



How Bean Ninjas Grew Their Service Business



Accountant Meryl Johnston shares how focus and adaptability have driven the successful growth of her company, Bean Ninjas.



Meryl Johnston

James: James Schramko here. Welcome back to SuperFastBusiness.com. This is Episode 742. We're going to be talking about accounting. But we'll make it interesting, I promise. Today I've brought along Meryl Johnston. Welcome.

Meryl: Thanks, James. It's great to be here.

A plain but very important industry

James: It's great to have you. I've seen you bumping around the online community for many years, and watched your bookkeeping service transform. And we'll talk about that, some of the changes you've had. But I think it's a great example for others because you come from an industry that is renowned for being fairly plain, right? Accounting.

I used to be in the accounting game, many years ago. I actually studied accounting after school. I didn't finish it, I had a lot of trouble with financial accounting. It was my little obstacle. But I loved the other courses, like the law course and the business communications and the economics, everything but the accounting, as it turns out.

And I used to work in an accountant's office on Fridays. So I got to know that industry, and I do have an appreciation for how important it is in business. Because when I was running the Mercedes-Benz dealerships, we used to hire really expensive accountants, and they'd come in and do a lot of business growth stuff with us – run spreadsheets and projections and analysis and help us figure out which stock was best for us to keep. Working closely with a financial controller, we were able to run the business very profitably compared to when I started in that business. So it's got such an important function.

One platform, one market

But what I've seen you do well is really zoom in on a particular platform that you like to work with, and then to get really cozy with a particular market that you've leaned into. So you want to talk a little bit about what your company Bean Ninjas is actually doing at the moment? And we'll talk about some of the changes you've been through.

Meryl: Sure. So, as you said, we picked a piece of software to specialize in, and that's Xero, the cloud accounting platform. And we did lean into a market, being online businesses. So, people that are running ecommerce businesses, bloggers, digital agencies. And the service that we provide is bookkeeping, so keeping all of the records up to date within Xero, and then providing reporting around that. And I think that's where it gets interesting.

So that's where we realized we were sending a whole load of reports to business owners that were not being looked at. We'd send the email, and it would be opened, and that would be that. And really, finance is a key to running a successful business, and we actually wanted to work with business owners to understand their numbers and use those numbers to make good decisions.

Taking bookkeeping a step further

And so, from bookkeeping, we built out some additional services around financial literacy training, and also coaching. So, working with the business owners to look at their numbers and to build things like forecasts to help make good decisions, like whether they could afford to hire a team member, what some different scenarios might look like. Particularly, we're doing some work with the recession at the moment around, well, what would a good case look like, but what would a bad case look like, and how can you plan for that?

James: Right. And where would you say the average business owner is at in terms of their financial acumen?



Meryl: Some business owners do come from an accounting background or they've studied business, but I would say most haven't. And of that proportion that haven't, many business owners have the tendency to put their head in the sand. And so they outsource everything to their accountant and don't really take ownership of the finances in their business in the same way that they would marketing or sales. And I think it's key, even if you are going to work with an accountant, to have a fundamental understanding of the key numbers and the drivers within your business.

James: I do too. It's almost a secret, isn't it? A lot of the high performers I work with have had to learn their numbers and get a better affinity with it. And it's certainly important if you're spending to buy traffic, because you need to know if you're going to get that money back and when you're going to get it back. So I've noticed a lot of the high-level people who buy traffic are good with numbers. Some of them are even data analysts, like they're hardcore into their numbers.

But where the business owner's flying blind, it's often a recipe for impending doom. Because they might actually be able to spend a lot more than they realize, and they're being conservative, just through lack of understanding, where they could have bailed themselves out or scaled out of a situation. And other times, probably very common, people tend to spend more than they're making, or they have such a limited understanding of their financials, they might double-dip on salary and drawings and think it's the same thing, etc. So, I've seen all sorts of interesting scenarios.

Narrowing down the market

So, you come along and help the business owner. You help them with their bookkeeping, you're using the Xero platform, which we use as well and love. And then you're helping give them some literacy around what's actually happening. How did you decide on that market in the first place?

Meryl: Well, when we first started Bean Ninjas, I didn't actually know that much about business, and we just wanted customers. So we actually worked with everyone in the beginning. We had tradesmen, we had sign writers, we had professional services, ecommerce, we had the spectrum of different kinds of businesses. And it was probably only a year in that we realized that it's quite hard to be a specialist in all of the accounting for all of these different industries. They're all using different CRMs; they're selling through different platforms. And we can't be an expert in everything.

So then we did some analysis on our customers. And we looked at who we liked working with, who perceived value in what we did and appreciated the work. And then we also did some profitability analysis on all of our customers to identify, were some customer segments more profitable than others? But that wasn't the only thing that we were looking at.

And then we realized we actually really resonated with people who are running online businesses. And I think that was partly to do with the values that we were trying to run our own business with, where we wanted to create freedom, we wanted to run a successful business, but we weren't trying to buy Ferraris. We wanted to create more time. And a lot of the online businesses that we were working with also wanted something similar, and were running their businesses in a similar way, with remote teams. So we really understood those style of businesses.

So we didn't actually set out to find a particular market segment, but we realized that it helped us not only from a backend operations perspective in streamlining everything that we did, but also from a market positioning perspective, in terms of what problem we were solving and for who.

James: So you pretty much started to do an analysis of your existing client base and then to refine and look into the patterns of desirable profit, things that align with your value system. And of course, having one platform as a focus allows you to create a very strong filter that will attract or repel a prospect in terms of ease or difficulty to deal with.

How big and where exactly is Bean Ninjas?

When you say "we" or "us", what does the size of the business look like and where was it located?

Meryl: Back then, it would have been two co-founders and a couple of contractors. Now we're a team of 16 people, and we're almost five years in. So we've grown over that period. In terms of location, I'm based on the Gold Coast. And my business partner at the time, so the guy that I founded the business with, who exited about two years in, he was based in Sydney. So from day one, we were actually forced to work as a remote team, and all of our systems needed to be online, due to the fact that we were based in different locations. So when we started hiring people, we were already set up to work remotely, which, in the beginning, it was difficult that we were in different places, but I think it forced us to set up the business to scale as a remote business.

The partnership changes that happen with growth

James: Right. And I'm curious, like, what sort of things happen as you grow, where you have a co-founder, and then decide that that's going to change? What sort of things would cause that?

Meryl: For us, we had a skill set that was too similar, and we didn't really define our roles. So I think that's what caused the initial tension, because we were both doing everything. We were both doing sales calls. We were both accountants, so we could both do the work or manage staff. We were both writing blog posts. We were both involved in our internal finances. So we really didn't set ourselves up to succeed as partners, because we were overlapping in different areas and we really didn't have defined roles. And we didn't have something that we could each focus on and take responsibility for. So I think that caused some of the problems.

And then also, we realized we had different goals. And my business partner at the time had a young baby, I didn't so I was willing to take bigger risks and wanted to grow faster, but he was in a different place in his life. And so at different goals meant that we wanted to run the business differently. And we did have a lot of initial conversations before we went into business together. But we didn't actually talk about that. So we were busy getting our shareholder agreements in place and figuring out what an exit would look like. And we did agree on all of those. We had all of that in place, but we didn't actually talk about something that's really important, is where did we want the business to be in five years, and that was quite different.

James: It's a really important topic because it comes up a lot with partnerships. And because you had the exit provided for upfront, was it easier to implement that?

Meryl: It was. We had already talked through what it would look like with either of us buying the other party out. So I think we both felt like it was fair, because we had already talked it through from both perspectives. And either of us was willing to either acquire all of the business or or pass it on to the other co-founder. So I think that really helped. It was still emotional for both of us. We're still friends now. We still refer work to each other. But it was quite a difficult emotional process getting to that point. It's like a break-up of actually getting to that point of agreeing that it's not working and what are we going to do and how are we going to transition. And full credit to Ben, who is my business partner, on sticking around to help me through the transition and hiring a team to replace what he was doing.

James: Yeah. I know, it's probably something we hadn't flagged to talk about, but it's something I encounter so often. And I appreciate you sharing that.

How family impacted running a business

Now, you went on to have a daughter a year ago. How did that happen in terms of the business? Was it easy for you to go through that change? Because you went from the prior situation of not having that to now having a baby, which is a big commitment, I know about this. And I imagine it's probably changed the relationship you have with work in some way.

Meryl: It absolutely did. I really enjoy running a business. And even though my goal when starting Bean Ninjas was to work 20 hours a week or less so that I could surf and travel – that was the goal that I stated – I actually really like working and running a business. So I was working a lot more hours than that. And then when I knew that I was going to have a baby, we've got nine months, really, to get everything in place. Because I knew that I wanted to be an active mom. And I still wanted to run a business, but I wanted to be there for my family as well.

And prior to knowing that we were going to have a baby, I had already started trying to delegate and build an organizational structure so that the business could run without me. I think as an entrepreneur, that was another goal that I'd set myself, that I wanted to be acting more like an investor in a business rather than the day-to-day operations, even though I enjoyed running the business. But knowing that I had that timeline, knowing that I had nine months and that I wanted to take a full month away from the business and then come back part time, really was the catalyst for me to make sure that I had all of the right team members in place, that we had the right systems, and that team members were able to continue on without me. And the business actually grew while I was away, which was fantastic.

James: Yeah, that is nice. It actually thrived. You picked up an award, you became an Australian Xero bookkeeping partner. That must have been a real team achievement.

Meryl: It absolutely was. My daughter was born at the beginning of 2019. And I did work part-time for part of 2019 as well. And that was the year that we won the award. And so that was full credit to the team, not only from the bookkeeping operations perspective, but I had my new business partner Wayne helping. He was running sales and we had someone in marketing. So it really was a team effort.

James: Yeah, very good.

The revenue share side of the picture

And you actually continued on in developing your business model. I'm interested in it from a few angles. One is, you picked up on the [revenue share deal](#) side of business, of something that I'm really enjoying as well. I'd love it if you could talk us through what happened there.

Meryl: So I'd come across your training around revenue share, and I'd also done some reading about this approach of thinking like an investor rather than a business owner. And so I had a couple of false starts. And I'm part of the [SuperFastBusiness community](#), and I've been taking advantage of your one-on-one coaching in there, asking about, I had a couple of different deals that I was trying to get off the ground, that fell flat. And it was my third attempt where it actually went forward, and I have a revenue share deal in place.

And this actually happened with a team member, Michael. so he'd been an accountant for a couple of years at Bean Ninjas. And he'd actually pitched me when he joined the business to say he was interested in a role with us, if there was a potential for him to be a partner or have some equity at some point down the track. And I was open to that. I could see he had a lot of potential. He had a strong accounting background, but he was also a charismatic guy, great communication skills, which is sometimes more difficult to find in accountants. So I could see his potential.

So he worked in the business for a couple of years with the idea that he would lead a bookkeeping team. And then when we forecast out, what would that look like in terms of what his income goals were, compared to how many people he'd need to manage and the size of the portfolio, he realized, actually, this isn't something that I'm passionate about. This isn't really what I want to do.

He still wanted to be part of Bean Ninjas. And we had to figure out, well, how do we actually do this? He wanted to own something. He didn't want to do bookkeeping. And so we came up with the idea. He really did some self-reflection about what he loved, which is coaching people and coaching business owners and talking and educating about finances. So he went and got certified as a profit first consultant. And then we set up a revenue share deal around that. And it's slightly different to the typical revenue share deal with your framework, James, in that this is actually equity. So I own part of Michael's business, and he's leveraging the Bean Ninjas brand to build his profit and cash flow coaching business.

James: Yeah, it's nice. It's kind of like a cross collateralization in a way. It's a really emerging market too, that profit first thing. It's like the first time business owners have discovered that they can actually pull a profit from the business and still run it with the cost of the left. And I've seen it take off. It's a good place for you to be, I imagine.

Productizing versus custom services

Another good place for you to be is to to start taking some of those services and packaging them in a way that people can purchase them from you that doesn't involve a lot of human manpower to deliver, i.e., online courses, or productized services. What sort of steps did you go through to start making headway in that area?

Meryl: When we started Bean Ninjas I was working in a coworking space with a guy called [Dan Norris](#), who was running WPCurve. And that's when I first came across the concept of a productized service. And I was running a consulting business at the time, and the differences that I could see with it, I was doing custom quotes and doing custom projects, and everything was different. And it was quite hard to scale that business. And then when I looked at how Dan was describing a productized service, it was very defined. It was the same set of deliverables, or maybe there were a couple of different pricing tiers with the same set of deliverables, and then a team that could deliver that over and over. So it was easier to scale from a delivery perspective. And also it was easier to sell from a marketing perspective, rather than just relying on relationships as a consultant.

And with Bean Ninjas, I really wanted that productized service model, where we had a defined offering, and then we delivered that over and over again. And it has been a little challenging to do that with bookkeeping, especially when we were in so many different industries. Because all of the different industries had different quirks and needed slightly different things that were outside of our packages. But we've always tried to stay true to that vision of being a productized service so that we could deliver something valuable. So what we needed was to make sure we were solving a real problem, but also that we wanted to do that in a repeatable way so that we could build a team, and we weren't selling my expertise as an accounting consultant. There was a whole process and system behind it.

Products beyond the service

James: Right. And is there information also available just to purchase, that doesn't require a team?

Meryl: Yeah. So originally, we focused on the productized service. And about a year ago, we also packaged that up into an online course. And we have two online courses now. One is Financial Foundations, and that's helping business owners to understand the key accounting concepts in running a business and getting their system set up so that it's automated using technology to get accurate accounting information.

And then the other course is Knowing Your Numbers. And that's once you've got your system in place, and you've got these numbers coming through, you can start to dive in and analyze it and look at, well, what are my gross margins? Am I making enough on my products or delivering this particular service? What is my marketing spent as a percentage of revenue? And so that second course is diving in and analyzing your own business numbers using some of the techniques that we teach.

James: And when you created the courses, did you find your existing customers were interested in purchasing those? Or did you have to find a different type of customer?

Meryl: The original set of beta students, I'd call them, all came from my existing network, and quite a few were existing customers. And really, I want to just have people go through the course, give me feedback so I could refine it. Where is now that the first course, it's designed for people that are too early stage to purchase our bookkeeping services, so they need to learn how to do it themselves. So it's a slightly different market. Whereas the Know Your Numbers course, that's pitched directly at our customers, because we're providing the bookkeeping service. And then we really want them to actually use those numbers to make great decisions. And so that course is pitched at our customers, but also anyone could use it. They don't have to be a Bean Ninjas bookkeeping customer.

The traffic sources of choice

James: And what has been your favorite ways of getting customers in terms of traffic source?

Meryl: Our most successful has been SEO. We actually tried ads, so Facebook ads and Google Ads earlier this year. And we did build an audience, but I don't think we've got our messaging right. And so it's a strategy I'd like to explore again, but we haven't figured that out. Whereas SEO, we've been working on content marketing. We started blogging the day that we started Bean Ninjas. And now I talk more about content marketing than blogging. But that's been a great strategy for us. We didn't really get a lot of results from that for the first three years. But now if I look at the leads that come through, I'd say every week we're getting leads come through where we ask, how did you find this? And it says, Google search.

What price for information?

James: Nice. And how did you set your pricing for the information products?

Meryl: We've been experimenting with them. When we did the beta group, I picked a number and I just wanted to get people through it, so it wasn't expensive. We've tried with a lower priced \$199 offering, which was just the course, so DIY, no group coaching. At the moment we're trying almost a \$1,000 offering which has group coaching alongside the content. So I think we're still figuring it out. I'm really happy with the content itself. I'm really proud of it, I think it's quite unique, some of the content we've created. But selling courses and group coaching is different to selling a productized service, and we're still figuring out whether we add more value through the group coaching, which I think we do, but then that's harder to scale compared to purely an information product?

The market reach of the Ninjas

James: And does your material apply for market, or just the Australian audience?

Meryl: It applies to a global market. And that was important to me because more than 50 percent of our Bean Ninjas customers are based overseas, mainly in the US. And the topics that I'm talking about in the training, they're not tax-related. So they're related to technology stacks, they're related to things like, how can you follow up with debtors to make sure you get paid quickly, or how can you set up recurring revenue? That would apply to any business, it's not so much diving into the tax, or the company structures of different regions.

James: I imagine you have to change some of the words you use, like revenue instead of turnover and 401 instead of retirement funds, etc.

Meryl: I do try and do that. So I might say profit was an income statement, just so that it's relevant for people in different countries.

James: Gotcha. And of course, tax can be different in different jurisdictions. And there are some complexities about where the seller is located and where the buyer is located. Do you cover some of those things?

Meryl: I don't. I don't cover anything related to tax. I don't feel like I'm a tax expert. I'm an accountant. So I've had some training in tax. But as part of it, we have a Bean Ninjas community, which we run through [Slack](#). And that's open to all of our students and also our existing customers. And we bring in other experts to teach. And so that's where we bring in tax accountants that can specialize in these things. Like, sales tax in the US is quite a specific topic, but very relevant, especially to our e-commerce businesses. So that's how we approach that.

A look ahead

James: Right. So what do you see in your crystal ball of the future of Bean Ninjas?

Meryl: Well, we're really trying to scale the bookkeeping side of the business, and we're focused on two market segments at the moment. We're really doubling down on e-commerce. We've seen that with what's been happening – we're recording this in the middle of the lockdown with COVID-19, and so there's a lot of movement towards people buying online, because they can't buy from their bricks and mortar stores. And I think that's been a trend anyway. And the accounting for e-commerce can be quite complex. So that's one area we're really focusing on and trying to grow. And the other is around services, digital services. So we want to grow our team. We'd like to be eventually an eight-figure business. We're not there yet. But mainly we're focused on adding value to our customers and adapting. So where we started five years ago in the service we have provided, we've had to adapt that over the last five years, and I'm seeing we'll have to adapt again as things change.

The lines of communication

James: And as you grow the business, what sort of structure do you have in terms of communication within the team?

Meryl: So, each team member has a manager. And so they would be communicating with them through their one-on-one calls to check in with how they're going. Are you talking about things like team meetings and the platforms?

James: Exactly, because you've got a few different players, you've got some moving parts, you've got services, you've got productized services, you've got info products, you got people scattered around, and you've got a lot of people. So I imagine there has to be plenty of communication going on.

Meryl: There is, and it is challenging with people in different time zones. Because we have team members in Australia, the Philippines, Europe and the US. And those time zones, it's pretty hard to have team meetings with everyone on at the same time. It's a late night or an early morning. So the strategies we have are using Slack and trying to engage with the team with fun conversations there as well as work. We do lunch-and-learns, which are the whole team together. That's only once a month. Team updates, I know some businesses do team updates, where it is an all-hands meeting on at the same time. We actually prefer Loom videos, where I'll record and update or my business partner Wayne will, just so that we're not having people up early or late at night.

And we try to avoid meetings just for the sake of meetings. We want to be efficient with how we communicate. But we do also want the team to build relationships and have a chance to chat, not just about work. So we try and balance those things. We did run an in-person retreat at the end of 2019 on the Gold Coast with the management team, and we had eight of our team members travel there and have a great time together. And we were actually planning a Philippines retreat this year, until travel was cancelled. So that's something that we'll plan to do down the track, so that all of our Philippines team can meet other Bean Ninjas team members.

James: Yeah, wow. That'll be like, a lot of ninjas going on. Philippines will be great. I'm sure you'll enjoy that. When it opens up, I think travel will be even more special.

Tips for the aspiring

I love it. I love how you're using technology. You're very savvy. You know, traditional accounting firms could learn so much from listening to this, but also any service professional. What would be your sort of distilled few tips for a service professional like a lawyer or an accountant or whatever, trying to get a little more connected to this online world? What's been your biggest tips?



Meryl: For me, being part of communities has been critical. I've been part of SuperFastBusiness since 2016, and I've been part of some other communities. And that's what really opened my eyes up to these other kinds of businesses. I also read a lot and listen to a lot of other podcasts. I probably listen to five or six podcasts a week. And I'm always just trying to learn and hear what is working for other people. Some things may not be relevant, but picking out what's happening in other industries and then thinking how you can apply it to your industry helped me adapt the way that I run Bean Ninjas, and being open to trying things. I never thought that I would have customers in the US. And the way I think about testing anything is, one, can I minimize the risk? So in the case of opening in the US market, could I get insurance over there and mitigate my risk? And then, how can I test this on a really small scale without spending a whole lot of money? And I think by doing those little experiments, you can actually try lots of things without significantly risking your business or your personal assets, just to see what works and the opportunities that are out there.

James: You've done so well with it. And having Dan Norris in close quarters would inspire you, I'm sure. His philosophies on quick startups and rapid innovation, always very interesting to be around those sort of communities. So I really appreciate you coming and sharing. This is super instructive, because you've blazed a trail that others can follow. You've been through the changes in partnership, you've had rapid expansion, you've found your perfect customer, you've stuck to a platform, you've stepped back from the business and found leverage. You know, you're still being able to have a family there. So really good stuff, and I appreciate it very much. Thanks for sharing, Meryl.

Meryl: Thanks, James. I really enjoyed coming on. And I've been listening to your podcast for years, so it's great to have the opportunity to come and chat with you.

James: Yeah, well, you know, it's doing more solo shows here and there. So not so many interviews, but when I get a good story like this, I really want to share it. Because it's super inspiring, just to see what's possible. So we put these things hoping that you know, someone will listen, get a big idea or some confidence that they can give this a shot, get in there, have a go, use the resources around them. You've applied so many, from revenue shares through to team building to online marketing to product selection and strategy, pricing, which markets. It's all there. There's a lot of gold in this episode. And I appreciate it.

Of course, if you listen to this episode, and you need help with your bookkeeping, then Meryl's over there at BeanNinjas.com and they've got all sorts of offerings for you.



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