

HOW TO SET UP YOUR 2025 BUDGET PLAN









In This Seminar

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







Jim Kahrs

- 37 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





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?

- 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?



- 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.

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2. Review Past Performance

Income Statement

- Revenues
- COGS
- Expenses
- Net Income

Balance Sheet

- Assets
- Liabilities

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3. Look at Industry Models

- 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. Set your 2025 Budget

- Use income statement as the format to enter budgets.
- Use previous year exported to Excel (create a new column for 2025).
- Monthly breakdown helps.
- Here's an example...

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Revenue

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- Typically works best by % increase.
- 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?

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Cost of Goods Sold (COGS)

Tied into projected revenue by category.

- Use formulas that allow for automatic adjustment.
- Ex

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Expenses

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

- Exact targets line by line for all revenue, COGs, expenses.
- Stretch, but doable.
- Easily shared with staff.
- Next best thing: Target top line revenue growth, bottom line profit.

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Share. Yes, Share It.

- 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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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	231,336.56
336.39	214.27	8,785.54
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	1,300.33	53,472.53
3,787.51	2,405.00	98,915.58
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5,315.13	4,596.10	189,050.87
6,582.52	3,374.45	138,811.69
7,803.47	4,179.82	
2,366.84	4,954.54	171,910.72
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- 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.





NEXT WEBCAST

HOW TO MAKE YOUR PLANS SUCCEED

THURSDAY, JAN 23, 2025
1 PM EASTERN



Questions?



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