

Chapter 1 : Budgeting, Worksheets, Lesson Plans, Teaching Household Money Planning

For example, many business owners must make rent or mortgage payments. They also have utility bills, payroll expenses, cost of goods sold expenses (raw materials), interest and tax payments.

The good news is that it is possible to come up with a budget, or at least a good estimation of what will be needed in terms of dollars and cents fairly easily. Estimating and matching expenses to revenue real or anticipated is important because it helps small business owners to determine whether they have enough money to fund operations, expand the business and generate income for themselves. Without a budget or a plan, a business runs the risk of spending more money than it is taking in, or conversely, not spending enough money to grow the business and compete. Getting Started with a Budget Every business owner tends to have a slightly different process, situation, or way of budgeting. However, there are some parameters found in nearly every budget that you can employ. For example, many business owners must make rent or mortgage payments. They also have utility bills, payroll expenses, cost of goods sold expenses raw materials , interest and tax payments. The point is every business owner should consider these items and any other costs specifically associated with the business when setting up shop or taking over an existing business. With a business that is already up and running, you can make assumptions of future revenue based on recent trends in the business. Small business owners can often get a sense of what to expect by visiting other businesses that are for sale and asking questions about weekly revenue and traffic patterns. The goal is to figure out what an average weekly expense for overhead, utilities, labor, raw materials, etc. On the flip side, owners may realize that in order to have three employees instead of two, the business will have to generate more in revenue each week. These six simple tips will help you put together a top-notch small business budget: Check Industry Standards Not all businesses are alike, but there are similarities. Small businesses can be extremely volatile as they are more susceptible to industry downturns than larger, more diversified competitors. Make a Spreadsheet Prior to buying or opening a business, construct a spreadsheet to estimate what total dollar amount and percentage of your revenue will need to be allocated toward raw materials and other costs. Do the same thing for rent, taxes, insurance s , etc. How to Set Up a Budget. Factor in Some Slack Remember that although you may estimate that the business will generate a certain rate of revenue growth going forward or that certain expenses will be fixed or can be controlled, these are estimates and not set in stone. Look to Cut Costs If times are tight and money must be found somewhere in order to pay a crucial bill, advertise, or otherwise capitalize on an opportunity, consider cost cutting. Specifically, take a look at items that can be controlled to a large degree. Another tip is to wait to make purchases until the start of a new billing cycle , or to take full advantage of payment terms offered by suppliers and any creditors. Some thoughtful maneuvering here could provide the business owner with much needed breathing and expansion room. Review the Business Periodically While many firms draft a budget yearly, small business owners should do so more often. In fact, many small business owners find themselves planning just a month or two ahead because business can be quite volatile and unexpected expenses can throw off revenue assumptions. To learn more, see " Establishing Budget Goals. This can and should be done at various stages, including when purchasing or starting up a business, when setting annual or monthly budgets, and during periodic business reviews. The Bottom Line Budgeting is an easy, but essential process that business owners use to forecast and then match current and future revenue to expenses. The goal is to make sure that enough money is available to keep the business up and running, to grow the business, to compete, and to ensure a solid emergency fund. Trading Center Want to learn how to invest? Get a free 10 week email series that will teach you how to start investing. Delivered twice a week, straight to your inbox.

Chapter 2 : What is Budgeting and Why is it Important? | My Money Coach

Budgeting may sound complicated, but it can actually be a very basic personal finance skill. Whether you decide to make your budget bare bones or detailed to the last dollar, the most important part of budgeting is to put it into practice.

These four tips will help take your budget, planning and forecasting process beyond the spreadsheet, improving the process itself while also embedding the proper cause and effect mindset within your people and processes that is critical to achieving better results. A budget has no bearing on what will happen within the market or even within your own organization. Too often management, especially senior management, expects that division heads or process owners will translate a financial budget into what actions should be taken on a daily basis to achieve the projected results. Lower-level managers rarely do this. They assist in the once a year budgeting process as mandated by senior managers, they accept the goals set for them often because they have no choice and then they go back to doing what they consider their real job. Consider how many companies go bankrupt each year. How many actually budgeted for organization killing negative growth? Overcome this flawed thinking by focusing on actions that generate tangible results and that people can identify with. Focus on making a budget actionable, not accurate. Perhaps because budgets are considered a financial process typically managed by Finance, the primary focus is often on making it accurate. But projections or goals, by their very nature cannot be accurate. They are simply an educated guess on the expected outcome if everyone in the organization does what is expected. And what is expected is rarely defined within the budget. Take each financial line item both revenue and expense at least one step further and budget the expected actions too. Are you seeking a 6 percent growth in revenue in a specific channel or product? If so, how many more customers do you need in the store, advertisements in newspapers or websites or events where you meet prospects to achieve this growth? As you become more sophisticated add one driver per organizational department that influences each line item. Understanding what drives your success and budgeting for those things makes your budget more actionable. Identify drivers of financial performance. Financial performance is an outcome. It is the results of what was done in the past and as such, is not something that employees can act upon. What they can act upon are those things which will produce future financial results. Expanding on the previous example: It also includes those things that satisfy customers, keeps them satisfied and urges them to make additional purchases. These performance drivers can also be budgeted, and would be different for each department: Marketing generates interest, Sales generates customers, Operations satisfies the need and Customer Service or Account Management maintains the relationship and might also cross- or up-sell. Measuring performance drivers cannot be a yearly event and will quickly move the organization into a more proactive form of management focused on influencing future results. This makes the organization both more effective and more reactive to necessary changes, eventually leaving behind the yearly budget process to adopt something more akin to a perpetual budget. The annual budget process gives management a sense of security -- albeit a false one. The act of creating the budget itself is often misinterpreted as the meaningful goal, masking the importance of tangible goals that directly influence the creation of revenue and profit and the reduction of expense.

Chapter 3 : 8 key budgeting tips for your management team

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Discuss as a group which headings are most relevant, then have students complete their own budget using approximate values for each. Help students divide their lists into essentials and non essentials, and to experiment with adjusting the figures for example, decreasing the amount spent on clothing or recreation to see what the effect is over the course of a year. Ask students to nominate high points in the year where their budgets may be affected by change eg. Christmas, birthdays, holiday seasons. Encourage students to work their budget calculations in pencil, as this reinforces the idea that budgets can and should change over time. A budget which is seen as unchangeable means it does not allow for changes to income or expenses, which can have implications over an extended period. Students may also enjoy working in a program such as Excel, where they can input data and practice using the Autosum function to add their columns, or to create a formula to subtract their total expenses from their total income. Some of his figures are for weekly income and expenses, while others are for different time frames. His budget looks like this: Then work out his savings or debt per month, and for a year. Experiment with adjusting the figures to give him a greater amount of savings by either increasing his income or decreasing his expenses. What feedback would you give Barry about his budgeting skills? Combine each pair with another pair and compare lists. It is likely there will be some differing views about what counts as an essential and a non essential. In their groups of four, ask students to think about a scenario where: They are in serious danger of losing their home if they do not make some changes now. They know if they sell they will not get as much for their house as the value of their mortgage. The best option is to decrease their expenses over the next two months by cutting back on non essentials. Help the family work out a plan to save their home. List the non essentials they can remove from their budget. Income is the money coming into the family.

Chapter 4 : How to Develop a Business Development Budget: 5 Steps

It's a basic tenet of business - before you can make money you have to figure out how to spend it. Drafting a budget is a key way to help you turn your dreams for business success into reality.

Budgeting How To Start a Business Budget Every successful business needs a budget, and here are some tips on how to make one that works for you. Drafting a budget is a key way to help you turn your dreams for business success into reality. Using this vital tool, you can track cash on hand, business expenses, and now much revenue you need to keep your business growing -- or at least afloat. By committing these numbers to paper, your chances of succeeding with your business are helped by anticipating future needs, spending, profits and cash flow. It also may let you spot problems before they mushroom, so that you can switch gears.

Why Your Business Needs a Budget The bottom line on why to draft a budget for your business is that it will help you figure out how much money you have, how much you need to spend, and how much you need to bring in to meet business goals. But there are other reasons, too. Bankers and other financiers may want to see a budget when you ask for a loan. Employees should also be privy to the budget so that they understand where the business is going and are motivated to work harder. Everybody should know what the goal of the company is. A budget should be created before you sign a new lease or invest in new machinery or equipment. According to the U. Small Business Administration, a budget can be used to indicate some of the following: You can use this information to adjust your plans or expectations going forward.

Components of a Budget A budget should include your revenues, your costs, and -- most importantly -- your profits or cash flow so that you can figure out whether you have any money left over for capital improvements or capital expenses. A budget should be tabulated at least yearly. Most yearly budgets are also divided up into 12 months, with blank columns next to your estimates to fill in with your actual results as the year progresses. Here is how the SBA defines the basic budgeting components: Total costs and expenses - Now that you have your sales estimates done, you can come up with figures for how much it will cost your business to earn those revenues. These can be tricky because sometimes they will vary because of inflation, price increases, and other factors. Costs can be divided into categories: Some examples include rent, leased furniture, and insurance. These include the cost of raw materials you need to make products, inventory, and freight. These can include salaries, telecommunications, and advertising. You estimate this figure by subtracting your costs from your revenues. Once you have profit estimates, you can also start to plan for whether you can purchase new equipment, move to a bigger location, add staff, or give your employees bonuses or raises. Those projections, coupled with the actual income and expense figures you realized, would form the basis of your estimates for the coming year. In that case, read on.

Target your sales and profits. Start out by developing a target for your sales revenues, advises SCORE, a non-profit group with chapters that is dedicated to helping entrepreneurs and small businesses form, grow and succeed. A good place to start, once again, is those financial statements. These statements should include an itemized list of the fixed and variable expenses you incurred during the year, including salaries and wages, rent, postage, research, travel, utilities, taxes, etc. Figure out gross profit margin. In that case, estimate the cost of your goods sold beginning inventory, goods purchased or manufactured, shipping charges, etc. Take time to readjust figures. Given the estimations for sales and expenses, you most likely will want to go back and readjust your estimates to reach your profit targets. This may mean you purchase fewer new supplies in the coming year or you need to add two new employees. Factor in these adjusted costs and or savings and run the numbers again. You may need to bite the bullet and go to an accountant or business consultant for help with your budget figures. Remember that budgeting is not an exact science. You may have set your sales figures too high when the economic slump hits your business. Or, conversely, you may land a client that doubles your business. BetterBudgeting offers a free budgeting worksheet. Docstoc is a marketplace that lets you find and share professional documents. The website has an assortment of free printable budget worksheets to try. Winsmark Business Solutions has a free downloadable cash flow budget worksheet.

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Chapter 5 : Why Is it Important for a Business to Budget? | calendrierdelascience.com

A business that doesn't budget sets itself up for a host of financial problems down the road. This is true for businesses of all ages and sizes.

Chapter 6 : Budget Manager Resume Samples | JobHero

Focus on making a budget actionable, not accurate. Perhaps because budgets are considered a financial process typically managed by Finance, the primary focus is often on making it accurate.

Chapter 7 : Teach Your Students About Budgeting and Money Skills

Lessons: Grades 9 – 12 High schoolers learn about relevant financial skills like managing salary, buying a car and avoiding debt. Pre K – Grade 2 Grades 3 – 6 Grades 7 – 8 Grades 9 – 12 College Special Needs.

Chapter 8 : Budgeting Training: Budgeting Basics | Business Skills Courses | Webucator

I myself have adapted and changed my budget in dozens of ways since the initial production, and I want to make sure users have the skills to make personal adaptations based on their needs, goals.

Chapter 9 : Creating the Perfect Small Business Budget | Investopedia

Manage Your Department Budget Like It's Your Own Business When we work for large organizations, we tend to treat "the company's" money like it grows on trees. It doesn't, and it's now your job as a manager to take personal ownership of your department's resources.