4 Core Principles of Profit First

Guidelines to understanding how the Profit First cash management system works.

1 Small Plates

Open separate bank accounts to set aside money for very specific purposes like taxes, owner's pay, operating expenses, etc. It's much easier to control spending and save for important things with various accounts, rather than all your cash in one huge account and thinking you have plenty to spend.

2 Eat Veggies First

You need to allocate your money from your income account into the other accounts in a specific order. The whole system is called Profit First after all. As the owner you need to pay yourself before anything else. You deserve it and you are taking all the risk. There will be enough for other expenses.

3 Remove Temptation

Your Profit and Tax account will get quite large. It's a good idea to have those accounts at a different bank from the other accounts. That way you remove any temptation to dig into the growing pile of cash by making it harder to get cash out of those accounts.

4 Rhythm Days

Now it's time to decide when you are going to allocate your cash into each account. You need to do it regularly, so creating a rhythm throughout the year is important. We recommend twice a month, but once a week works. Don't do it more or less often that that. In order to maximize the benefits of the system, it's critical to keep up on your bookkeeping.

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