

Ep #230: Processing Fees and What to Do with Them



Full Episode Transcript

With Your Host

Stacey Boehman

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Welcome to the *Make Money as a Life Coach*® podcast where sales expert and master coach Stacey Boehman teaches you how to make your first 2K, 20K, and 200K using her proven formula.

Hey coaches, welcome to episode 230. Today I have a little bit of a rant for you, short, sweet, to the point but I've got to get it off my chest. I have got to break all of you, some of you if you are doing this, of a very bad habit. And really I don't even know, I know some of you are probably doing this but I've just seen this in other contractors both personal and professional throughout the years. And my husband and I are constantly talking about it. And so I just decided I've got to record a podcast and talk to you all about it.

So we're going to talk about processing fees and what to do with them. So a processing fee would be if you use PayPal or Stripe to take professional payments in your business. You get charged a processing fee for the service of the company, PayPal or Stripe processing your payment, making you capable of accepting payments. That's a service. So here is what I am always blown away that I find happening. And if this is you I don't want you to have shame about it. You don't need to feel called out in a negative way, feel called in, in a positive way.

But this is what my husband and I have seen a lot of is contractors and vendors passing those payments on to clients, passing the credit card fee, adding the Stripe fee. We were supposed to pay something, I had my son turned one and we had this huge party and one of the vendors charged us a credit card fee. So the option was do a wire and not pay the fee or pay a \$27 credit card fee. My husband was like, "What?" And this has happened to us so many times and I'm so blown away.

So listen, here is what you do with processing fees. You pay them, you, the business. The business pays them. Processing fees are a cost of doing business. They are a cost of you doing business, not your clients' cost of them buying from you. What? Do you guys, seriously have you thought about this? Processing fees are not your clients' cost of them buying from

Ep #230: Processing Fees and What to Do with Them

you. Do not charge someone differently for using the number one payment method in the world. Are you following me?

Credit cards are the number one payment method in the world. All this makes you do is look outdated and heavy and cheap and small. Small. No, no, no, no. I really want you guys to think if you're doing this or if you even consider doing this, think of how this looks to your client. What is the thought process creating this? I was trying to think about what is this person thinking that is charging and not taking on that credit card fee for themselves. It could be hundreds of thousands of dollars a year in processing fees. We write it off on our taxes. It is a business expense.

I'm like, "Do they think they can't afford it? Their margins are too small? Do they think it's the clients' responsibility? You chose to use the number one payment method in the world?" Seriously, I have been wracking my brain thinking of this. And I genuinely can't figure out the thought process behind this. Eat the \$27 or the \$3. It literally does not matter what the fee is, there's no fee that you're going to tell me, there's no profit margin that you're going to say, "Well, but my business is so small."

Just like there's no small business. I was thinking of all of the small businesses I go to that have tried to do this as well. There's no small business that is small enough that you can't take on the credit card fee. It is your responsibility. It doesn't matter, you're a business, doesn't matter how much the fee is. The only way that you don't pay the fee is if you have created software to take your own payments. If you have not created software to take your own payments then you need to pay someone for their service of collecting money for you. You couldn't do it without them.

It's a service. You pay the service. Your client doesn't pay for your service of collecting money from them. Are you kidding me? I told you this was going to be a little ranty. It's going to be really short but very ranty because I seriously want to shake people when they do this from love. What are you doing? What's the thought? Let's figure it out together and then stop it forever. No.

Ep #230: Processing Fees and What to Do with Them

I was talking to my COO about this. And the only time a client of ours pays money to pay us is if they choose or they need for whatever reason, they need to do a wire versus a credit card or whatever other options. If they need to do a wire and their bank charges a wire fee to them. When they wire they have to ask their bank, "Do you charge a fee?" And then they have to, say it's for 200K and it's \$25,000, their bank charges \$50 then they need to send 2550, because otherwise their bank will deduct it from what we get and we don't charge \$24,950 for 200K Mastermind, we charge 25,000.

So that's on them, we don't pay their bank fees, their bank wire fees. But also they don't pay ours. That's our bank, our choice to bank. So we get hit with it on our end too. I think almost all banks charge. I don't know if we get hit with it on our end to accept it. I could be wrong about that, but if we did we would still pay that. If it's our bank, our choice to bank, we bank with Chase, it's our choice to bank with Chase. And again we don't have software to wire money so we pay someone who does. We pay Chase if we wire money.

This is like taxes, we just pay our taxes. I know so many friends, business owners, people who will go out to dinner. This is a really great example, we call it picking up pennies in our company, but they'll go out to dinner and they'll use their business credit card and laugh and say, "We talked business", haha, haha, haha wink, wink. Neil and I do not do that.

I think this happened, I really started paying attention to these things when I started working with my first CFO bookkeeper. Because what would happen is we would go through all of my payments, all the payments, personal and professional. And we would label them and especially with the business they would be like, "Okay, what was this for? What was this for?" And we would go through every single transaction? And I never wanted to have to lie. I never wanted to be like, "Well, that was a personal trip but we're going to just say we did business."

We don't do any of that. We just only drop our credit card for our business credit card when it is an actual business expense. Even if I have a couple

[Make Money as a Life Coach](#)®, a podcast with Stacey Boehman

Ep #230: Processing Fees and What to Do with Them

of friends who are my clients. And if we take them out to dinner we still pay with our personal card. If it is not a business dinner, if it's not us paying to take the Two Million Dollar Group out to dinner. We're going to pay with our business card then but otherwise what's the point?

It makes your books messy, they're not legit, you actually have explanations to owe if you ever got audited. To me I'm like, what's the thought process behind that is really it's trying to take advantage of your business or trying to get out of taxes. Whatever it is, it's coming from some sort of lack or insufficiency. And I just want to haul all of you in that's listening if you happen to be doing this, many of you may not be hopefully. Hopefully the majority of you are not doing this.

But if you are doing this, I just wanted to call you in. We are big boy and big girl businesses. We can do this. We can pay our taxes properly. We can only write off actual business expenses. We can pay all of our service fees, all of our bank fees, we can take them on. Listen, if you are not a coach and you're listening to me and you're a photographer or doesn't matter, whatever you are, you have a service based business, you can pay the fee. You can accept credit cards and you can pay the fee. You've got this, you can handle it. I believe in you.

Listen, I do know so many of you are doing this. Some of you are doing Venmo to get away from paying that fee. Venmo is to send money to your friends. This is not how big businesses operate. Get off Venmo. Have a proper payment processor. I mean listen, you can accept checks but who writes them nowadays? You've got to think about your clients. What is the most convenient way for them to pay? I can't tell you how many people have asked me to pay them on Venmo recently.

I'm like, "We don't have Venmo because we're a big business and we track our expenses and you can't set up a bookkeeper functionality with Venmo, so we don't have it. We don't do it." But what is, when you're trying to get away from paying the fees, tell me what's coming up. Don't tell me personally, say it out loud. I mean you can tell me if you're in one of my

Ep #230: Processing Fees and What to Do with Them

programs, feel free to post in the Facebook community, “Stacey, you told me to tell you my thoughts.” Tell me your thoughts.

I will coach you on them. If you are in 2K or 200K or Two Million Dollar Group I will coach you on your thoughts about why you think you need to charge your clients or use Venmo. But the answer on my end is going to be no. Please consider how this looks to your clients, seriously think about it. Before you do it just consider when you do this how does it look to your clients? It looks petty. It looks poor. It looks bad. It looks small. It does not look successful. There's no shame in this, no shame if you're doing this, just change immediately please, God.

Of all things holy in the coaching industry, please stop charging your clients the credit card fees. Listen, when we get vendors who do this in our company we literally tell them we will not work with them unless they take on the fee themselves.

Guess what guys. We bought land. We're growing up. We are investing in real estate instead of private flights. We are so excited, Nashville is happening, so excited. It's going to be a couple of years. The process is very lengthy to build your dream home, but we bought two acres in Brentwood. We are moving. See you, we're coming. Anyone in Nashville, hey. I'll be there, let's do a meet up.

So we don't fly private anymore but when we did fly private they would try to charge us a credit card fee. I am like, I don't even know, it's different for every flight everywhere you go. But just a ridiculous amount of money to fly private, you can handle the credit card fees. We were like, “Listen, if you want us to book a flight with you, you're taking the fee. We do not pay credit card fees.” We tell that to all of the contractors we work for. Sorry, I understand, it is annoying, it is frustrating, it is costly.

Someone told my husband, they said, “Man, those credit card fees.” My husband was like, “Yeah, I know, we pay processing fees for everyone, hundreds of thousands of dollars a year, yeah, and you're going to take

Ep #230: Processing Fees and What to Do with Them

ours. You're going to pay ours. We are the customer." Customers do not pay credit fees.

I hope that this has sufficiently ended the conversation on this subject for you. I hope that it has at least made you think about this. You are a big business, you can handle this. I am all for it. I'm happy to coach you. If you have thoughts about it, do not raise your prices, dear God, to accommodate for a \$27 fee or a \$100 fee, don't do it. Just practice the sentence, I can afford this. And listen, I understand, if you are investing lots of money, not your clients' problem. Just starting out, not your clients' problem. Don't have a high profit margin, not your clients' problem.

For all the reasons that you might think it's a good idea, number one, I've been there. I've been the small business. I've been the tiny margins. I've been investing more than I am making. I have been there where every dollar counts. I have been there where I'm not even making enough to pay my bills. I've been the sad story. I have been the broke story. I've been the poor story. I've been the got to get money to eat story. I've been all the stories and you've still got to take your own fees. You've still got to pay those. You don't pass those on to clients.

Okay, listen, I really do this from love. It's a little bit of a shake but I promise, whenever I do these little callouts, whenever I get a little ranty, I'm really just feeling feisty, mostly not at you at all, but all of these people that keep telling us to pay their credit card fees. But I know it happens because it happens to us so often, I know it's happening. So I want to get a little ranty, a little riled up to make it stop at least in the places where I have influence.

So if you look to me as influential, if you're listening to this podcast, if you think I have good business sense and good business ideas then please listen to me here. I have another rant coming up next week, of all the rants, like a little list in my phone of here are all the rants to do on the podcast. Here are the things to shout about. This one feels extraordinarily important to me because I'm always thinking of the client, just in general.

Ep #230: Processing Fees and What to Do with Them

Do you remember the sentiment, what would Jesus do? The WWWJD? Alright, think about, I don't know what the sentence is but like how does this affect my client? What would my client think? That's what it is. What would my client think? Just write that down on a post-it note and put it on your computer, what would my client think? When I do this, what would my client think? When I say this, what would my client think? Think of it all the time as when I make this decision, what might my client think?

Just think about their experience, their perspective. I am always doing that. So anything I promise that I rant on or teach on or push you on, I promise, it's only because I'm thinking about the buyer, the customer. And I always want them to have an amazing experience. And I always want them to think really highly of you, really positive of you. I want you to look successful. Even if you don't feel successful, I want you to look good. I want you to look like you're doing well. I want you to look considerate. I want you to look like a business, a real business, not a hobbyist.

This isn't Etsy. Maybe you own an Etsy shop, okay, listen, there's nothing wrong with that. I've just had a super bad experience with Etsy too, so I'm a little annoyed at Etsy, all Etsy business owners, even though really it was just this one Etsy business owner. So I take that statement back. But just for real, think about the customer and how it looks and would your behavior in the payment transaction be something that would create a seamless experience for them where they feel held and taken care of? Or will they feel like, what the fuck, why am I paying this?

Why aren't you doing your job? Why am I paying your business expenses? It's literally what I think every time someone tries to pass a credit card fee along to me, I'm like, "Why? Do you want me to pay your taxes too?" Okay, end rant. Happy Wednesday. I love you truly. I only say these things out of love and desire for improvement. Have a beautiful week. Stop charging your clients, processing fees, pay them yourself, pay your taxes, let's be grown. Alright, I'll talk to you next week.

Hey, if you are ready to make money as a life coach, I want to invite you to join my 2K for 2K program where you're going to make your first \$2000, the

[Make Money as a Life Coach](#)®, a podcast with Stacey Boehman

Ep #230: Processing Fees and What to Do with Them

hardest part, and then \$200,000 using my proven formula. It's risk-free. You either make your 2K or I give you your 2K back. Just head over to www.staceyboehman.com/2kfor2k. We'll see you inside.