

Turnover is Vanity, Profit is Sanity -

A golden rule & key definitions

As you start to get stuck into the finance part of business planning, we wanted to share a few key definitions with you, and also leave you with a golden rule that every creative would do well to remember...



First up those definitions...

Turnover = the total amount of money (income/revenue) that you or your company receives in a given period (usual one year).
shareholders in your company).

Profit = the amount of money left after all expenses have been deducted and which can be paid out to you (or any other shareholders in your company).

Surplus = the amount of money left after all expenses have been deducted but which is retained by the organisation/you for future projects.



Some creatives don't like this phrase because so few of us are motivated primarily by profit. But the rule is a great one to live by, even if that's the case. That's because while it's great to see your income going up, the amount of income you're generating isn't as important as the amount of money you have left in the bank after you've paid for everything. The cash you have in the bank is the reality that keeps the doors open and the wheels turning.

Now that you've got these definitions clear and are inside that golden rule, we hope you'll enjoy diving into the resources you'll find in the rest of our [Money, Money, Money module](#)