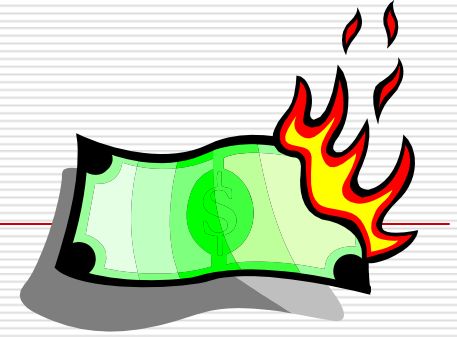


Budgets



This Session Goal: Assemble, Get buy in, and communicate Budgets actions:

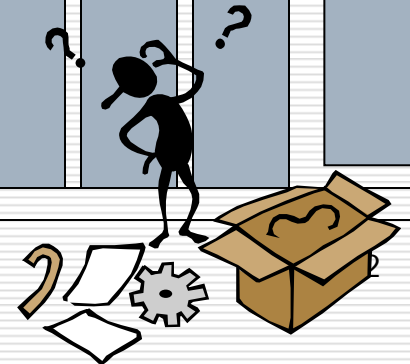
- Assemble a budget
- Effectively Target Hot Spots +/- in the plan
- PRE approved financial action plan

After this session you will have specific ideas for:

- Trigger assignments to team members
- Format for team & Board Buy in
- Presenting results: Your Money Slide

Assemble the Budget

<u>Summary Level</u>	J	F	M	A	M	J	J	A	S	O	N	D	Q1	Q2	Q3	Q4	2009
Labor	\$\$\$																
Outside services				\$													
Travel & Misc																	
Materials																	
Allocations																	
Dept Total																	
<u>Details roll up</u>																	
Wages																	
Bonus																	
Benefits																	
Total Labor	\$\$\$																
Consulting																	
Maint contract																	
Etc																	
Outside services				\$													



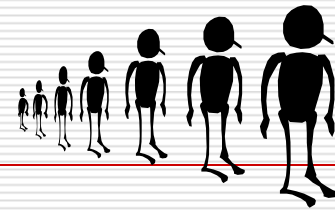
Department Summary- example

Every department has their individual sheet

Admin	2008																
Description	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Q1 08	Q2 08	Q3 08	Q4 08	2008
Payroll & Benefits	21.58	21.58	21.58	21.58	21.58	21.58	21.58	21.58	21.58	21.58	21.58	21.58	64.7	64.7	64.7	64.7	258.7
Outside Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0	0.0
Travel & Entertainment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0	0.0
Equipment Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0	0.0
Other Operating Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0	0.0
Marketing Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0	0.0
Allocations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DEPARTMENT EXPENSE	21.58	21.58	21.58	21.58	21.58	21.58	21.58	21.58	21.58	21.58	21.58	21.58	0.0	0.0	0.0	0.0	0.0
			64.87			64.87			64.87			64.87					

DEPARTMENT EXPENSE 64.7 64.7 64.7 64.7 258.7

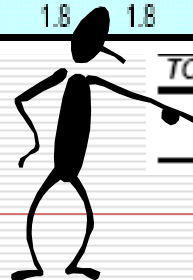
Remember –make **Employee detail** (salary etc.) the **last page**



Admin		2008											
Description		JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
50,000	C-Level	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
40,000	Director	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
30,000	Manager	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
TOTAL SALARY		10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
TOTAL REGULAR EMPLOYEES		3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Bonus													
Annual Bonus Name		JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
10,000	C-Level	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
5,000	Director	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
1,000	Manager	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
TOTAL BONUS		1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33
Benefits= % of Sal+Bonus		1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8

	Q1 08	Q2 08	Q3 08	Q4 08	2008
	12.5	12.5	12.5	12.5	50.0
	10.0	10.0	10.0	10.0	40.0
	7.5	7.5	7.5	7.5	30.0
TOTAL	30.0	30.0	30.0	30.0	120.0
	3.0	3.0	3.0	3.0	3.0
	Q1 08	Q2 08	Q3 08	Q4 08	2008
	2.5	2.5	2.5	2.5	10.0
	1.3	1.3	1.3	1.3	5.0
	0.3	0.3	0.3	0.3	1.0
TOTAL	4.0	4.0	4.0	4.0	16.0

Finance Hiding Place for Cushion



TOTAL BONUS
Benefits= % of Sal+ Bonus

Corporate Summary

Income Stmt for a period

Net Sales
-Cost of sales
=Gross Profit
-Opex
=Op income

Consolidation of
Dept budgets

Cash Flow

Period- its Actually
A **Reconciliation
Of P&L + BS**

+Collects
- Opex
- Bal sheet invest
(inv+ equip)
+ non cash amort

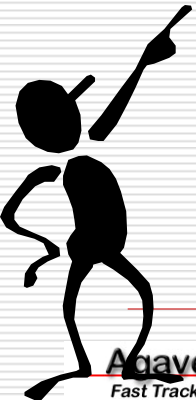
So What?

Balance Sheet

For a **point in time**

Current Assets
+Fixed assets
=Total Assets

Liabs
+Equity
=Total Liab& Eqty





Summarize and Target

Description	Hdwe	Sftwe	Tech	India	Admin	Facil	Sales	Mktg	Design	Mrcom	Dev	IT	TOTAL	
Payroll & Benefits	\$ 1,075	\$ 647	\$ 1,016	\$ 2,533	\$ 884	\$ -	\$ 2,198	\$ 372	\$ 1,373	\$ 307	\$ 1,594	\$ 331	\$ 12,328	76%
Outside Services	33	14	324	14	264	0	77	0	144	24	264	25	1,183	7%
Travel & Entertainment	60	60	96	24	30	0	237	25	48	12	48	0	640	4%
Equipment Expenses	5	4	256	4	0	108	0	0	0	7	27	144	554	3%
Other Operating Expenses	12	12	18	30	24	587	57	0	18	37	42	24	861	5%
Marketing Programs	0	0	0	0	0	0	12	597	0	0	0	0	609	4%
Allocations	0	0	0	0	0	0	0	0	0	0	0	0	0	0%
DEPARTMENT EXPENSE	\$ 1,184	\$ 737	\$ 1,711	\$ 2,605	\$ 1,202	\$ 695	\$ 2,581	\$ 994	\$ 1,583	\$ 386	\$ 1,974	\$ 524	\$ 16,175	100%
	7%	5%	11%	16%	7%	4%	16%	6%	10%	2%	12%	3%	100%	



High Low Plan Brackets

	<u>Revenue</u>		<u>Expense</u>		<u>Loss</u>
High 50% up	\$ 3.0	-	\$ 9.9	=	\$ (6.9)
extra margin \$.8M SPEND 75% +			\$ 0.6		
Plan	\$ 2.0	-	\$ 9.3	=	\$ (7.3)
less margin \$.8M Cost Cut 50%			\$ (0.4)		
Low 50% down	\$ 1.0	-	\$ 8.9	=	\$ (7.9)

Assumptions

- 80% **margin**
- **Spend** 75% extra margin
- **Cut** 50% to offset lower margin



Spend Boundaries

If \$1m UP then \$600K UP spend
 If \$1m DOWN, then \$400K CUT spend



Tactical Maneuvering

	High Plan Spend \$600	Low Plan Save \$400
Sales Department:	\$ 205.0	\$ 340.0
Marketing Department:	High Plan \$ 100.0	Low Plan \$ 105.0
Engineering Department:	High Plan \$ 245.0	Low Plan \$ 190.0
Finance Department:	High Plan \$ 30.0	Low Plan \$ 105.0
Corporate Department:	High Plan \$ 220.0	Low Plan \$ 630.0
Total Available All Dept's + Corpo	\$ 800.0	\$ 1,370.0

Each total explodes into
A complete menu

Sales Department:	Adds	Cuts
Add Midwest Sales Person (1)	\$ 75.0	
Add Midwest SE (100)	\$ 50.0	
Add Commission/Bonus for o	\$ 80.0	
Cut Internal Sales (80)		\$ 40.0
Cut Customer Support (80)		\$ 40.0
Cut East SE (100) or retask staff		\$ 50.0
Cut Sales Bonus in line with Rev		\$ 120.0
Cut Catalysst		\$ 90.0
Sales subtotal	\$ 205.0	\$ 340.0

Contacts and References

□ For more information contact:

■ Greg Patti

■ Greg@AgavePartners.com

■ 415-420-4588

How can we help you?

- Manage the Budget Process
- Work with assist difficult managers
- Run the spreadsheets and prep slides
- Coach from the background

