

Growth Business Budget Guide

BUDGET

Being a small business owner is exciting, but managing finances can be overwhelming. A budget is like a roadmap for your business, helping you navigate through expenses and income. Here are some initial steps to get you started on the right financial track.

1. Calculate Your Income

First things first, figure out how much money your business makes. This includes sales, services, and any other income sources. Be realistic and base your calculations on past records if you've been operating for a while.

2. List Your Expenses

Make a list of all your business expenses. These can include rent, utilities, employee salaries, supplies, and insurance. Be thorough and don't forget the small items such as stationary.

3. Categorise Your Expenses

Sort your expenses into fixed and variable categories. Fixed expenses, like rent, remain constant. Variable expenses, like supplies, can change monthly. Categorising helps you understand where your money is going so you can plan accordingly.

4. Estimate Future Costs

Predict any upcoming expenses, like equipment repairs or new hires. Having a contingency for unexpected costs prevents budget surprises down the road.

5. Set Budget Limits

Now that you know your income and expenses, set limits for each category. Be realistic and try to leave some wiggle room for unexpected costs. Setting a stretch budget can help lift performance by aiming for a stretch target.

6. Monitor and Adjust

Creating a budget isn't a one-time task; it's an ongoing process. Regularly monitor your finances to ensure you're sticking to your budget. If you notice discrepancies, investigate, and put plans in place to stay on track.

7. Seek Professional Help

If managing finances isn't your forte, seek help. Accountants specialise in this and can guide you, ensuring your budget is well-structured.

8. Be Prepared to Evolve

As your business grows, your budget needs will change each year. Be prepared to adjust your budget to accommodate new income streams, increased expenses, or changes in the market.

Creating a budget might seem daunting initially, but with patience, diligence and professional support you can master it. Remember, a well-managed budget is the cornerstone of a successful business.

Contact the team at O'Brien Accountants & Advisors to understand how the budgeting process could deliver financial benefits to your business.

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