Budgeting for Small Business Owners

Planning for fluctuating income, building budgets, and setting aside funds for taxes, emergencies, and growth

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Kyle Beltle, CPA, CTC

- CPA & Certified Tax Coach
- Founded Proactive CPA
- Nearly two decades in the industry
- Served as a CFO to numerous companies

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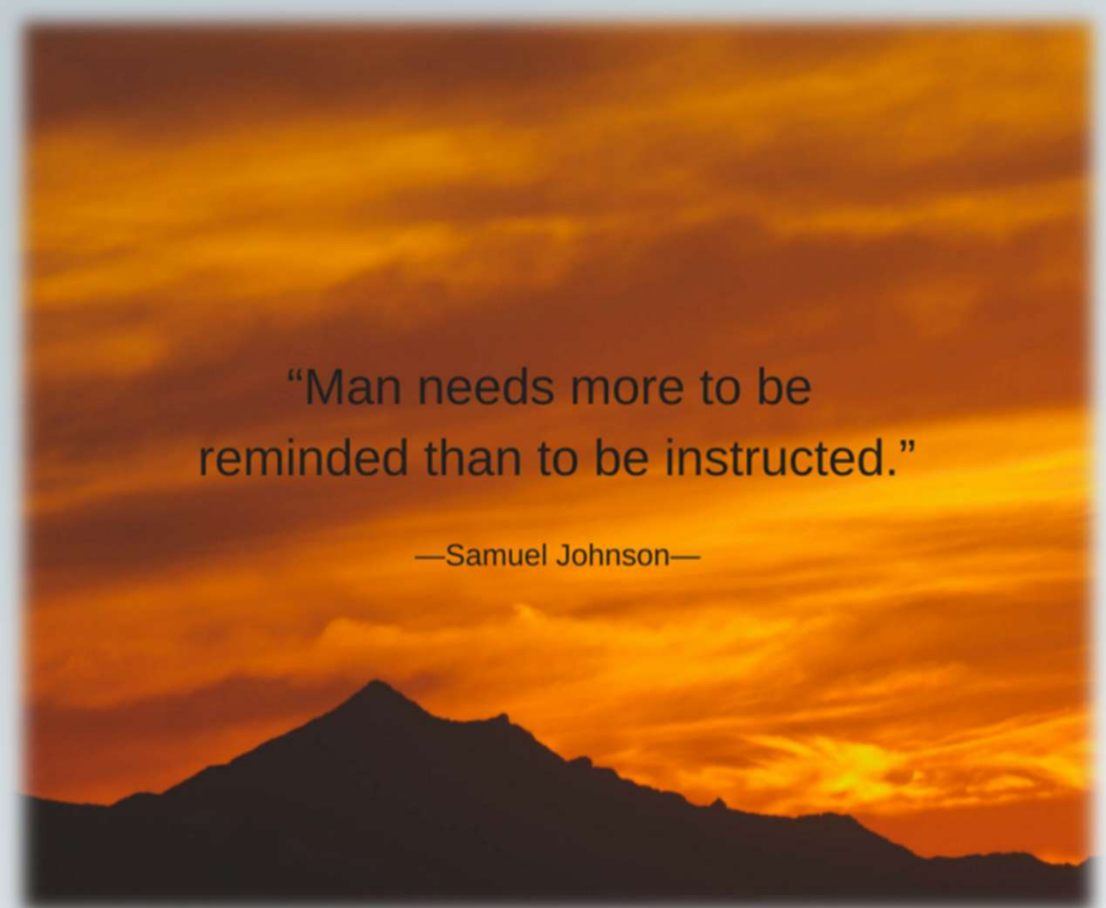
“Man needs more to be
reminded than to be instructed.”
—Samuel Johnson—

"Good learning starts with questions, not answers."

Guy Claxton

Goal

As a result of this session, what is one thing you will start doing tomorrow?

Agenda

- Theory
  - Why planning is important
  - Five common reasons for fluctuations
  - The most effective solutions
- Practice
  - How much to set aside
  - Build a simple cash-flow forecast

Why is Planning Important

Greater Clarity → Better Decisions → Peace of Mind

Five Common
Reasons For Fluctuations

External:

- Economic Downturns
- Seasonality

Internal

- Slow-paying Clients\Invoicing Issues
- Poor Inventory\Overhead Management
- Poor Bookkeeping & Planning

Solutions *– Poor Bookkeeping & Planning*

1. Hire a professional bookkeeper

Solutions *– Poor Inventory & OH Management*

1. Modern inventory management system
2. Assign a "Champion" to each GL account

"There was an important job to be done
and Everybody was sure that Somebody would do it.
Anybody could have done it, but Nobody did it."

Solutions *– Slow Paying Customers|Invoicing Issues*

1. Require pre-payment whenever possible
2. Early pay incentives
3. Elect an "AR Champion"

Solutions – *Seasonality*

1. Diversify Revenue Streams
2. Forecast Cash Flow
3. Cash Reserves

Solutions *– Economic Downturns*

1. Scenario Planning
2. Diversify – Markets\Products\Services
3. Higher Margin Products
4. Cash Reserves

Five Common
Reasons For Fluctuations

External:

- Economic Downturns
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Internal

- Slow-paying Clients\Invoicing Issues
- Poor Overhead\Inventory Management
- Poor Bookkeeping & Planning

How Much to Set Aside

- Everyone is different – customize to your situation
- Starting Point:
    - Taxes
    - Re-invest in Business
    - Rainy Day
    - Personal (i.e. Fun!)

Building a Simple Cash Flow Forecast

- Tips
  - Start simple
  - Consistency is the key

- Instructions:
  1. Set the dates
  2. Enter starting balance in checking
  3. Add inflows
  4. Add outflows
  5. Evaluate – any shortfalls?
  6. Weekly re-evaluate

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As a result of this session, what is one thing you will start doing tomorrow?

Thank You!

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