

Create a Business Budget in 5 Simple Steps

Have you ever evaluated where every dollar of your budget goes?

It's pretty enlightening. While working with Clients, I take a close look at expenses.

Some of my clients have discovered that most of the earnings left over after paying their basic personal and business expenses were being foolishly spent. In addition, their monthly income was never increasing, though the work on their plate certainly was.

A business budget will make room so you can afford the things you need to grow, while simultaneously earning more profit and working fewer hours each month.

I know that many people experience the same challenges. To help others, I'm sharing my 5-step plan to creating a balanced business budget:

Step 1: Tally Your Income Sources

The first element of a good business budget is figuring out how much money you bring in every month. Looking over your profit and loss statement

Step 2: Determine Fixed Costs

Fixed costs are expenses that are charged the same price each month. As you can imagine, incorporating these is by far the easiest part of creating your business budget.

Review your past bank statements

Step 3: Include Variable Expenses

Items that don't have a fixed price tag each month are called variable costs.

Many of these purchases can actually be scaled up or down depending on the state of your business, using your monthly profit. Your profit each month will be determined by the earnings you're left with after paying all your costs.

So, if your business does better than you forecasted, you can use the extra funds to increase variable spending, enabling you to grow faster.

Step 4: Predict One-Time Spends

A great perk of creating a budget is now you can factor in one-time purchases better than ever before. While some of these items may come up unexpectedly, like purchasing a laptop to replace the one that crashed, others can be budgeted for months in advance, like that business retreat you've been eyeing, to protect your business from financial burden.

Step 5: Pull It All Together

The first four steps of this post detail the elements of a good business budget, so the last step is simply pulling it all together. Take action by using this handy checklist with specific examples so you can create your budget without any hassle:

INCOME SOURCES:

- Hourly Earnings
- Product Sales
- Investment Income
- Loans
- Savings
- Other

FIXED COSTS:

- Rent/Mortgage
- Utilities
- Salaries
- Internet
- Government and bank fees
- Cell phone
- Website hosting
- Accounting Services
- Legal Services
- Insurance