



**GROWING
YOUR DREAMS
BUDGET WORKSHOP
10 KEY POINTS**

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Presenter

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Senior Financial Executive and Speaker with +30 years of experience in Business & Financial Management in the global logistics and banking industry.

- Bachelor's in Business Administration with an emphasis in Management, *Universidad Catolica de Guayaquil - Ecuador (1995)*
- Master in International Business, *University of St. Thomas (2002)*
- Certificate of Organizational Leadership, *Rice University (2007)*
- Recipient of multiple recognitions:
 - “Trailblazer of the year award, 2020” at the “4th Women to watch International”
 - “Emergent Entrepreneur, 2020” by “Solo Mujeres Magazine”
 - “Women on the Move, 2019 class” by Texas Executive Women
 - “Outstanding International Consultant, 2019” by HIDTC
- **Board Member:** Director at Large for non-profit “Texas Executive Women”,
- **Board Treasurer** for “International Entertainment Partnership” (IEP).
Finance Committee Chair for “Houston Entertainment Industry Task Force” (HEITF)
- **CFO** for non-profit: “Beautiful Purpose”





Solutions for Business Owners & Start-Ups

- Financial Management
- Financial Coaching & Training
- Business Consulting
- Bookkeeping Services

PROFIT + PRODUCTIVITY



Solutions for Corporations

- CFO On-Demand
- Controller On-Demand
- Financial Speaker

PROFIT + PRODUCTIVITY

Create a Budget & Forecast

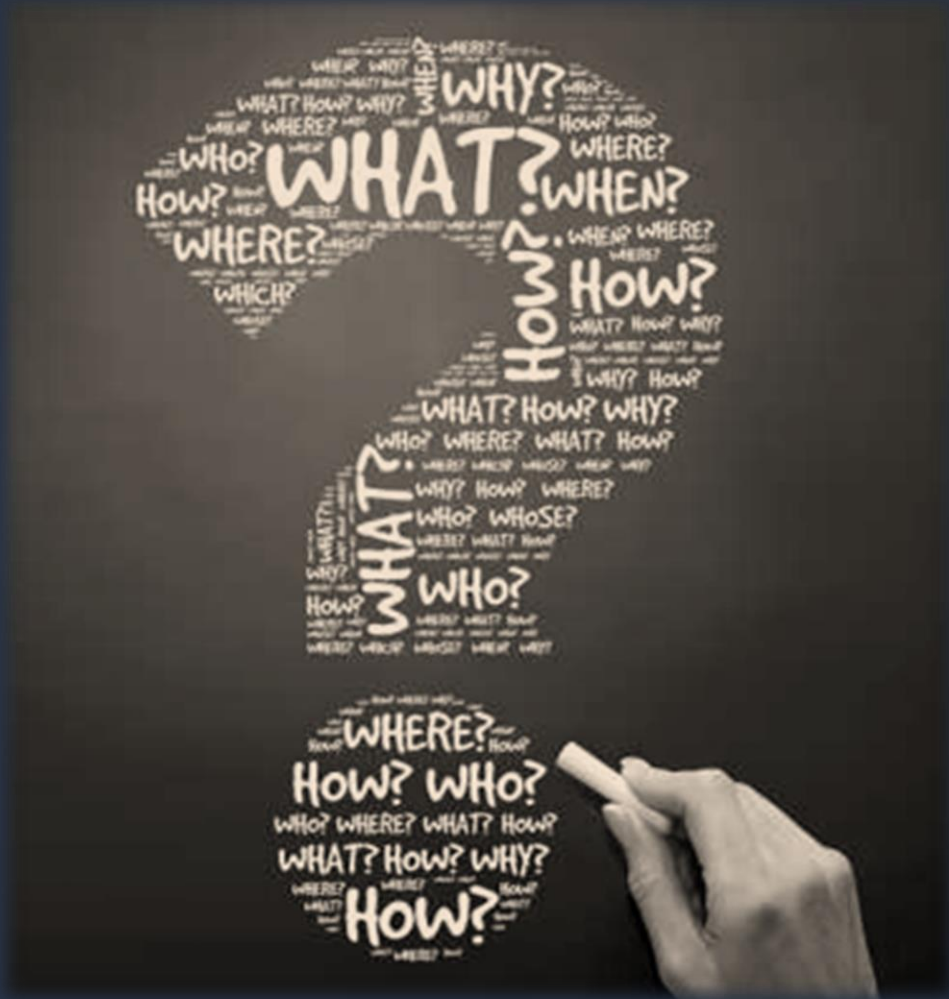
In this session you will:

1. Get tools on the basics of Budget building to maximize profit & success
2. Learn how to start your budget
3. Calculate your expenses
4. Forecast how much you expect to earn
5. Make executive decisions based on numbers: actuals vs. budget





Don't run your business blindfolded!



The reality of business: The Probability

- 30% of new businesses fail during the first two years of being open
- 50% during the first 5 years
- 66% during the first 10 years
- Only 25% make it to 15 years or more

(Source: SBA)

Top Reasons Small Businesses Fail



Why?

- 82% of small businesses fail due to cash flow problems.

<http://www.businessinsider.com/why-small-businesses-fail-infographic-2017-8>

Excerpted from the infographic, "Why Do Businesses Fail? A Study of Failing U.S. Business"

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Introduction Budget & Profit

Knowing your numbers will lead your business to profit and success!!!



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Budget & Profit Intro: 10 key points

BUDGETS...

1. Are tools to **LEAD, MANAGE, and CONTROL**
2. Help you determine how much revenue you need to cover costs and make a profit
3. Help you avoid the risk of spending money you do not have, not spending enough to compete, or failing to build a solid emergency fund
4. Help you determine if you have enough capital to fund operations, expand the business, and/or generate income
5. Are needed for Investors and Bank officers for capital

Budget & Profit Intro: 10 key points

BUDGETS...

7. Can be created by:
 - Year, Quarter or Month
 - Department, Product, or Projects
8. Can provide you a starting point:
 - You can use Last Year's as a base for the upcoming year
 - For similar past projects, you can begin using a past budget and alter for current project changes
 - For new Businesses, use your business plan and the first-year forecast for your budget starting point
9. Track expenses and sales
10. Recommend to use an accounting software or excel spreadsheet

Creating a Budget & Forecast



Sugar & Water



Coffee Beans



Coffee Cup



Revenue

(-) Direct Operating Expense

(=) Gross Profit

(-) Indirect Expenses *PEOPLE, RENT, INSURANCE, OTHERS*

(=) Net Income

Create a Budget & Forecast

Revenue
 (-) Direct Operating Expense

 (=) Gross Profit
 (-) Indirect Expenses

 (=) Net Income

TRAVEL



LOCATION



PEOPLE



Create a Budget: 6 Steps

1. Description Of The Project
2. Assumptions
3. Calculate Total Costs
4. Calculate Sales (Revenue)
5. Cash Flow
6. Variances & Management Decisions



Step 1 - Project Description

Determine what are you doing in this project...

1. What is the product and service?
2. How much do you think you can sell it for?
3. How much is the cost?
4. How much profit will you make in this project?



Step 2 - Assumptions

Write down the key **Assumptions and Numbers**, before spending much effort calculating all the details

- ▶ What are the top expenses?
- ▶ What is the estimated number of days?
- ▶ What are the costs per day per category?



Step 3 - Total Cost

- ▶ Start with expenses that you must pay per day

Cost per un	Cost per d	# of da	# of peop	TOTAL	Description	Description 2
	\$1,000.00	20	1	\$20,000.00	People	Director
	\$750.00	20	2	\$30,000.00	People	Producers
	\$500.00	20	2	\$20,000.00	People	First Assistant Director
	\$400.00	20	3	\$24,000.00	People	Crew
	\$200.00	20	1	\$4,000.00	People	Production Assistant
	\$200.00	20	5	\$20,000.00	People	Actors & Actresses
	\$200.00	20	4	\$16,000.00	People	Videographers, lighting, sound, assistants
	\$200.00	20	2	\$8,000.00	People	Hair & Makeup artists
	\$200.00	20	3	\$12,000.00	People	Editing & Post crew
	\$0.00	0	0	\$0.00	People	Lawyer
	\$0.00	0	0	\$0.00	People	Security
	\$100.00	10		\$1,000.00	Locations	Location 1
	\$100.00	10		\$1,000.00	Locations	Location 2
	\$100.00	20	10	\$20,000.00	Others	Hotel
	\$75.00	20	10	\$15,000.00	Others	Meals
	\$50.00	20	4	\$4,000.00	Others	Car rental /uber/gas



Step 3 - Total Cost

- ▶ Continue with the costs that are not by day

Cost per un	Cost per d	# of da	# of peop	TOTAL	Description	Description 2
\$2,000.00		0		\$2,000.00	People	Accounting, CPA, Consultant
\$500.00		0	10	\$5,000.00	Others	Airline tickets
\$10,000.00		0		\$10,000.00	Others	Marketing
\$5,000.00		0		\$5,000.00	Others	Others

- Create the template in a way that is easy to update the assumptions; They will change!
- Factor in some slack in your budget to cover unexpected costs and review areas where you could cut costs if times get tough.

Step 4 - Sales

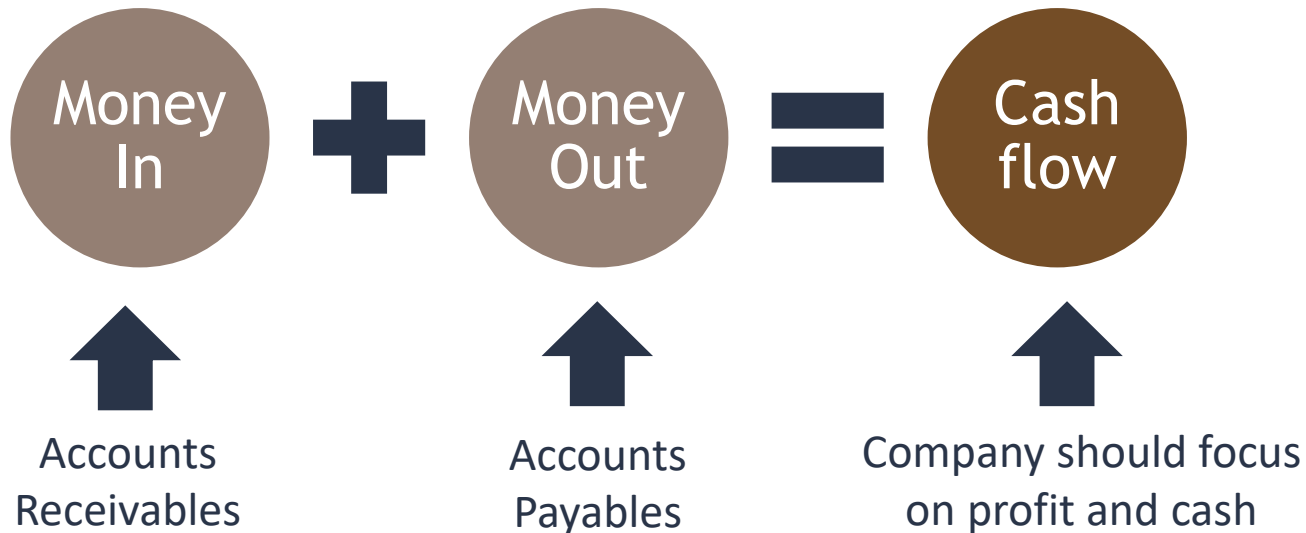


Calculate the Sales (Revenue)

1. How many units will you sell?
2. What is the price?
3. How are you selling your product?
4. Who is buying it?

Step 5 - Cash Flow

1. When are you getting paid? *When do you have to pay?*
2. How are you funding this project? *Investors, bank loans, personal savings, family?*



Step 6 - Variances & Management Decisions



1. Actual result variances: Why?
2. What steps are you taking to adjust?
3. Are results in line with strategy?

Step 6 - Variances & Management Decisions

The GOAL is to have a successful and healthy business and make sure that enough money is available to:

1. keep the business up and running,
2. to grow the business,
3. to compete, and
4. to ensure a solid emergency fund.








Start loving Budgets!

Financial knowledge *Gives You Freedom*; Know your numbers!



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Thank you!
Q&A
Prizes