



# YOUR PAY PLAN WORKBOOK

Get Smart About Fair Pay  
For Women Business Owners



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# GET SMART ABOUT FAIR PAY

## Calling women business owners!

Four organizations, [The Nasdaq Entrepreneurial Center](#), [Fair Pay Workplace](#), [Penn State University](#) and [KPMG LLP](#) have come together to build this set of interactive tools to empower you – at the earliest stages of your company – to think about pay and pay principals starting with yourself.

You have a unique opportunity to set up your business with fair pay and compensation practices from the start. It's a clean state. How do you want to align your values and build wealth for yourself, your family, community, and the world?

Fair compensation strikes at the heart of human dignity. As a business owner, you're in a position to drive positive change – for yourself, your family, your employees and your community. This toolkit is designed to help you get smart about fair pay in few simple steps.

Special thanks to the Wells Fargo Foundation for making this project possible.



## How to Use this Guide

This set of worksheets will help you:

1. **Build a pay strategy for yourself**
  - What is my target to pay myself?
  - When can I start paying myself more?
2. **Plan for the future**
  - Can I afford to hire? Or expand my business?
  - When can I afford shift pay for myself and/or grow?



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# WHY START NOW

We know you're busy, and there are probably 1,000 things you need to do right now. Isn't pay strategy for people who have tons of capital to pay themselves? If I don't, is this worth my time?

Here are 3 reasons why this matters today:

1. **You.** You are your company's most important asset. Doing this set of exercises will give you a real world framework and context to value yourself as just that. Important.
2. **Your Dream.** Envisioning your biggest, boldest dream in detail helps bring it to life. And we promise, we've got worksheets to help figure out how to build from here to there.
3. **Smart for Your Business.** This is an opportunity to establish fair pay practices as an operating principal; which in turn can be leveraged to attract customers, investors, employees and drive revenue.

## Questions you will be able to answer upon completion:

- What is my target to pay myself?
- When can I start paying myself more?
- Can I afford to hire? Or expand my business?

## Tips Before You Get Started

1. This Toolkit is focused on Small Businesses. For venture backed companies there are principals here that apply to how you think about the equity carve out for yourself and your earliest employees.
2. Our goal is to help you gain clarity starting with where you are today. We recognize your business is changing constantly; feel free to revisit as and when you hit transformative moments (i.e. growth, new capital, market changes, etc.)



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# WHY THIS WORK MATTERS

## From the Nasdaq Entrepreneurial Center

### Dear Women Business Owners:

***Without changes, it will take 135.6 years to close the pay gap worldwide<sup>1</sup>.*** We have to do better than that. For our kids, for kids everywhere, for our communities, and for the world.

As the daughter of an entrepreneur, an entrepreneur myself, an investor, and now the Founding Executive Director of the Nasdaq Entrepreneurial Center, I have had the incredible opportunity to work with thousands of entrepreneurs over the course of my career. The Center alone has served 50,000+, 49% women, in our 6 year history.

There are so many unknowns in the rocky, wild ride of entrepreneurship. But here's one thing I do know, women entrepreneurs you are not only our future, you are our now. You have agency, grit, tenacity to climb the toughest mountains and pull up your family, community, colleagues as you do it.

Our goal is to empower you with tools to build your pay principals and strategies for yourself. It's not lost on me how hard this is to do – but it truly is a case of putting your oxygen mask on first, and you will better be able to support others.

Thanks to the generous support of the Wells Fargo Foundation, this toolkit is informed by research conducted by our esteemed colleagues at [Penn State](#) and in collaboration with industry leaders [Fair Pay Workplace](#) and [KPMG LLP](#).

Today is a special day; it's the day you get to align your biggest dream for your business, for your life with your financial goals. And gain advice, and guidance on how to grow a strong, fair, equitable and more resilient company as a result.

Our door is always open; I'd love to hear from you. Feel free to contact me at [hello@thecenter.nasdaq.org](mailto:hello@thecenter.nasdaq.org).

With gratitude,

Nicola Corzine  
Founding Executive Director



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<sup>1</sup> World Economic forum: <https://www.weforum.org/reports/ab6795a1-960c-42b2-b3d5-587eccda6023>



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# STEP ONE: TAKE A PERSONAL INVENTORY

Get your personal finances organized



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# STEP ONE: TAKE A PERSONAL INVENTORY

1

Do you separate your business expenses and your personal expenses?

NO

YES

**TIP:** If you can open a separate bank account and credit card to use for business expenses, it's highly recommended. You might be missing out on some tax benefits that can save you money in the long run. [Here's a tool you can use to track business expenses.](#)

Great!

2

Next up, personal expenses.

I know my annual personal expenses

NO

YES

If you don't know, no problem. Here's a quick way to figure it out. Look at the last 6 months of expenditures in your personal checking account.

Month 1: \_\_\_\_\_ Month 4: \_\_\_\_\_

Month 2: \_\_\_\_\_ Month 5: \_\_\_\_\_

Month 3: \_\_\_\_\_ Month 6: \_\_\_\_\_

Add together: \_\_\_\_\_

Divide by 6 to get your monthly personal expense number: \_\_\_\_\_

Monthly personal expenses: \_\_\_\_\_



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# STEP ONE: TAKE A PERSONAL INVENTORY

3

Select one:

I own a house today

I hope to own a house in the future

If you own a house today, make sure your property tax, mortgage, homeowner insurance, and estimated maintenance is included in your personal expenses #2.

If you didn't include monthly homeowner costs in your personal expenses,

**add your monthly homeowner costs here:** \_\_\_\_\_

What are your requirements in a home? How much does that cost in the neighborhood you'd like to live? Find a house you like on RedFin. They have a calculator to give you an estimated \$ amount for a mortgage and property tax. Assume a 20% down payment for your home.

**Down payment:** \_\_\_\_\_

**+ Yearly mortgage:** \_\_\_\_\_

**+ Yearly property tax:** \_\_\_\_\_

**/ Number of months until desired home ownership purchase date:** \_\_\_\_\_

**= Monthly savings needed to purchase a home:** \_\_\_\_\_

[Use this calculator to figure out how much you have to save monthly to reach your down payment goal.](#)



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# STEP ONE: TAKE A PERSONAL INVENTORY

4 Do you have children?

NO

YES

Include here your  
yearly spend: \_\_\_\_\_

/ 12

Monthly spend: \_\_\_\_\_

Resource with budgeting tools: [MyMoney.gov](https://www.mymoney.gov)

Are you saving or planning to save for college? Is that number reflected in your monthly personal expenses or your monthly cost of raising a child? [If not, use this calculator.](#)

5 Do you plan to have children in the future?

NO

YES

The average cost of raising a child in the US until 18 is \$233,610. That's an estimated \$12,978 yearly. ([Source](#))

Note: Childcare is 16% of total cost. If you live in an expensive region, you may want to increase this amount.

Estimated future cost of  
raising a child per year: \_\_\_\_\_

/ 12

Monthly spend: \_\_\_\_\_

Resource with budgeting tools: [MyMoney.gov](https://www.mymoney.gov)



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# STEP ONE: TAKE A PERSONAL INVENTORY

6 Do you have insurance (health, car, life)?

**NO**

Would you like to in the future?

If so, add estimated costs here: \_\_\_\_\_

**YES**

If yes, is it included in your personal expenses above?

If not, include your annual insurance payments here: \_\_\_\_\_  
/ 12

Monthly spend: \_\_\_\_\_

7 Let's incorporate your tax expenses.

Total yearly tax payment here: \_\_\_\_\_  
/ 12

Average monthly tax payments: \_\_\_\_\_

**Note:** If you file taxes as a corporation include those payments. For an LLC use your personal tax payments.

# STEP ONE: TAKE A PERSONAL INVENTORY

## 8 Let's plan for basic retirement.

[Use this tool to define your retirement goal and figure out how much you need to save monthly to get there.](#)

Monthly savings needed  
for retirement: \_\_\_\_\_



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# STEP ONE: TAKE A PERSONAL INVENTORY

## 9 What are your other personal goals?

What does "success" look like for you personally; what does life with more financial freedom entail? Space to dream board out here all the things you'd like for your time on planet earth.



Now take a deep breath and look at this list again. What is most important to you?



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# STEP ONE: TAKE A PERSONAL INVENTORY

10

**Let's crystallize those dreams.**

Close your eyes and imagine your life 10 years from now. What are you doing? Where are you? What's happening?

What experiences showed up in this vision of your best future life? Focus less on the material items (i.e. I owned a plane) and name the experience you were having (i.e. financial freedom for luxury travel).

Name your top 3 dream experiences:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

Add to your budget based on your vision.

**Additional monthly costs:** \_\_\_\_\_



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# STEP ONE: TAKE A PERSONAL INVENTORY

11

Now let's calculate, what are your total monthly expenses?

Now let's calculate your total monthly expenses. Add up the \$ amounts for exercises 2-8 on the worksheets.

Make sure the following costs are reflected in your total monthly personal expenses:

Homeowner costs or savings for  
future homeownership: \_\_\_\_\_

+ Costs for raising children: \_\_\_\_\_

+ Insurance payments: \_\_\_\_\_

+ Tax payments: \_\_\_\_\_

+ Retirement savings: \_\_\_\_\_

\_\_\_\_\_ + Additional monthly costs: \_\_\_\_\_

= My monthly personal expenses: \_\_\_\_\_



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## STEP ONE: TAKE A PERSONAL INVENTORY

**12** How much of my monthly personal income is paid for by other sources of income (investments, consulting, etc.)?

I earn \_\_\_\_\_ from other sources of income.

What's the delta?

With my monthly expenses at \_\_\_\_\_ I need to earn \_\_\_\_\_ a month.

Factoring in my big dream, my monthly expenses would be \_\_\_\_\_.

After current income, the delta is \_\_\_\_\_.

To comfortably meet these expense goals, my dream monthly income number is \_\_\_\_\_.



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# STEP TWO: METRICS THAT MATTER FOR YOUR BUSINESS

Rest easy in having a strategy for growth.



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# STEP TWO: METRICS THAT MATTER FOR YOUR BUSINESS

1

**Let's true up your costs of doing business.**

**My monthly business expenses:** \_\_\_\_\_

Now, assess your cash.

**Gross revenue:** \_\_\_\_\_

**- Expenses:** \_\_\_\_\_

**= Net Income:** \_\_\_\_\_

Cash is king. Here are some recommendations on things you can do to improve your cash, liquidity and working capital.

**Resource:**

[Cash Flow Management and Forecasting for Female Founders with Analisa DeHaro](#)

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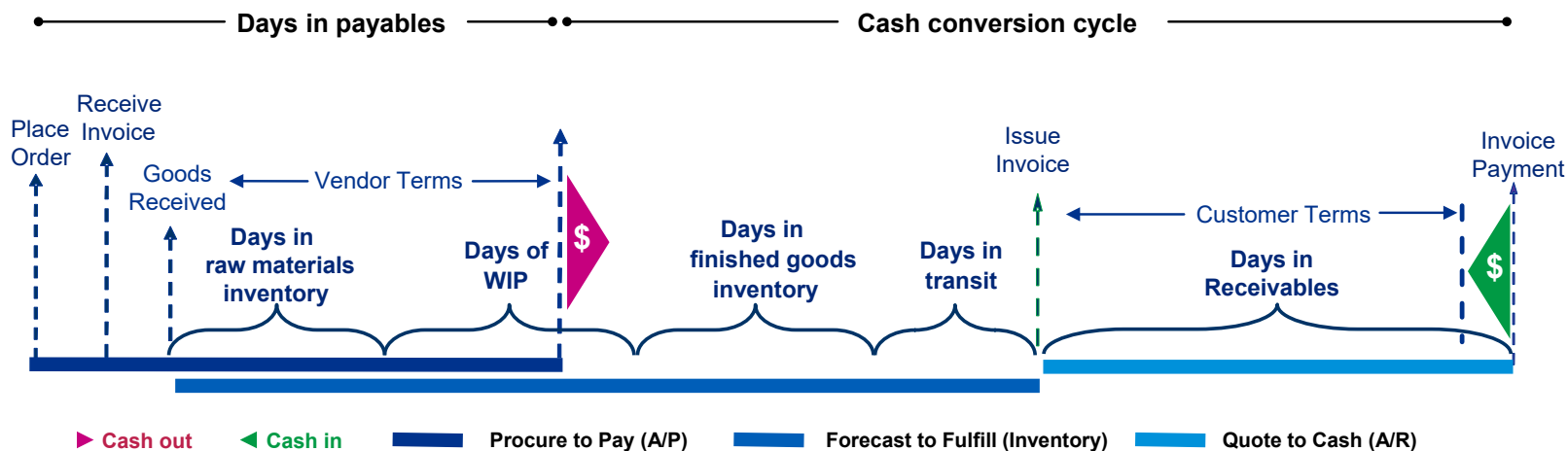
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# Creating value through improving the cash conversion cycle (CCC)

Illustrative



*The Cash Conversion Cycle (CCC) is optimized by effective management of the timing between cash needs and availability*

through optimizing operational efficiencies and cash flow management






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# Common challenges when optimizing cash forecasting

Cash forecasting is a common challenge and issue for most companies, industries and geographies. Forecast improvement begins with an assessment of the key underlying issues impacting the forecast accuracy. We consistently see the following:

Attribute	Requirement	Root Cause
 <b>Data Sources</b>	Financial statements, sales projections, AP, AR , and other data visibility (e.g., payroll, tax)	Ease of access to data, level of granularity and timing of availability
 <b>Forecast Accuracy</b>	Effective realistic bottom-up forecast and ability to improve accuracy through root cause views	Top down forecast process with regional inputs, level of detail available
 <b>System</b>	Defined system to extract and collate data	Summary based spreadsheet uploaded into consolidation software
 <b>Variance Analysis</b>	Ability to map actuals results to forecasted variables to drive improvement	Forecast in summary format not detailed to identify specific variances
 <b>Data Validation</b>	Organization's willingness to accept actual performance	Lack of ownership and disconnect between business performance and financial targets

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# Additional performance enablers all companies can think about to improve cash, liquidity and Working Capital



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## STEP TWO: METRICS THAT MATTER FOR YOUR BUSINESS

### 2 Next up, save for taxes.

It's recommended you save 30% of profits for taxes.

Net Income: \_\_\_\_\_  
x 30% / 12  
= Monthly tax payments  
savings needed: \_\_\_\_\_

### 3 Business debt.

Do you have loans? Credit card debt for your business?

Let's factor in here your monthly debt payments.

Monthly Debt  
Payments: \_\_\_\_\_

**Note:** If a balloon payment is required at the end of a loan term, incorporate that payment into a monthly estimated cash outflow. The goal is to save monthly for any big payments that will hit your account.



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# STEP TWO: METRICS THAT MATTER FOR YOUR BUSINESS

## 4 Fixed costs for expansion.

It's another way to say, how are you saving to reinvest in your business?

What are you trying to do to expand your business? What's your cost of opening a new location, opening in a new region, etc.?

**Expansion Cost Estimate:** \_\_\_\_\_

**Timeline for Expansion:** \_\_\_\_\_

[We like this perspective from Gusto.](#)

Businesses typically save for:

- New hires
- Equipment purchases
- Product Launches
- Checking account cushion
- Rebrands or website redesigns
- Training programs or certifications
- Emergency funds (which are 3 to 6 months of expense) – we covered that above

Refer to the list in the box to the left. What are you saving for? Make a list here of your top things.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

Answer these two questions: How much do you want to save for each item on your list? How many months will it take you to reach this goal?

Rewrite your list in order of priority. What are you totally committed to saving for? What are you willing to wait on?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_

**Note:** Ideally, you have 50% profit in your business, so you can still take a salary while you have capital to reinvest.



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## STEP TWO: METRICS THAT MATTER FOR YOUR BUSINESS

### 5 Rainy Day Fund.

Covid-19 taught us all a lot. And it certainly highlighted the urgency for a rainy day fund.

To prepare for unknown market disruptions, be prepared to have 6 months runway in the form of a liquid asset (i.e. cash) for yourself and your business.

John Chambers, Chairman Emeritus, Cisco and CEO, JC2 Ventures recommends “**make sure you have 6 months liquid assets, including your salary for unforeseen market changes**”. ([Source](#))

**6 months operating expenses (cash savings I need to have in the bank) is:** \_\_\_\_\_

Watch this video to learn how to triage your cash and alter your cash management approach in a crisis (like a global pandemic): [Cash Flow Management and Forecasting for Female Founders with Analisa DeHaro](#)



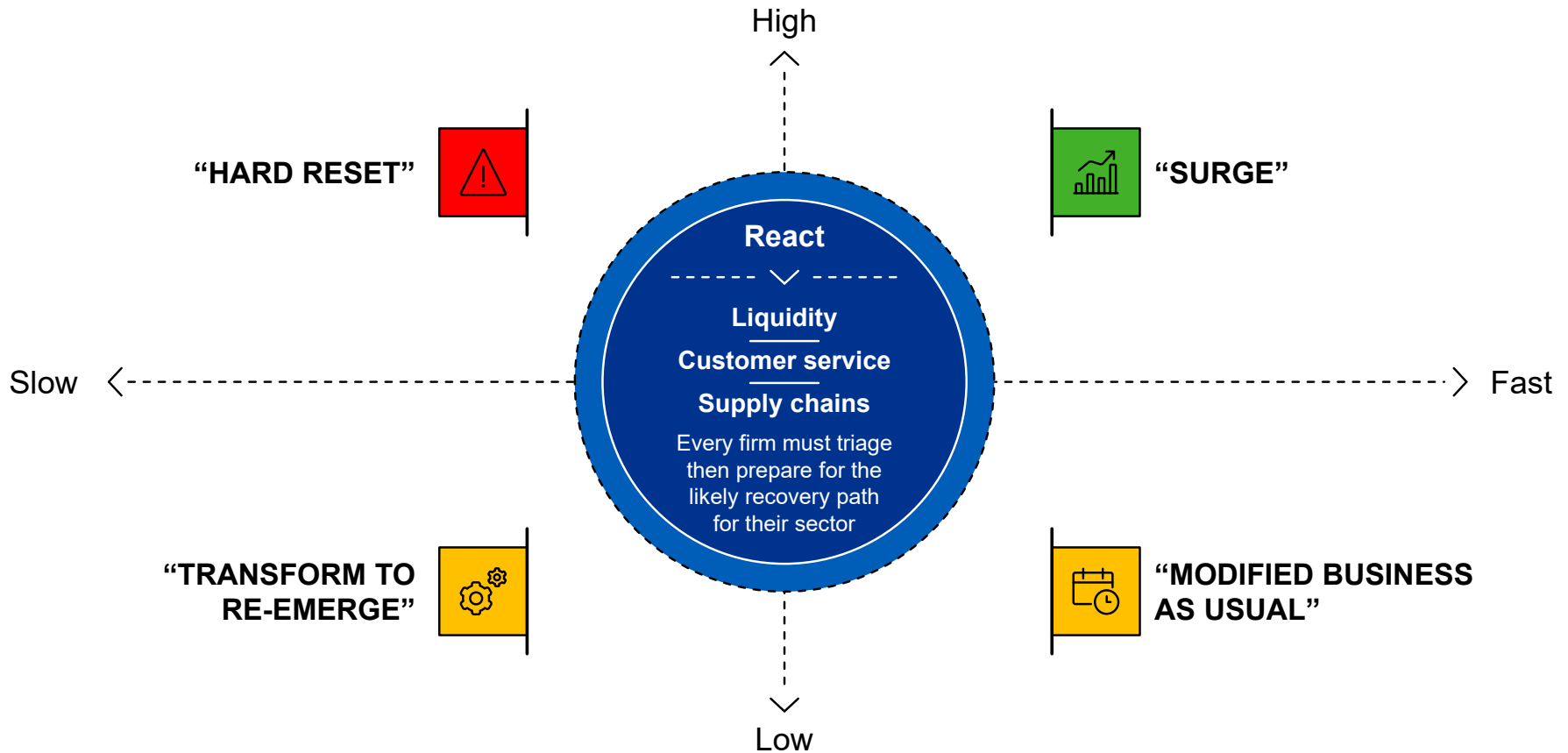
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# How does your particular situation alter your approach to better cash management?



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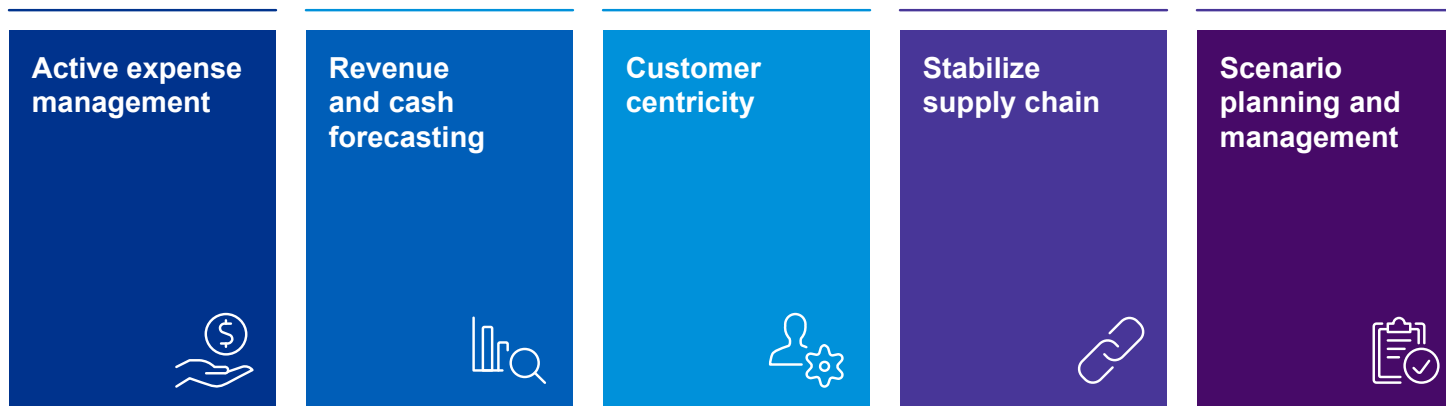
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# Identifying potential economic risks now and preparing a proactive response will allow companies to successfully emerge through these uncertain times



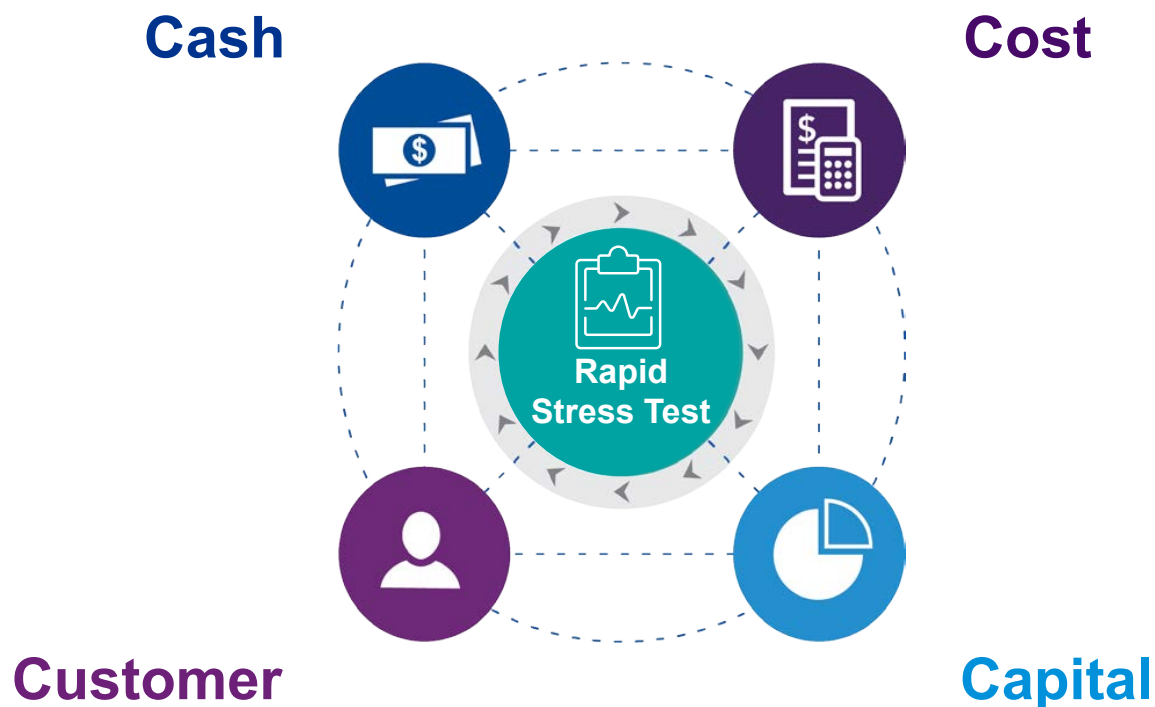
**Companies need to quickly assess their strategic and operational realities in order to effectively move from potential destabilization to sustained value creation**

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# How can you assess and address your cash management needs?

Focus on gaining visibility into both critical cash areas as well as areas where there are opportunities to act. Immediately initiate a triage effort similar to below



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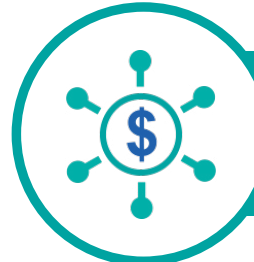
# 4 steps to protect and preserve your cash and working capital

1 Establish visibility



Get ahead of spending 3

2 Optimize cash-management processes



Tap external sources of cash 4

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## STEP TWO: METRICS THAT MATTER FOR YOUR BUSINESS

**6** Let's put it all together to see how much capital you have left to pay yourself as owner.

Net Income: \_\_\_\_\_  
- Monthly Tax Savings: \_\_\_\_\_  
- Monthly Business Debt Payments: \_\_\_\_\_  
- Monthly Savings for Expansion/Reinvestment: \_\_\_\_\_  
- Monthly Rainy Day Fund Savings: \_\_\_\_\_  
= Owner Access Capital: \_\_\_\_\_



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## STEP TWO: METRICS THAT MATTER FOR YOUR BUSINESS

7

### General targets to hit for a business.

You want to spend 30 - 40% on payroll. As a business owner, you generally want to pull 50% of your profits out, or reinvest in your business.

Reflection:

- Does the number I have to pay myself today match my vision from Section 1?
- What will it take to get me there?

- What are the barriers or blocks I face today to getting there?
- What's the 1 thing I want to prioritize and focus on improving to help me achieve this goal?



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## STEP TWO: METRICS THAT MATTER FOR YOUR BUSINESS

**8 Benchmark this hunch against data for your industry to give you confidence in your choice.**

**Resource:**

[Average Small Business Owner Salary](#)

Reflection:

- Am I paying myself what I'm worth according to the industry?
- Am I paying myself enough to cover my expenses?

- If not, what are the 3 things I can do today to help me get there?
- What are my top 3 priorities to do so?
- What are the top 3 things I can deprioritize?



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## STEP TWO: METRICS THAT MATTER FOR YOUR BUSINESS

### 9 Build a future forecast model.

You're growing, you need to plan for growth. I don't want paying myself to cripple my company's growth. What do I do?

If you don't have sufficient profit to pay yourself and expand, what do you do?

Here's a quick cost benefit analysis.

**Your cost of doing business monthly (see Exercise 1):** \_\_\_\_\_ x 12 = \_\_\_\_\_

**+ 6 months runway (your rainy day fund):** \_\_\_\_\_

**+ Expansion costs for the next 3 years:** \_\_\_\_\_

**= Total cost of doing business with expansion for the next 3 years:** \_\_\_\_\_

**Now let's compare that to your estimated profit for the next 3 years:** \_\_\_\_\_

Evaluate: if it's going to take more than 3 years to make enough money to cover the cost of the expansion, you probably should look at outside capital to fund expansion. And/or re-assess timing for expansion.

**Interested in exploring what type of capital is right for your business? Resource here:**

[Finance Optionality with Nicola Corzine, Executive Director of Nasdaq Entrepreneurial Center](#)



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# STEP THREE: MANAGING TO YOUR “EXIT”

Gain confidence by future planning.



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# STEP THREE: MANAGING TO YOUR “EXIT”

1

## **Building a business is an accomplishment.**

Exiting one (with ease and grace) is a huge accomplishment.

Get into a comfy spot and take a deep breath. From a place of complete abundance in knowing you’re reaching your biggest business goals, let’s dive in.

A moment to reflect.

- What is your plan for ongoing involvement in your business?

- What (and when) do you imagine exiting your business?
- What would that exit look like for you? For example, are you finding a new partner and enjoying ongoing residual income or are you looking to have the company acquired and have no ongoing involvement?



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# STEP THREE: MANAGING TO YOUR “EXIT”

2

Here are our top tips in preparing for an exit – whether near or far.

Why should you be thinking about this right now? Because you’re actively laying the foundation, each day, to get you to your goal. Inertia is real.

1. For tax liabilities, try to avoid a lump sum payout, whenever possible.
2. If you have a lump sum, plan for the taxes in advance. Ideally, you’ve been accruing business expenses so you can offset the cash you receive.

3

To learn more about how to prepare for a merger and acquisition (M&A)

## Spring 2021 M&A Bootcamp



### Part 1: M&A Market Update and Overview



### Part 2: M&A for Growth: Operational Strategy from A to B – Sell Side Insights



### Part 3: Growth Through Acquisition – Buy Side Overview and Insights Panel

## Fall 2021 M&A Bootcamp



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## STEP THREE: MANAGING TO YOUR “EXIT”

### 4 Setting an intention for the future.

Congrats, you’re laying a strong foundation for pay practices at your company, starting with yourself. To close out, let’s take a last moment to reflect.

- What is one thing you learned during these exercises that surprised you?
- What are two actions you’re going to take in the next quarter to move towards your **personal** financial goals?

- What are two actions you’re going to take in the next quarter to move towards your **business** finance goals?
- What are two things you’re very proud you are doing and/or learning in your business today.

We know your business is ever-evolving and growing. Set an intention for when you’re going to re-evaluate your pay against your earnings. Make note of that date here ( \_\_\_\_\_ ) and on your calendar.

Let’s celebrate you!

You’re a step closer to having a strong foundation for pay practices, starting with the most important person to your business, you. Congratulations.



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# TIP SHEET

- 1. Disaggregate business vs. personal expenses.** Easiest way is to separate personal and business credit cards and bank accounts.
- 2. Keep adjusting and revisiting your expenses on an ongoing basis.** Life changes are good moments to do this. You buy a house, get married, quit your job, etc.
- 3. Find comparables on how other private companies pay themselves.** How are you comparing to others in your industry?
- 4. Visit our Fair Pay Resources for Small Business toolkit** for guidance on setting pay principals and practices.
- 5. True up your costs for doing business**
  - build a future cash flow forecast (visit our resource here: [Cash Flow Management and Forecasting for Female Founders with Analisa DeHaro](#)).
- 6. Set performance goals based on revenue.** When you reach revenue goals, increase your salary. When possible, salary increases are better than bonus payouts for tax purposes.
- 7. Great to revisit pay ratios** (pay as a percentage of profit) annually or when you experience a major change in your business



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# RESOURCE LIST

## Pay Recommendations for Small Business

### 1. Recommended Pay to Profit Ratios

Limit to 50% of profits and 35% of revenue as a metric for determining pay

### 2. Labor Force Statistics from the Current Population Survey

Link: <https://www.bls.gov/cps/earnings.htm>

### 3. Compensation type data as a reference point

According to Payscale, U.S. small business owners make, on average, \$70,300.

### 4. Business Owner Pay Calculator

Link: <https://www.nerdwallet.com/article/small-business/how-to-pay-yourself-as-a-business-owner>

### 5. How to determine a draw vs a salary approach

Link: <https://gusto.com/blog/payroll/small-business-owner-salary-calculator>

### 6. How to pay yourself as a corporation or an LLC , rainy day fund + reinvestment

Link: <https://www.xero.com/us/resources/small-business-guides/business-management/pay-yourself/>



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# THANK YOU

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