

Turning Your Company Budget into a Money Game



Q. What is the one planning tool that:

- **Business consultants endlessly advocate?**
- **Business owners know they should create and use?**
- **Many networking groups actually require businesses to prepare and implement?**

A. An annual plan that details anticipated income and costs (also known in traditional accounting circles as a financial plan or budget) with targets assigned by month.

Q. Why is the term "budget" so universally disliked?

A. No one likes a budget. It has the same negative connotations as the word "diet", because many people view a budget as a "financial diet" – a diet that implies absence of money, powerlessness, not being able to buy what you want, self-discipline, restrictions, lack of control, and so on.

So we're going to avoid that misleading word as much as possible in this commentary. And financial planning sounds a little too lofty – so let's just call it a "Money Game Plan" for your company.

Instead of a budget, what we're talking about here is the process of creating a method of financial empowerment,...a way to set detailed money goals that will help you and your company achieve the BIG things that you want to achieve in life that are dependent on having an adequate supply of money.

Q. Why is it so important to create a Money Game Plan for my company?

A. Because:

- You are much more likely to reach your ultimate target when you have created, and can regularly see, a set of clearly defined, dollar-driven goals.
- The process of initially creating these targets requires you to take an in-depth look at your financial moves and transactions. You will:
 - Suddenly begin to truly understand, and get in much closer touch with, your current numbers.
 - Become surprisingly creative in improving business operations: you can begin to attain increased income in a methodical and intelligent manner.
 - Discover ways to plug a variety of "invisible money leaks" that can drain away your profits. You can retain and re-direct those funds to achieve what you really want.
 - Begin to creatively design step-by-step strategies to reach the specific results you are looking for.

Q. How are Money Goals like a game?

A. One of the most popular board games of all times is Monopoly – a game of money. But in this

case, as the head of your company, you are the one who defines the rules of your company's "money game".

Your goal should be to become as skillful a player in this real-life sport as possible. Rather than just reacting to what other players are doing, you can add new levels of enjoyment and reward to the game by developing detailed money plans, strategies, and contingency positions. For instance:

- You will be in a position to see how small or large changes in the way you choose to play various moves affects your larger goals. E.g., "What happens to our bottom line if we agree to drop our gross profit by 5% for this particular customer?" and "If I add another front-line worker will I be able to increase my gross profit? And by how much?" and so on.
- After defining your Money Game Plan (expressed in dollars), you become more involved in finding creative ways to bring your vision to life. Most business owners find that they are actually excited about what they can achieve, and look forward to seeing their "score" every month via "Budget vs. Actual" variance reports. Those reports are the equivalent of checking to see the score in last night's ballgame.

Before expressing skepticism that you could get enthused about variance reports, imagine that you are a golfer or bowler: when you know what a perfect score looks like, the process of working towards that goal becomes a new challenge (i.e., a game!) Scorekeepers note every swing of the club, and every pin knocked over, as a part of the stimulus and motivation to constantly improve.

In this case, the reward for achieving your Money Game Plan goals isn't a mere \$50 chrome-plated trophy. Instead, your reward for learning how to skillfully play this reality game can pay off in hundreds of thousands of dollars, and can have a huge impact on the quality of your life, and on the lives of your family, your employees, and your customers!

So you'll want to check often to see how your strokes are stacking up and/or how your pins are dropping,...and you'll enjoy the intrigue of seeing how reality ("Actual \$") lines up against your goals. As the clock ticks down on each one-year game, you will find ways to become more skillful in your analysis of the game, you'll learn new moves, and will, as a result, steadily improve your score.

Then at the end of each game year, you get to set up the new rules again. If you decide to change some of last year's rules (goals), simply establish new ones, and then you're up and gaming again!

Q. If this can be so much fun, and so rewarding, why do so few small-to-mid-sized business owners actually create and utilize detailed money plans?

A. We find that there are 5 major reasons why business owners never create their "first financial operating plan":

1. They don't want to be bound by an earlier decision.

They think that having a money plan is going to limit their ability to make "on-the-fly" decisions – i.e., that they will be bound today by a financial plan that they established earlier.

While a formal budget may "bind the hands" of government units and non-profits (and we want it that way, don't we?), no such restrictions constrain business owners. Your money plan is just that – a plan only. You are always free to change the plan – it's your company, right? But, with a Money Game Plan, now you'll know how individual changes will impact your planned results, so

you can make better decisions, and be more comfortable as you react to changing conditions.

2. They don't believe there is good payback on the time investment.

Many owners don't fully comprehend the positive dollar impact that a set of detailed money-based goals can have on their business, so they don't take the time to master the basics. In contrast, when business owners actually perform annual money-based planning, and then experience the value of the process and the ongoing benefits, they seldom leave it behind!

3. They may not feel competent to perform the plan.

Most individuals, as children, are happy to take on the unknown, and aren't afraid to feel some discomfort as they acquire new abilities. But, as busy adults, we are less likely to jump into something we've never done before, and thus may deprive ourselves of valuable skills and a variety of positive outcomes.

Like most worthwhile ventures in life, learning how to effectively create a Money Game Plan for your company will require some front-end learning time and focused attention: but when those two qualities are focused on an outcome, competency follows. And when you become skilled in any undertaking, the process becomes more familiar, much easier, and frequently turns into the enjoyment of accomplishment.

4. Deficiency of available training.

There are very few readily available classes or seminars on this subject,...it seems to be more of a "learn-as-you-go" topic. That makes it somewhat mysterious and worrisome: e.g., "How do I know if I've made a major error if I can't even see how it's supposed to be done?" So for many business owners, it may be more comfortable to disregard the matter than to risk making mistakes.

5. Lack of trained, supportive assistance.

Developing a budget is a logical step-by-step process, but often requires some research, support, and can be a push-pull, interactive, what-if, creative-thinking undertaking. Although many business owners would like to implement a budget, they typically don't have knowledgeable assistance to help them through the development process. Additionally they may not wish to share certain kinds of financial information with existing staff, involve them in "brainstorming" sessions, or disclose ideas that are just at the development stage.

Q. OK, I'm sold on the benefits and I'd really like to create a Money Game Plan for my business. How can you help me?

A. Here are just some of the ways our clients utilize our services in their planning process:

1. Confidential, supportive assistance:

We provide confidential, one-to-one, supportive, interactive assistance in creating income and cost money plans (aka budgets) for small-to-mid-sized businesses.

2. Convenient connectivity:

We typically work with clients (by appointment) using a secure, Internet-based connection and telephone so that we can both see information on either your computer screen or our computer screen.

3. Expedient start-up:

Although the ideal time to create an annual budget is 2-4 months before the beginning of a fiscal year, the most important thing is to start somewhere. We can therefore, at any time of the year, help you create a Money Game Plan for any time period that you desire.

4. Familiar software:

We utilize an Excel spreadsheet to initially create your total (typically annual) plan down to the account level. Then, for some accounts, it is advisable to assign annual totals into specific months. We can help to determine which accounts are affected and calculate planned amounts by month .

5. Cooperative searches and analysis:

To the extent that underlying data is available in your QuickBooks®, or other data files, we will assist you in reviewing historical data, and or will help to compute anticipated income or costs based on information that you provide.

6. Observations and training:

We will share our observations and/or calculations as we go and provide training to the level that you desire.

7. Scrutiny, insights, and development:

We act as an "outside team member" to provide creative insights, and constructive or challenging questions in order to help you design a company Money Game Plan that you are comfortable with.

8. QuickBooks data entry:

If you wish, we can enter your final, approved money plan into your QuickBooks® file (or train you or your staff how to enter your data into QuickBooks®).

9. Initial reports:

We will prepare your initial Money Game Plan reports (and variance reports if current "actual" data exists).

10. Ongoing support and discussion:

If you'd like, we can review your variance reports with you on a monthly or quarterly basis.

We are available to support you with any or all of the preceding "business financial plan" steps. Simply **contact us toll free at 1-866-244-2228** to discuss how you'd like to begin.

Disclaimer: This is a service designed to assist you in creating Internal-Use-Only income and cost budgets for your company. You agree to take full responsibility for the results, and to use our services in an "assistance only" capacity. Final numbers are your responsibility, and we will perform no attest services in regards to their final accuracy or reasonableness.