

THE RIGHT WAY TO SET YOUR ANNUAL BUDGETS









In This Seminar

- Quick Intros
- What's a Budget. Why?
- The Process
- Sharing the Budget
- Summary
- Questions





Jim Kahrs

- 36 Years in Business Systems
- Started Prosperity Plus in 2001
- Achieve Your Goals by Improving Profit, Cash Flow & Growth
- M&A, Valuations, Succession Planning
 - More than 350 individual transactions
- Marketing Programs
- Consulting based on Experience + highly successful Hubbard
 « Management System & Value Builder System
 Value Builder System
- Assistance with the ERC Program





What is a Budget?

- Noun An estimate of income & expenditures for a set time period.
- The amount of money needed or available for a purpose.





What is a Plan?

- Noun A detailed proposal for doing or achieving something.
- An intention or decision about what one is going to do.



Why Bother?

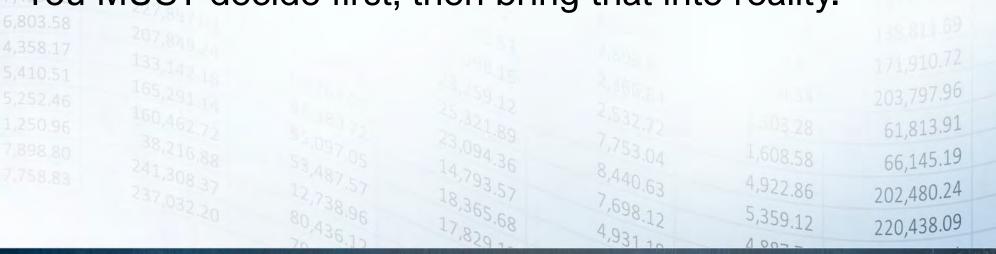
- With the pandemic behind us it's time to get back on course.
- A well-thought-out plan includes budgets.
- If you create budgets & use them to manage your business, your results will be better.
- Ever play a game without keeping score?
 - How well did you do?
 - Was it fun?



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- 1. Decide what you want to achieve.
 - This is the starting point. Decision is the senior-most point.
 - You MUST decide first, then bring that into reality.





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It takes a correct estimation of effort

- Dream big. Consider what it'll take to make it happen.
- Glibly setting targets without plans & resources to achieve them only brings you & the group down.
- Aim high. Be ready to do what's necessary to make it happen.

203,797.96 20,604 2,532.72 403.28 61,813.91 22,048 7,753.04 1,608.58 66,145.19 67,493 8,440.63 4,922.86 202,480.24 73,479 7,698.12 5,359.12 220,438.09 67,015



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2. Review Past Performance

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Income Statement

- Revenues
- COGS
- Expenses
- Net Income

Balance Sheet

- Assets
- Liabilities

		203,797.96
		61,813.91
7,753.04		66,145.19
8,440.63	4,922.86	202,480.24
7,698.12 4,931 10	5,359.12	220,438.09
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3. Look at Industry Models

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- Get your numbers & percentages figured out. Compare them to industry models.
- Look for biggest departures.
- Put your attention on these areas. They will yield the best & quickest results.

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4,931 10

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4. Set your 2024 Budget

- Use income statement as the format to enter budgets.
- Use previous year exported to Excel (create a new column for 2024).
- Monthly breakdown helps.

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• Here's an example...

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	203,797.96
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	66,145.19
4,922.86	202,480.24
5,359.12	220,438.09
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Revenue

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Typically works best by % increase.

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- Not all line items increase/decrease in the same amount.
- What resources will be needed to make this happen?
- How will hardware/software sales impact service, installation, implementation & supplies?

171,910.72 203,797.96 1403.28 61,813.91 1,608.58 66,145.19 4,922.86 202,480.24 5,359.12 220,438.09

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4,931 10



- Tied into projected revenue by category.
- Use formulas that allow for automatic adjustment.
- Expected cost/discounts from suppliers?

352.11 459.80 303.58 358.17 410.51 252.46 250.96 398.80 758.83	53,487.57 12,738.96 80,436 1-	25.321.89 23.094.36 14.793.57 18.365.68 17.829 1-	2,532.72 7,753.04 8,440.63 7,698.12 4,931	1,608.58 4,922.86 5,359.12	138,811,69 171,910,72 203,797,96 61,813,91 66,145,19 202,480,24 220,438,09	
	70,736.]	1,829 1-	4,931 10	1007-	220,430.03	



Expenses

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- What do you expect to incur? Some increase. Some decrease?
- Rent escalations.
- Payroll changes (raises, new staff).

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- Health insurance changes.
- Vehicle, equipment depreciation.
- Cost of living.
- Be sure to increase commissions based on increased sales.

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The Ideal Budget

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- Exact targets line by line for all revenue, COGs, expenses.
- Stretch, but doable.

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- Easily shared with staff.
- Next best thing: Target top line revenue growth, bottom line profit.





Share. Yes, Share It.

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- Budgets must be shared with your team to be effective.
- Not just an exercise for the execs & owners.

Go on, share the plan:

- Beginning of the year.
- Monthly

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	66,145.19
4,922.86	202,480.24
5,359.12	220,438.09
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		1164
5,150.47	3,270.68	134,511.64
7,537.67	4,785.71	196,855.64
2,377.30	1,509.23	62,086.06
6,580.19	4,177.44	171,850.08
8,857.94	5,624.01	231,336.50
336.39	214.27	8,785.34
8,193.61	5,202.42	213,986.81
8,329.85	5,289.11	217,544.30
5,038.83	3,199.53	131,595.59
4,449.67	2,825.11	116,208.96
8,405.38	5,336.87	219,516.61
8,926.56	5,667.03	233,128.35
5,838.05	3,706.55	152,468.64
657.63	418.30	17,175.71
3,293.36	2,091.01	86,010.79
6,454.90	4,098.21	168,578.18
2,047.48 3,787.51	1,300.33	53,472.53
475.05	2,405.00	98,915.58
7,238.80	302.44	12,407.49
5,315.13	4,596.10	189,050.87
6,582.52	3,374.45	138,811.69
7,803.47	4,179.82	171,910.72
4,366 01	4,954.54	203,797.96
4,532 72	1,503.28	61,813.91
1,153 01	1,608.58	66,145.19
2,440 62	4,922.86	
1,098 12	5,359.12	202,480.24
4,931 10	4907-	220,438.09



Summary

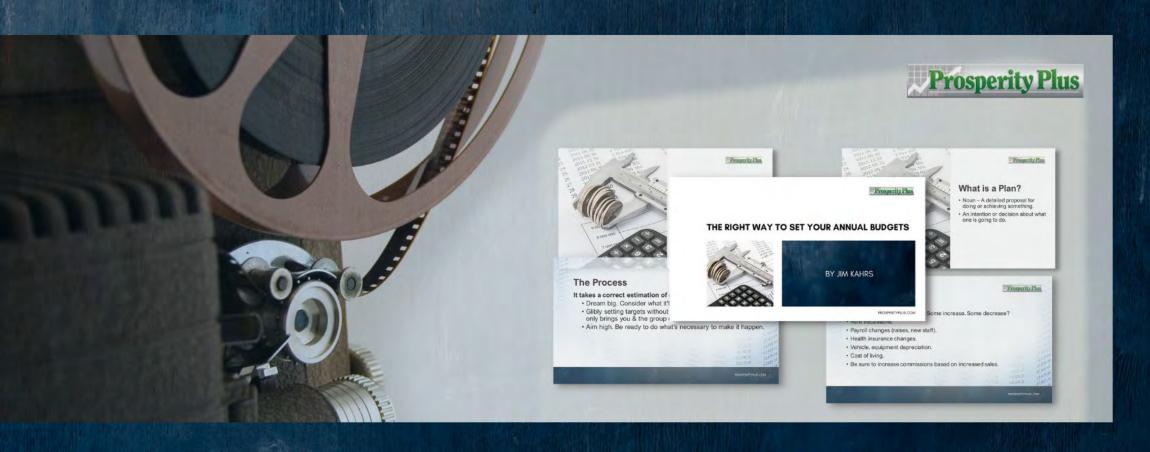
- Purpose for Budgets increase chances of success, financial results.
- Set a course for your desired destination.
- Requires thought, planning.
- Make it a stretch, but realistic.
- Share with your team.
- Monitor year-round.
- May need to adjust mid-stream.





THURSDAY, JAN 25, 2024

1 PM EASTERN
REGISTRATION NOW OPEN



Questions?

THANKS FOR WATCHING
Be Sure to Respond to Survey

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