



BECKLEY SMALL BUSINESS NEWSLETTER

BUDGETING FOR SMALL BUSINESSES (1)

OUR COMPANY:

Beckley Consulting is in business to stimulate the emergence of effectively managed Micro, Small and Medium Enterprises and provide them with professional support services in Finance and Accounting, Taxation, Human Resources and Legal Services so that they can focus on their core businesses and mandate. We are a one-stop shop for professionals set up to meet various needs of small businesses.

We believe in mindset change for the typical entrepreneur through training/workshop and information sharing, to imbibe the discipline and commitment required to own and manage a small business successfully, including keeping appropriate accounting records.

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A budget is simply a plan of how you intend to spend the money you expect to get, in writing, stated in monetary terms for a specific period. It is based on realistic estimates and takes into consideration relevant objectives and actions necessary to achieve them. **A budget is not limited to government and its agencies or big companies; it is very relevant to small businesses, families, and individuals.**

Budgeting is one of the simple tools for managing a business. The process of preparing a budget will help you to know areas to work on to grow your business and be profitable. The budget is very useful for controlling your expenses. A simple budget analysis will show where there is over or underspending which will then enable you to take appropriate action to bring expenses in line with budgeted figures.

A budget is not cast in iron and stone. There should be provision for periodical review, preferably not later than quarterly, so that adjustments can be made to the budget based on changing business needs and circumstances.

A company's budget is made up of several budgets summarized into financial or master budget which consists of budgeted income statement, statement of financial position and cash flow. A small business may wish to start with a budget.

Sales Budget

The sales budget is a carefully thought out written plan of expected revenue from product sales for a period. The budget period can be one month, a quarter, or one year. Products may be physical products or services. The sales budget may be called income or revenue budget for organisations that provide services.

For existing businesses, the budget is based on analysis of historical sales information, expected increase in sales to existing customers, potential new customers arising from sales and marketing activities, current state of target market, and reasonable assumptions. A lot of work is required to get necessary input for the sales budget to make it realistic. You can even get purchase orders or commitment to buy from as many customers as possible.

For a new business, you may not be sure of what sales to expect because there is no past record of sales to start with, but that does not make preparation of sales budget irrelevant. You can find out the historical sales data of other companies in the same or similar businesses to guide your estimates. You can also get information and knowledge about the business by joining membership of relevant trade associations and talking to workers and customers in the industry you are about to enter.

Estimates should be made for each product for a multi-product business, and for each sales channel, after which the figures should be added up to make the complete budget. This will make it easy to identify low-selling products or channels, for analysis so that appropriate action can be taken to boost sales.

When preparing sales budget for physical products, start with projected quantities and multiply by expected unit selling price to arrive at your budget figures.

The sales budget is usually the first budget to be prepared because other budgets take a cue from it. For many businesses, selling is the main challenge or the limiting factor. Without sales, there is no income, and without income, there is no business.

If you are in business and you do not have a sales or income budget, then the time to have one is now.

To be continued in our next edition.

Quote of the Month:

"A budget is more than just a series of numbers on a page; it is an embodiment of our values." - Barack Obama

MY ENVIRONMENT NURTURED MY PASSION FOR BUSINESS—WARREN CASSELL Jnr

This is an interview with young entrepreneur Warren Cassell Jr. who has taken his passion and expertise in investment and human capacity building and has done what most entrepreneurs will only dream about or strives to do. He is the chairman of Abella Group, an investment holding company.

Could you please tell us about your humble self and business?

I am a fifteen-year-old on a mission to reach my highest potential in the shortest amount of time possible. I started my first business almost eight years ago. There is something about this thing called potential that I am completely obsessed with. Quite frankly too many people do not maximize their time, energy, talents and resources and as a result they live miserable lives. Having realized this, I've therefore dedicated my life to inspiring others to make the most out of their life.

The Abella Group LLC is my investment holding company. It manages my investments in several globally diverse sectors.

How did you build up an entrepreneurial spirit at such a young age?

As far as I can remember I always wanted to be an entrepreneur. I love helping people and that's what entrepreneurs do. They provide a product/service to help solve a consumer's problem. I don't believe anyone is born an entrepreneur; however, I believe that the type of environment I grew up in allowed me to develop and nurture my passion for business.

What were the main challenges you faced at the early stages of your business?

The main challenge I faced, and I think a lot of entrepreneurs face when they first start out is not being taken seriously. As you can imagine an eight year old (the age I started my business) telling people to purchase his product may not always go well or a ten year old (my age at the time of running a web design agency)

charging thousands of dollars for a website may not be taken seriously. I've overcome that challenge by offering my services to my family and friends first and then using that as a track record to get outside business.

The biggest challenge I face now is obscurity. Remember I am on a mission to inspire others to reach their true potential. If no one knows me I can't fulfil that mission.

How did you come about the Abella Group Investment Company?

I formed the Abella Group LLC when I realized that wealth creation was important. In looking at the world's wealthiest I found that wealth is created by owning and investing in businesses. Wealth creation is a taboo topic but if I don't create wealth, I'll never have freedom. Basically, Abella is my vehicle to create wealth through investing in high quality businesses.

What mistakes did you make in the early stages of your business?

The biggest mistake that I made in my first few years of entrepreneurship was setting the bar too low. Instead of focusing on a large customer base, I focused on selling to my island's small population of only five thousand people. My small goals confined my sales targets and made me operate way below my potential.

What keeps you going even in hard times?

My big goals. Grant Cardone said it best, "Have goals so big that your problems pale in comparison."

What piece of advice can you give to someone who wants to become an expert in their chosen field?

Invest in yourself. You must always keep learning if you want to become an expert. That may mean purchasing books, reading articles, interviewing people etc.

You must also learn from experience. You cannot become an expert without having your share of failures and success in that field so start now.



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ENTREPRENEURS NEED TO FOCUS ON CULTURE NOT PERKS

I often see people mistaking perks for culture. They are lured to join a company with Ping-Pong tables and a fully stocked beer refrigerator, only to find that many people in the company are disengaged and frustrated. Games and a kegerator do not necessarily make for a strong culture. Instead, I like to define culture in terms of a high-performance culture, one that exhibits qualities like communication, collaboration, mission and value alignment, innovation and accountability.

I am not saying that perks are bad. In fact, perks can enhance culture, but they shouldn't serve as a substitute for culture.

Instead of focusing on offering the latest perks, business leaders and entrepreneurs should prioritize cultural elements to create the framework for employee engagement.

Here are a few lessons about crafting a high-performance culture that I have learned along the way:

Listen to your employees

In each of the three companies that I have founded, I had a vision for building a solution and a company.

Then I recruited great people and formed teams to help pursue that vision. In every single case, the product and solution expanded beyond my initial vision, and it became better, more beautiful and functional than I had previously imagined. At the core of this development process was soliciting and listening to employee feedback. Without that ongoing process, the product would have never had advanced beyond my original vision.

Foster personal and professional development

As many readers might know, this year marks a generational shift in which millennials have become the largest cohort within the workplace. One of the things that stands out most about the motivation for this group is the desire to continuously learn and develop in their career.

In fact, according to a PWC study, the opportunity for personal development was the number-one millennials chose their current position, and training and development was regarded as the most valued benefit amongst employees.

I have seen some great examples of personal and professional development programs that do not need to cost a dime. One of my favourite examples is reverse mentoring, where junior employees mentor someone in a more senior role about their exper-

tise. My marketing manager is decades younger in her career than me, yet she is much more fluent in the world of social media and she coaches me on navigating this critical component of our business. These programs not only provide value to the mentee, but mentors also find a great deal of satisfaction from being in a teaching role.

Another fun example is "TED Tuesday." In this program, companies put aside time to feature TED Talks around a certain theme to learn and reaffirm a particular focus in their organization.

Create traditions grounded in values

When I first started Culture IQ, a business providing company culture-management software, a year and a half ago, there were only three of us sharing a small office space. We were working incredibly hard and wearing many hats to launch a compa-

ny and create something from the ground up.

One Friday as we were taking off for the weekend, I wanted to acknowledge how committed we would be all week, rather than just saying "see you soon." Spontaneously, I shook hands with my two colleagues. It felt like an appropriate way to punctuate everything we had accomplished that week and also a sign of mutual respect for a job well done.

Since then, this has become a weekly tradition for all of us. It is our way of acknowledging the respect that we employees, even as the company has grown, have for each other and the work we have done. It is a way to apply our core value of "celebrating and enjoying the journey." And it is also a great example of how culture traditions can be powerful, without costing a dime.

Be creative and be a community

I recently visited a customer in Colorado and participated in their all-hands meeting. At the introduction of the meeting, the CEO invited up the monthly winner of the Hot Potato Award. The Hot Potato Award, I learned, is a peer-recognition programme in which last month's winner awards a plastic potato head to a colleague that he or she feels has gone above and beyond the call of duty.

When this award was announced, everyone stood, cheered, clapped and celebrated. It didn't matter that the award was a plastic toy. What mattered was that the award was rooted in traditions, in employees and in shared experiences. This reminded me that sometimes a simple pat on the back is more valuable than anything of monetary value.

source: www.entrepreneur.com

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Entrepreneur