

COACHING RESOURCES

BUDGETS AND THE BENEFITS THEY BRING TO BUSINESS

Puts you in control of your money. It helps you make strategic business decisions and provides some clarity, certainty, and confidence about the money side of running your business.

It also helps you to track your performance when you are measuring actuals against a budget

It's really a simple process of planningworking out the money in, versus the money out and the most important part is ...planning to make a profit, then check in on this each week and month to see if it actually matches the plan.

Analogy: It's like turning on a light in a dark room. You'll be able to clearly see the obstacles in front of you and as a result, you will be able to find your way around them.

The real advantage of setting a budget is that it helps you make strategic business decisions. If you are not sure what's going to happen over the next six months? It can allow you to try a variety of different scenarios and see what numbers emerge.

But most of all, a budget gives you more certainty and confidence. You get a clearer picture of the state of your business and you know where you stand.

And always remember that a small business budget isn't set in stone. As your situation changes, you can make changes to your figures and see what it means for your profit. Which is basically Forecasting or adjusting your budget month to month.

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ASK YOURSELF THESE THREE QUESTIONS AT THE END OF EVERY MONTH:

1. How are we doing compared to the budget? If the results are different from the plan, why did this happen?
2. What must we do now to have a better result next month? How can we keep the positive differences and avoid the negative ones?
3. What are we learning that will help make next month's budget better?

Having a budget also means you're able to seek finance. So if you find you need to borrow money for something, you have everything you need to go and apply for one right away.

Free resources at business.gov.au/finance there is a downloadable spreadsheet and a wealth of information to assist you in this process. Of course, talk with your coach and your bookkeeper and your accountant who will all be able to assist you in this process.

SUMMARY

Understand and research what you need to do and know, how to build a budget

Plan well.....Just do a simple budget based on last year's figures and set yourself some simple goals and targets you can aim towards

Execute wellUnderstand where the money is coming from and going to and see what decisions you can make to make a difference in your profitability