find half a dozen a year, you know, and I always warn my clients, I can't find fraud. Yeah, but if something's there, we'll do the deep dive and see what comes out of it. But probably about half a dozen a year. And it's the— you have to have a lot of trust in the accounting profession. You know, you've got to know that person that's sitting across the table from you or that you're trusting., with your, with your financial fiduciary duties. I mean, it's, it's a big risk.

J**Jason Duff** 17:01

Well, I think it's a reminder when you look at, um, there's a difference between being cheap and, you know, working to get and strike a fair deal. And there has been points in my life where I have been cheap in the side of things that I don't want to pay for an outside audit, or I don't want to pay, you know, for a lot of consulting time. But I've recognized that it's okay to find someone that will look in and double-check your homework because particularly we're just around that right now talking about book accounting. We're talking about bookkeeping. We're not even really got into the point of discussing tax. Right. And I do think that's a big shift where the value of advice and the value of bringing in a team that have experience to understand tax is really another big way with your accounting firm to get a lot of value.

J**Jacob Badenhop** 17:56

Yeah. Yep. Yeah, I mean, right now the big push in accounting, you know, kind of sidestepping that, is value added. What does my accountant bring to the table, right? Gone are the days, or should be gone are the days, where your accountant's just putting numbers in boxes. That's oftentimes, sometimes I joke with people and say, you know, my tax job is sometimes just putting numbers in boxes, but gone are those days. And if you're still having an accountant who's doing that, I think Kevin O'Leary said this publicly here recently, recently, actually, again, on Shark Tank. You know, if you're having an accountant that's just solely doing your taxes, you're not doing enough. Wow. You need to go beyond that. It's the value of more. There's a lot more that accountants can do for you besides just taxation, and especially whether that's tax planning, that's the consulting, that's the accounting. There's a lot more that can be had, and you'd be shocked at how much that doesn't actually cost you because of the amount of money we end up saving you, whether it's your time, or improving procedures in your business or saving on the taxation side. Yeah.

J**Jason Duff** 18:52

Can we unpack that? So let's talk about the annual calendar for an entrepreneur, for a small business owner. Yeah. What in the planning pieces, like what does that look like of when those touch bases should be and the kind of conversations that you're having?

 J

Jacob Badenhop 19:07

It really depends somewhat on your business first and foremost. You know, there are some businesses that should be touchpointing every single month with their minimum. You know, those are those that have a lot of transactions, employees, their businesses up and down, you know, as far as revenues go throughout the year. And they have a lot of— a lot going on in the business. Those, you know, \$3, \$4, \$5 million businesses, that's a monthly touch. Everybody else at minimum should be talking to their accountant at least quarterly if they can, or at least 3 times a year. Sometimes that first quarter doesn't happen because your first quarter is kind of a question mark in the year. It's usually a slower point. But at minimum, as a small business owner, you need to be touching base with your accountant after Thanksgiving. That is the busiest time for the year at JB and Co. is the day after Thanksgiving through the end of the year. Really? Wow. And if you are not touching base with your accountant then talking about taxation, talking about where things sit, just having a general conversation of, you know, hey, I made X amount of money, what can I do with it? Or what should I do with it? Or things I should consider? Because there are elections that can be made in the beginning of the year. It's nice to know. There's things that we can tell you to go out and buy. I mean, sometimes you see people that say I could go out and buy a car. Yeah, you're right. I actually had 5 of those conversations this year. I'm not a big person proponent of just buying to write down, but sometimes there's reasons to, actually. Yeah.

 J

Jason Duff 20:24

So just to share, uh, a personal experience— so when he was saying that some businesses it makes sense to look at things on a monthly basis, is that we try to close off the previous month's business by the 10th of the month as the goal. Sometimes it can happen further. And what that means is like getting all your transactions in your accounting spreadsheet or in your software so you know you know, how you did that month. And then we generate that report. The other thing I love to do is if we've got a year's business or longer, I like to run a report to look at how we did, a trend report over the previous year in that same month. And why is that important to see that data?

J**Jacob Badenhop** 21:02

Well, the beauty of that is we can now see what your numbers are telling us when we have comparative data. So I go back to 20— let's go back to COVID times. We were able to use the trends to determine how things could look when we returned from COVID. You know, I think we have a couple restaurateurs here that we worked with a lot closely because we want to know where are we coming back to, what do we have to look forward to, or what do we have to plan from. Those trends help, uh, and that also helps you look in your business when you have comparative data. Okay, what months do I have to adjust my budget for? Okay, January's down, March is down, things like that. Is that normal? Do I need to freak out? Do I need to adjust? There are things I need to do. That's the beauty of comparatives. It also allows you to answer the question, okay, my revenue's down \$10,000. Why is my revenue down? Well, it's because I lost a client. Let's look at adjusting our advertising, things like that. Or maybe I need to adjust my labor force accordingly because I'm not going to get that back. That's really what your numbers are there for, in my opinion. There is so much you can dive into your numbers and find. Now, I can tell you can get in the weeds. Yeah, in the weeds. You got to know what you're looking for. You got to know what you're, what you're watching. But your numbers tell a story and that those comparative numbers give you the historical story. And now that we're post-COVID, we can look back and say, wow, I'm so happy 2020 is behind us, let's not look at that ever again, right? Um, but those comparatives are nice to have, and it builds trends. And, you know, for different types of businesses, that's good. If you're in the restaurant business, it lets you know, you know, I'm slower this time of year, maybe I need to adjust my thoughts and spending. But also gives you an idea of budgeting and cash flow and and kind of extrapolating that way.

J**Jason Duff** 22:36

A few areas that I pay particular attention to, if you look on this income statement, you're looking at trends, is I want to also understand the expense side of the equation of what we're doing. So, um, the utilities category for someone that's in, uh, like has a brick-and-mortar operating business right now, a lot of the electric costs, the natural gas costs, a lot of our utilities are going up. And because you know, if I don't pay my gas bill, I'm not going to have a business. I need to pay very careful attention to that line. Yeah. The other thing, a lot of consumers, the way they spend money is with credit cards. So I'm always really carefully watching what the costs are for my credit card processing fees because, you know, I imagine the listeners here, how many times are you contacted by a company to say, I have a better deregulated energy rate or I have a better credit card rate? Well, the truth about it is read the fine print. Really do your due diligence because I've been victim of picking a credit card processor that, you know, told me over the phone that I'm going to get a better rate. But then I look at my financials, I'm up, you know, 20% year over year in my expenses. Wow. And that's a real— hits your bottom line.

J**Jacob Badenhop** 23:51

And I'll add something into that, too. Don't be afraid to share your credit card fee expenditure with your other fellow entrepreneurs. In particular, I'm going to call out Toast, for example. They will price match. They are not even across the board on their credit card fees. Wow. Don't be afraid to ask the restaurant down the road what they're getting, things like that. It's not a hidden thing. Yeah. Just to make sure you're getting the big— the best deal, because right now it is the biggest thing. We're seeing a massive shift from cash to credit, which is great because credit's instant cash in the door and cash flow and things like that. But don't be afraid to ask your neighbor.

J**Jason Duff** 24:26

Yeah, I think that's really great advice. And then I'll just talk and unpack this because a lot of small business owners probably care about this. Is I like to kind of occasionally jump on and read on the internet and different blogs of like what— for my business, what credit cards I should have. And so this is the flip side of the equation with merchant services. You know, you pay anywhere from about 1.6%, some of the cheapest that I've seen, to processing could be up as close to 3.5% to 4%, depending on if it's a rewards card or the way the interchange pricing works. So just imagine every time you sell something, 4% of someone uses a particular— what card they use, 4% of that money is an expense to you. Right. Well, here's the other side of the coin to win. And maybe we can talk about this is like, what bills can you pay that when you talk to your vendors that will allow you to pay by credit card? Yeah. How do you help advise customers of, you know, because those quality card types are always evolving and changing?

J**Jacob Badenhop** 25:29

Yeah. You know, for example, for my firm, we've now moved about 90% 90% of our bills are now done on credit card. Wow. Down to software fees. I mean, we spend 6 figures plus on the credit card line. I don't think I've paid for a Southwest flight in 5 years, you know? There's perks to that, obviously. But selecting the card is really important. When you're a first entrepreneur, you're going to get the Cap One cards. It's just what's out there. But you absolutely should get one, because it builds your business credit. Also helps you be really easy at categorizing expenses. Expenses. Honestly, it keeps your expenses in check and it keeps your employees' expenses in check because any credit card company, whether it's Capital One, Chase, American Express, you name it, unless you put employee controls in, which are kind of a, you know, it's a big added perk. You know, I can cap out \$250 or I get a text every time somebody spends over X, Y, and Z. You know, there's some intangible perks there as well. But, you know, it's the rewards are a fun game. You know, we pretty much tell everybody to start getting a Cap One card and then the graduating card is to get the Chase card. Card, because it's one of the better ones out there. And then finally, when you've hit the holy grail, you get yourself the Gold American Express for the business owners, because that's, that's really where you start building a lot of good credit. You are able to accumulate those rewards quickly, and you can use them for different things. I use mine— I joke I use my Southwest card for, for flights, but you know, I use those for gift card rewards for my employees at the end of the year for some of their gifts and, and things like that. We use it to lower some of the operating expenses on different things for the cash back. But, you know, it's, it's a huge, huge tool for all entrepreneurs to have.

J**Jason Duff** 27:02

Yeah, that's super cool. And I think it's important just to put a button on that. Um, you know, we just this year made a change with our Chase cards, um, from the Chase Business Ink Cash to the Chase Business Premier. But here's a caveat, is with some of those card types, um, we moved, I think, from a 1% reward to almost a 2.5% reward with that particular card type, but you have to pay it off every month. And so it's important to analyze like how you use revolving credit because there have been many points in my business where I couldn't pay off the card every month and I needed that flexibility to do that. So you do want to read the fine print on those because those APR and annual interest rates, you know, in this high interest rate environment can be 30-plus percent.

J**Jacob Badenhop** 27:54

Yeah, I mean, we're starting to see some very ugly ones. But, you know, you brought up the revolving piece. You know, there's, there's two, there's two parts to that. If you're a business that oftentimes is a 5 or 15-day trailing revenue capture, for example, a restaurant, you know, a lot of restaurants will buy their goods 5 to 7 days out. So they have a 5 to 7-day revenue capture. It's about 7 days till you get paid. Having the credit card and being able to extend your payment terms and get your cash flow rolling without having to dip into an operating line or line of credit is immensely frugal, honestly, at the end of the day, because you're extending that interest cost that you don't have to carry.

J**Jason Duff** 28:28

So, all right, at this time we're going to take a quick break to hear a word from our sponsors. Come check out 600 Downtown Pizzeria in downtown Bellefontaine, where they cherish the art of making the most authentic, unique, and delicious world-famous and award-winning pizzas. Their team hand spins each pizza the old-fashioned way and only uses the freshest of ingredients.. Come see why they were featured on the Food Network. If you are looking for a dynamic workspace in the heart of Bellefontaine, look no further. Build Coworking Space is your destination for creativity and collaboration. With state-of-the-art facilities in a thriving community, this is where innovation happens. Join them today for as low as \$99 a month and build your success at Build Coworking Space. Bottom line is cash is king. And in this environment, I mean, the other thing, and again, this is is working with advisors like Jacob, learning these different terms about discounts. So this trade discount versus early pay discount. So, you know, in your vendors, just think about this. The people that you spend the most money with, if you're not already deploying the tactic that, that Jacob recommended of seeing if they'll accept credit cards, the next, very next conversation to have if you're on the accounts payable side. So when you hear accounts payable, you're the person that gets the invoices in and you have to pay the money to the person that you got the service or the product from. How can you negotiate with them to get better terms?

J

Jacob Badenhop 29:54

Yep. Yep. Now, that is extremely hard. That's actually what my wife does, believe it or not, is she negotiates terms for, for their business. That's one of her main duties. And it's immensely important to, you know, last couple of years, cash flow, we're like, you know what, let's just bury ourselves in debt because we're talking about 2.5%, 3% debt, right? Now we're not talking about that anymore. We're talking about 8, 9, 10% operating capital carrying costs. So it's immensely— and if you're— the terms are important. The next thing you need to look at is multi-unit discounts or buy-in-bulk discounts. Asking the questions, you'd be shocked at all the— all they need you to do as the vendor is just ask and they're there.

J

Jason Duff 30:34

Wow. The one of the best pieces of advice I got in negotiating is just ask one question.

J

Jacob Badenhop 30:39

Yeah.

J

Jason Duff 30:40

Is that your best price? Now, here's where people make mistakes, is they're not comfortable with holding silence.

J

Jacob Badenhop 30:47

Yeah. The thing I tell everybody is the worst thing anybody can ever tell you is no, right? Yeah, it's the worst thing.

J

Jason Duff 30:55

And even after— so, Ethan, if we're roleplaying here and I ask you, Ethan, I want to hire you to produce this podcast, give me a rate, and I say it back to you, is that your best price? Oh, well, I guess maybe we could do this and this. What if we— and you scratch out the line and you do that. Give me the new price. You know, my next question to you is, is that the best price? Yes, I have. I have been through this exercise with a number of different situations in my life. I'm serious.

J

Jacob Badenhop 31:22

Where—

J

Jason Duff 31:23

and again, you don't want to seem too slimy, right? Seem like a car. It's an honest question, though, right? Like, you're literally just asking. It is the best you can do.

J

Jacob Badenhop 31:31

I coach people on the other side of that. I'm going to tell you, as the entrepreneur, you know your time's worth. Never budge. Now, when Jason and I are talking here about is it your best price, we're not talking about Ethan and the small businesses and services generally. We're talking about our suppliers and things of that nature because there is oftentimes a lot more movement than what the list price actually is.

J

Jason Duff 31:53

Yeah. Wow. That's some, some goal you guys dropped there. I'm taking notes here myself. But I'm kind of curious, how did you get involved? Like what— where did the relationship between your company and SmallBit small nation start? Yeah, well, I'll just share, you know, when we started rebuilding Bellefontaine, we started helping a lot of our tenants start to build their businesses. And I think I'm the oldest one in the room. So I had, you know, some life experience of being able— I'm not an accountant, but I started to realize some of the things that we're talking about here. And we needed more help, meaning I needed more attorneys and CPAs because we had a really growing and budding entrepreneurship ecosystem here. So I, I believe, Jacob, we got introduced— I think, um, I think you were doing— you had offices in Marysville and maybe Upper Sandusky.

J

Jacob Badenhop 32:46

Yeah, at that time we were in Richwood, Ohio.

J

Jason Duff 32:48

Richwood, that's right, the bank. Yeah, yes, I think our— a common bank, Richwood Bank, um, who we've had Chad Hoffman on the podcast, said, hey, like, these are really great small town, small business, hardworking, great accountants and bookkeepers and folks that can help with tax. And really, we did a test project. I think one of the best ways to get to know a new relationship or a new advisor is to say, can you help us with this? And at the time when I was building the business, some businesses were very well organized because they had a good system. A good process and they were kind of dialed in. But when you're starting new industries or new businesses, I literally have a box of receipts, a shoebox.

J

Jacob Badenhop 33:36

We love the shoebox full of receipts and walked into Jacob's office and I said, this is this business.

J

Jason Duff 33:44

But no, you laugh.

J

Jacob Badenhop 33:46

Yeah.

J**Jason Duff** 33:46

And I think for people that are listening here, let me just tell you what it brought for me is when they went through it, you know, Jacob has a whole list of questions that he asks. And it really is like, tell me, you know, when was this formed? You know, do you have a tax ID? Do you not? If not, we can help you set this up. Do you have any previous tax returns that have been done? Let me analyze, you know, what was filed, how this was put together. And then they come in with setting up the system. So for me, you know, being able to implement a QuickBooks Online account, moving from spreadsheet to QuickBooks, that was a good first step. And I think, you know, with us working with him, then as we were— other people were coming to us saying, man, your checks go out like lightning speed, or I just am really impressed with, you know, how fast your business is growing. How do you do it? I say that it's not just me, it's the advisors that I surround myself with.

J**Jacob Badenhop** 34:44

Yeah, I agree with that. Yeah. And I appreciate you taking the chance on us. You know, at the time when we came to Bellefontaine, we were a relatively new firm. You know, we'd only been around a couple of years. We expanded rapidly kind of in the Richwood area, and then we expanded rapidly up in the Everson-Dusky area, and we were looking to grow beyond that. And so we came down this way looking for partnerships, things like that. And the one thing we've always liked to do is when we go into towns, we like to take— we like to leave our mark. And the one mark we always like to do is we like to be uptown, we like to be in the downtown area, we like to take old buildings and we like to make them new. So Jason and I got aligned real quick in that department.

J**Jason Duff** 35:20

Didn't take long.

J**Jacob Badenhop** 35:20

Our upper office used to be an old Mexican grocery store. It was interesting. It had been vacant for a number of years. Our Richwood office had been— I think it was the bank back in the day and 30 other businesses in between. And then we came here, and Jason said, that's your building over there. And we started developing it. And it was kind of— it's one of the things we like to do. So that was the other side of that that some people may not know, that he helped us develop that building down here as well. It's, it's kind of been the crown jewel, actually. It's where the navy and the new logo came from because you picked the navy. That is the exact navy, if you'd never known that. Well, from your paint colors that you picked there for us. So that's—

J**Jason Duff** 36:00

well, blue is a trusted color. It actually— it is. There is a whole psychology of different colors and what they represent.

J

Jacob Badenhop 36:07

But it's blue, green, and yellow tend to be the trusted financial advisors. And then red and yellow entices appetite. That's why you see a lot of that.

J

Jason Duff 36:15

Restaurants. Wow. Very interesting. Subliminal.

J

Jacob Badenhop 36:18

Yeah, it's all subliminal. Yeah.

J

Jason Duff 36:20

So, Mike, this question is geared more towards Jason here, but like, so you have multiple advisors in your financial, you know, part of your business. So can you maybe talk about some of your thinking behind some of that rather than just having like one firm or something like that? Well, I think your advisors need to kind of represent the brain type or style that you need. And I'll share when I first spoke with Jacob, um, I, I work with 3 different CPAs that kind of handle what we do here.

J

Jacob Badenhop 36:53

Yeah.

J

Jason Duff 36:54

Um, we have one of the brain types is a CPA that's been practicing for 40 years, 40-plus years, and is a multi-generational firm. And I would say the advice that they provide is extremely grounded, um, very conservative, and, uh, you know, the negative with that is sometimes there's not a lot of creative ideas. Now, I want to preface, when you hear creative ideas, it's not to say like something illegal.

J

Jacob Badenhop 37:26

This is what we call living in the gray.

J**Jason Duff** 37:28

It really, it really is. And the other thing about why I think you need a different style or type of CPA and honestly having, having one kind of double-check another's homework It's the more brains that you get around the table, they might see things or have ideas that, you know, one brain type wouldn't recognize or do. And so the value, I think, of having one— you know, the negative, I would say, of the more traditional firm is they're not innovative with technology oftentimes. Okay. They're not maybe doing the cutting-edge kind of research on trending topics that are happening because they're just established. And so I don't want to say like I'm not putting a label of being good or bad, but for me it has been very helpful because trust, I think, is the, the most important decision in choosing an advisor, especially when they're seeing your numbers. They know, you know, intimately about your business model, your business practices, what you pay your key people. I would say the most important factor is trust. So, um, you know, and that's again the kind of people we have on the podcast are, you know, people that we have vetted, that we have known, that we have worked with for a very long time. And so, um, you know, I, I, I think that is a, is a, is a really key element for you. And, and ask interviewing a potential practitioner about, um, their, you know, their, their client list, um, you know, how they handle conflicts, like It's all those kinds of things that will pop up from time to time, especially in a small town, because many of your local lawyers and your accountants and advisors could be conflicted in a number of ways because they may represent your competitor. They may represent, you know, an adversarial kind of thing. And that needs to be disclosed. And so a lot of your professional background is you're held to high standards with that when you sign an engagement letter and form a new relationship.

J**Jacob Badenhop** 39:29

Yep. Yeah. You know, for example, you're not going to hear me drop clients' names here. For example, that's one of the big things in our, in our industry. We and I, and I in particular am a big stickler on, you know, you go to our website, you're going to see the 5 people have expressed written consent that said we can use them in marketing. Right. Right. But after that, you know, we don't disclose beyond that. And that includes in the four walls of our office. If you're not on an engagement on the engagement team and you're not involved in that client, you don't have access to that information. Especially, you know, we work in a lot of, like you said, we work in a lot of conflicted areas where we may have multiple different people in our firm that may work on conflicting clients. We don't let them intersect. We also don't let our staff intersect on those just to make sure we're keeping arm's length between everybody. Sure. And it's immensely, immensely important. If you're walking into an advisor and they're disclosing who their clients are day one, turn around and walk out.

J**Jason Duff** 40:19

Red flag.

J**Jacob Badenhop** 40:20

Yeah, it's a problem. It truly is a problem.

J

Jason Duff 40:23

Yeah. Well, can we talk a little bit out— for a lot of people that are listening, they are entrepreneurs or they know of entrepreneurs. They're investing in their towns, they're investing in their businesses. One of the other key pillars of selecting the right advisor, the right accountant, is to have someone that understands tax. Yeah. Can we talk a little bit about tax and I'd also like to go in and talk about, you know, when you get your, your, you know, income statements and you're generating, you're looking at your balance sheet and these are all financial terms. You've got your balance sheet, you've got your income statements and your statement of cash flows like you can. And again, I will testify I attended— I'm a business management major. I took a lot of accounting classes. I still have no idea the practicality of those things until I got out of school and started working with them life. But you, you generate that. But then the IRS is hanging out here. Yeah. And they're— the state and the IRS are going to get there. And even the local in Mississippi are going to get their money. Let's kind of talk through that a little bit.

J

Jacob Badenhop 41:25

Yeah, I guess we could dive into the fun abyss.

J

Jason Duff 41:28

Might have some PTSD.

J

Jacob Badenhop 41:30

Yeah, some fun abyss of the tax code. You know, as entrepreneurs, we sometimes get fixated on the tax side a little bit. And I will tell some people So don't sweat it. Don't— just because you think you're going to, don't sweat it. But when you're selecting an advisor, ask very, very specific questions to your industry, even if, even if it's a Google search. I like when people come prepared to their meetings and ask me questions that are completely off the wall because I like to educate them and school them and give them a direction. But that's the very first sponsor you want to do. And second thing, ask them the industries that they specialize in. If they say everything, Granted, there are a lot of firms out there that do specialize in a lot, whether they have very specific people in the firm that maybe have different expertise, things like that. But those are good questions to ask. That's the first thing as an operator you should be asking when you're walking through the door. You know, the other item you should ask: do you work with small businesses? Small businesses, I believe the mnemonic's, what, \$100 million or under, I think is the term now. But, you know, do you work with small businesses? And if their answer is no, that's probably not the right fit for you as an entrepreneur, because you are going to want somebody who is eat, sleeping, and breathing in that space.

J

Jason Duff 42:40

Yeah. And knows your concerns and can address something.

J

Jacob Badenhop 42:42

And I always tell people too, I'm an entrepreneur myself. I'm living in your world right now. I'm growing just like you are. So chances are I'm practicing what I'm preaching one way or another. Yeah. You know, but I guess going back to, to that kind of expertise style, you know, make sure if you're a real estate developer— so I'm pick on Jason for a second. That the person that you're engaging with understands real estate and understands the complexities of new real estate and things like that. Or, you know, I'm a farmer passively on the side. Know that they know agriculture world. Ag business is a huge piece right now that's floating out there. Make sure they understand what they're talking about well, you know, and you can ask some basic questions real quick and find out.

J

Jason Duff 43:24

Well, and the big thing that I have really benefited learning from people like Jacob is understanding depreciation. Yeah.

J

Jacob Badenhop 43:32

And, uh, it's a fun piece.

J

Jason Duff 43:33

The one of the, the— I have got a joke on my list. So what do accountants suffer from that ordinary people don't? Depreciation. Ouch. Yeah, I know.

J

Jacob Badenhop 43:45

So here's the good thing. Where's the shot of whiskey?

J

Jason Duff 43:49

Here's the good thing. It actually is probably one of the most amazing, powerful tools in your tax arsenal. Can you in brief explain what it is?

J

Jacob Badenhop 43:58

Yeah, it really is. So, you know, I go back— let's go to real estate developers for a second. Depreciation is utterly important because something called QIP and CRIP, it's Qualified Improvement Property. We like to use acronyms in our profession. Yeah, we call them TLAs, those 2, 3, or we call them 2 or 3 letter acronyms. But QIP and CRIP property, the biggest things that are going on, it allows you to accelerate depreciation under 168K and it allows you as a real estate professional who may otherwise not get to take depreciation or may not get to take it for less than 27.5 or 39 years depending on the flavor of business you're operating to accelerate and write it off in the first couple years. And it's a huge piece that I see daily that is missed. Wow. It is a wild, wild area that I don't know why a lot of folks miss it, but it's oftentimes missed. Invest. It is what allows developers— it has allowed real estate professionals to reinvest that money, and that's what it was designed for. Yeah. Uh, and that's where depreciation really comes into play, because that depreciation, all of a sudden, the interior of that building that you may have depreciated for 39 years, you might now depreciate into 7 years or immediately expense it depending on your situation. That money allows you to quickly reinvest into your next project, and that is the That is an extreme example, but that is one of the things that we often see missed.

J

Jason Duff 45:18

Yeah, you buy a building for \$100,000 and you improve it with \$30,000 in capital. That amount of money, you know, depending on the IRS schedule, you may get to take a small little bit off your taxes every year over 39 years. But there are different parts of the tax code that say actually that expense that you made because you're putting it in HVAC or you're putting it in certain fixtures or displays, you might get to write it off for 15 or even 7 or sometimes even less. And so as you're writing that off and lowering your tax burden that you owe the IRS, do you think the asset, if you were to sell it to someone else, is worth a lot less? Oftentimes it's not. Oftentimes it's worth more. So, you know, for many of the real estate investors that are listening, that's probably one of the greatest hacks for why real estate investing is one of the most powerful tools to build wealth.

J

Jacob Badenhop 46:14

Yes.

J

Jason Duff 46:15

And most people, and I'm saying most people, I bet you 80, probably 80, 90% of population do not understand the principle of depreciation.

J

Jacob Badenhop 46:24

They do not.

J

Jason Duff 46:25

No.

J**Jacob Badenhop** 46:25

Yeah. I mean, you probably know the farmers that are out there going, hey, you know, I wrote off \$1 million worth of equipment and bought a new F-250. Okay, those are extreme examples. But for the average Joe, most don't understand I shouldn't write everything off to zero every year. I shouldn't depreciate everything. Maybe I should build what we call depreciable base, which is where we tax plan over numbers of years instead of just one year. And, you know, some people just don't understand the purchasing of that capital asset on debt can sometimes, even though the cash isn't exiting the door, we might be realizing all of that expense in a current year because there's a benefit to do so. And, you know, you're right, depreciation is probably one of the most misunderstood or misutilized pieces of the tax code. I think enough people can scratch the surface, but the vast majority don't actually dive down and get to the meat to it.

J**Jason Duff** 47:12

And my point in bringing that up is that when you reduce your taxes, you have more money to invest in your business, you have more money to hire more employees, you have more money to give back to your community. So, and I know many of the folks that are listening to this are already doing all that, but like we want to, you know, help educate and prepare people about what they're leaving on the table so they can keep more of that money to do more.

J**Jacob Badenhop** 47:38

Exactly. And we— and I want to be crystal clear, I'm not an advocate for let's run it down to zero. Let's take all of our depreciation and show no income because there's reasons we do show income. Now, in real estate, we like to use the hack because otherwise we never even see it a lot of times because we're going to be retirement age before we fully depreciate it. But for everybody else, sometimes we don't show it because we want to get to a 10 or 15% effective tax rate because we're smoothing out your tax rate. Or we're getting you— we're lending. Lending's a big concern next year. So we want to make sure our financials show a strong lending perspective. So we may not depreciate at all. Or we're getting into a point of selling. That's a big hot thing in business right now, getting into a point in selling. And we don't always want to show the massive losses, and we want to have some of that residual left over for the time of sale as well. So don't always— it's not a one-size-fits-all depreciation. And TurboTax makes it way too easy to call it a one-size-fits-all. It's not in a lot of— and this is we're planning, you know, we're planning your depreciation in November. Yeah. Or December in a lot of cases, let alone in March and April. So, you know, it's just very— it's a very important piece that people need to expand well beyond what we're currently doing.

J**Jason Duff** 48:51

Yeah, for sure. The other big thing that I'll just share, you know, moving into incentives particularly that may be available to small businesses that are listening. Recently, I wanted to do something for my employees, and I want to do something to set them up long-term for their success. And we were really tooling up implementing a new 401 program. And as I was doing more research about that and involved Jacob and other advisors, I realized there were benefits to me and my company by working to create a new group retirement benefit that our company would match match, you know, up to 3% of a contribution if our employees chose to contribute to a 401 program. And we got over 90% of our staff opted to do that, which is a huge win for them because they're, you know, they're contributing 3% or more. We as a company are matching that, and they're starting to build their retirement program. Plus, I got a benefit for implementing this plan. And providing training and support for them to do that. So can you maybe speak a little bit to things like that?

J**Jacob Badenhop** 50:01

So that credit's out there. So there is a credit for— and I'm blanking on the name. It's— we'll call it the retirement credit, essentially, for small businesses. And there is a credit you get to claim back for the implementation. So whether you do a 401 plan or a SIMPLE IRA plan, those are the two that qualify. You get to write or basically take a credit directly back from the government against your tax liability for the implementation costs. Now that's up to \$500, I think, this year, and I think it was up to \$1,500 next year. But there also is an extended piece to that now that came out in some recent legislation that also allows you to cover a portion of the contributions you are matching for your employees. Well, which ends up being a big piece, and that stair steps down over a course of 5 years of what you get to retain there. And it's a huge, huge huge benefit, especially on the retirement side.

J**Jason Duff** 50:51

And it's only encouraging small businesses like, you know, Small Nation to provide those opportunities for their employees.

J**Jacob Badenhop** 50:57

There's one step further to that too. There's an expanded FMLA credit that goes beyond the retirement piece if you offer paternity and maternity leave, medical leave, to where you get a credit in addition to providing some of those services that, you know, a bigger company of 100 employees may be able to offer that your company of 5 may but the government does have some credits out there to help offset your—

J**Jason Duff** 51:17

Why do you think we're seeing those changes?

J

Jacob Badenhop 51:20

We're finally seeing a shift in the stigma of retirement benefits, small business. Small businesses sometimes are looked at as like, oh, we're not as cool as corporate jobs. Less secure, maybe. I would say in the last 10 years, that's been a complete flip-flop where small businesses truly are the backbone. We're finally seeing a lot of success with people being in small business, and people have lost trust in some of the bigger corporations. Yeah. To where employees are more comfortable. And now with some of these implementations, we're finally able as small business owners to implement some of these benefits we otherwise couldn't. Yeah, that's really cool. You know, I always tell somebody, just ask the question because chances are there's a tax credit out there for it somewhere. Yeah.

J

Jason Duff 52:01

Wow. Well, I appreciate, you know, the knowledge that you've shared with our listeners so far, but I kind of want to focus on you a little bit as an entrepreneur too.

J

Jacob Badenhop 52:09

Sure.

J

Jason Duff 52:10

So, I mean, you just recently went through a pretty big rebrand.

J

Jacob Badenhop 52:13

Yes, I did.

J

Jason Duff 52:14

So can you talk to us a little bit about that?

J

Jacob Badenhop 52:16

Yeah. So we just recently rebranded. I was in a business partnership and, you know, I ended up coming out of that, purchasing my business partner out. Congrats. And now I am working on being a sole owner of this thing and what that entails. And so it's been a little bit of a journey. I've learned a lot of things along the last 6 months of going through that. But business transitions are never fun. But generally, both sides come out happy on the other side, and no animosity towards that. But that's kind of where we're at right now. So we're in the middle of switching everything into JB and Company. And I will tell you, you never understood how much your marketing budget gets screwed up until you do a rebrand.

J

Jason Duff 53:01

Until you do a rebrand, yeah. Holy moly.

J

Jacob Badenhop 53:04

You know, just to get canvases on buildings and, you know, logos changed and you name it.

J

Jason Duff 53:10

Yeah. All the stuff you're not normally thinking about, probably.

J

Jacob Badenhop 53:12

No. And it's all of a sudden at the end of the year, Carrie's my in-house accountant. She goes, you know, we really blew that budget.

J

Jason Duff 53:18

Well, whoops. It gives you seasoning so you can advise your future. It does. It does. A really positive spin on it.

J

Jacob Badenhop 53:26

That is a very positive spin on it. But, you know, like I said, we were living and breathing in this space. Yeah. Yeah. Yes, we went through that big transition. We've made a lot of key hires here recently. Our firm's back well north of 10 employees finally. Wow. So hiring's been getting easier, which has kind of come along with this transition.

J

Jason Duff 53:42

And 4 locations, right?

J

Jacob Badenhop 53:44

We're in 3 locations. 3 locations. We're in Upper Marysville and Bellefontaine.

J

Jason Duff 53:47

Nice. Very cool. And then you just casually mentioned you farm on the side. So tell me about that.

J

Jacob Badenhop 53:51

I do farm on the side.

J

Jason Duff 53:52

Just a few acres.

J

Jacob Badenhop 53:52

Yeah, just a few acres. I married into it. My father and mother-in-law have given me the, the pleasure of joining them on the family farm. That's cool. Uh, which is, which is fun. So a lot of times in the spring and fall, uh, I always say a lot of guys golf, I farm. That's my hobby. Um, so I spend, uh, I spend time away from the office for a few weeks here and there, just kind of getting some window therapy of other things to do.

J

Jason Duff 54:14

Yeah, that's cool. It's a good way to find balance.

J

Jacob Badenhop 54:16

It never hurts to have a little blue-collar work in there, and, you know, keeps the calluses on my hands still there.

J

Jason Duff 54:20

There you go. That's awesome.

J

Jacob Badenhop 54:22

Yeah.

J

Jason Duff 54:22

People around here appreciate that. Yeah, for sure. Yeah. So what's, what's next for you? And whether it's in farming or your JB and Co.

J

Jacob Badenhop 54:31

company or, you know, right now I'm back focused in the JB and Co. since we went through the kind of the transition. But, you know, we're really excited to continue. We're really expanding our outsourced accounting piece, you know, where we're doing a lot of back office for clients, whether it's HR all the way down, you know, you name it in the back office. We've had tremendous success in there recently. And we're going to continue to expand that well beyond what we're currently doing. So that's probably our biggest thing we're working on right now, how we're going to market that and pick up the clients accordingly. But that's kind of the big piece there. On the farming side, I'm always looking to grow. I'm just shameless plugging myself there. Yeah. But I do a little real estate investing on the side too, just for fun, because why not? There's never a dull moment. Yeah.

J

Jason Duff 55:14

I think you're ready to start a restaurant.

J

Jacob Badenhop 55:16

I'm good. I live vicariously through everybody out there. You know, I live vicariously through them.

J

Jason Duff 55:23

Maybe you should enjoy the restaurants.

J

Jacob Badenhop 55:24

I like my clients who are restaurants because they feed me. Yeah, I don't have to do the— I don't have to do the work.

J

Jason Duff 55:30

I love that.

- J** **Jacob Badenhop** 55:31
No, I will. I will leave that to the restaurant entrepreneurs.
- J** **Jason Duff** 55:35
I'm going to move us into the show segment Rapid Fire Q&A.
- J** **Jacob Badenhop** 55:40
Oh boy.
- J** **Jason Duff** 55:40
Are you right or left-handed?
- J** **Jacob Badenhop** 55:42
I'm right-handed.
- J** **Jason Duff** 55:43
Right-handed. What is your favorite part about farming?
- J** **Jacob Badenhop** 55:46
Oh gosh, running really expensive big equipment.
- J** **Jason Duff** 55:49
There you go.
- J** **Jacob Badenhop** 55:50
Yeah, I didn't have to pay for either.
- J** **Jason Duff** 55:52
Are you a John Deere house?
- J** **Jacob Badenhop** 55:53
What kind of— we are a Case IH house.
- J** **Jason Duff** 55:55
Yes, very, very particular.
- J** **Jacob Badenhop** 55:57
Which— yes, we are red. We are all red.
- J** **Jason Duff** 55:59
Yeah, cool. And then, um, what is your favorite Excel formula?

J

Jacob Badenhop 56:04

Oh my gosh. Oh wow, talk about putting me on the spot. I don't know, guys. I am, and then this is gonna, I hate VLOOKUP, so I'm gonna flip that on you a little bit. So, or I'm sure you've had people that'll tell you VLOOKUP, I hate it.

J

Jason Duff 56:21

Let me just say, I bought Cam, who is a staff accountant in our office, the Soothing Spreadsheets Calendar 2024. He is in love. Every month he's getting a new unique spreadsheet hack.

J

Jacob Badenhop 56:35

Yes, yes, yes. And there's so many out there.

J

Jason Duff 56:38

It's wild. He'll occasionally send one out to the full team.

J

Jacob Badenhop 56:41

Do you know there's a competition out there for like the Excel World Championships?

J

Jason Duff 56:46

No way.

J

Jacob Badenhop 56:46

For people. Yeah, it's a legitimate thing. Check it out. It's on YouTube.

J

Jason Duff 56:48

I would not be in there. I believe it.

J

Jacob Badenhop 56:51

It just happened a couple of weeks ago. It's a legit thing that's out there.

J

Jason Duff 56:54

And I appreciate them for pushing the edge on that, that front. My last rapid-fire question for you is what is your favorite part about having a storefront in downtown Bell Fountain?

J

Jacob Badenhop 57:03

I just love having everybody walk by every day, whether you're getting your coffee, you're going to the Flying Pepper, you're stopping at Build. Chances are we're walking around either front or the back of that building and we get to just stop and chat to people.

J

Jason Duff 57:13

We love having the community. Yeah, very cool. So a couple closing questions here is what is one professional development resource that was impactful for you along your professional journey?

J

Jacob Badenhop 57:22

So here's the thing, and I'm going to always pitch this out to every entrepreneur that's out there. Find yourself an entrepreneurial buddy, somebody that you can chat to. Try to find it not in your, not in your profession. I'll shameless plug mine out there. Her name's Casey Converse. She's an insurance agent out in Delaware. Her and I just sit down sometimes and just chat about all things business because I want to know her stories and she wants to know my stories. And it's so beneficial because you get to just talk about things that are going on and have somebody who can sit there and— we call it therapy session. Yeah, it is a big deal, uh, and I encourage any entrepreneur.

J

Jason Duff 57:54

Yeah, I love that. That's a kind of a fresh take, but I, I can see how that could be very beneficial. And then where can people follow you and your business to keep up with the work that you're doing?

J

Jacob Badenhop 58:03

Yeah, come check us out. We're at jbcocoaccounting.com. We're trying to The gals in the office are getting me way more into the social media aspect. I am a nerdy number guy. TikTok, here he comes.

J

Jason Duff 58:13

I know.

J

Jacob Badenhop 58:14

TikTok's probably coming.

J

Jason Duff 58:16

TikTok dances.

J

Jacob Badenhop 58:17

I wouldn't be shocked. No, we try to keep you up to date through the traditional mediums, LinkedIn and Facebook. But our website's usually up to date as well. Great. So we're trying to get some more out there, some more content.

J

Jason Duff 58:28

Love it. And I'll link some of that stuff in the show notes as well. Yeah, absolutely. Jacob, thanks for sharing your advice today. What I learned from Google. For every tax problem encountered, there is a solution that's straightforward, uncomplicated, and wrong.

J

Jacob Badenhop 58:45

There we go.

J

Jason Duff 58:46

Just because someone says it's right, you'll hear someone that says it's wrong. Find the gray area, find the good advisors, find the people that back it up. That's who Jacob is to me, and I hope that you guys benefited. I know I benefited in learning some new hacks today, some new tricks. But, um, just thanks for being a great friend and advisor to Small Nation.

J

Jacob Badenhop 59:03

Appreciate it. Thank you.

E

Ethan DeLeon 59:04

Thank you. Thanks for tuning in on this episode of the Small Nation Podcast.

E

Ethan DeLeon 59:07

We hope that conversation proved valuable to you, and if you enjoyed it, be sure to share the episode and follow the show on Spotify, Apple Podcasts, or your favorite podcasting platform. You can also subscribe to the Small Nation YouTube channel if you prefer to watch your episodes. Follow Small Nation on social media, and we'll see you in the next episode.