

BECKLEY SMALL BUSINESS NEWSLETTER

BUDGETING FOR SMALL BUSINESSES (2)

IN THIS EDITION:

A lot of small business owners and managers do not care about setting budgets for their business operations. They believe it is unnecessary or very difficult to come up with. However, that is far from the truth. Budgeting for small business offer the business owner more control and decisive direction of the business. So, What are the main things you need to do to come up with a useful budget? This edition is a guide to setting up a useful budget, especially for small businesses. It is packed with tips and information needed to manage a small business sustainably. There are also lots of interesting articles.

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We have discovered, in the course of our work with micro and small enterprises, that part of the problems limiting small businesses from scaling and being successful is lack of adequate planning and controls. There seems to be no enough awareness of the benefits of budgeting as a tool for both planning and control. Budgeting is recommended for all businesses irrespective of size.

Budget figures can be used as standards against which actual performance is measured - differences are investigated for appropriate actions to be taken

Cost of Sales Budget

Cost of sales refers to all direct costs of the product sold. These costs include purchase of products for sale, repackaging if necessary, and carriage from the point of purchase to the warehouse or stores. For manufacturing businesses, these costs may be referred to as 'cost of goods sold' and are typically raw materials, salaries of factory workers, and expenses tied directly to the production plant such as factory cleaning and electricity.

It is good to start preparation of the cost of sales budget by determining optimum quantity of raw materials or packaging materials to buy to attract discounts, if any, and other favourable trade conditions. Then determine what quantity of finished products that can be produced with the Raw and packaging materials purchased. Remember that raw and packaging materials may comprise several elements and they should all be estimated and added up to be part of cost of sales. Carriage or

transportation of materials from the point of purchase to point of sales or factory where manufacturing will take place should also be estimated. A hypothetical cost of sales budget based on a batch of 100 units of finished products is presented below:


Comparison of actual cost of sales and budgeted cost of sales is based on each element that makes up the total cost of sales. Cost of sales is a variable cost which is influenced by the quantity of goods sold.

COST OF SALES PER 100 UNITS OF PRODUCT	
	N
Raw materials	620.00
Packaging materials	150.00
Carriage/transportation	30.00
Total	800.00
Cost of Sales per unit 800/100	80.00

XYZ COST OF SALES BUDGET

	QUARTER				YEAR
	1	2	3	4	TOTAL
Budgeted Sales Quantity	2,400	2,500	2,000	2,600	9,500
Cost of Sales/Unit	80	80	80	80	80
Total (N)	192,000	200,000	160,000	208,000	760,000

Gross profit of the business is arrived at by subtracting the cost of sales from sales. It is important to monitor the cost of sales to be sure there is profit and cash for administrative expenses and the business owner.

Where it is not easy to estimate cost of sales per unit, total cost of sales at the end of a period can be calculated by adding purchases to opening stock and deducting closing stock from the result – Opening Stock + Purchases – Closing Stock. 

Quote of the Month:

“Budgets are blueprints and priorities” Kevin McCarthy

INTERVIEW SESSION WITH UGO CHARLES

In this month's interview, we spoke to Chukwunke Charles Ugo, a 31-year-old graduate of Linguistics and Mass Communications. He hails from Anambra state, but resident in Warri, in Delta state. He doubles as a commercial vegetable farmer and a consultant in vegetable farming. This



interview reveals all about vegetable farming, the strives and all that needs to be done to feed people and market the produce.

"I am a commercial farmer. I am farming to help create a competitive and resilient agricultural industry in Delta State and Nigeria"

Why Farming? Were you exposed to farming as a child?

No, I was not really exposed to farming as a child. Although I have always loved agriculture, I always wanted to do something in agriculture. So, when d opportunity came through the initiative of the Delta State Government, I made sure I pursued it till I became a beneficiary of the scheme. Well, other than wanting to do something in agriculture, I also loved to be an entrepreneur so I saw of the opportunity of Delta State Government as a pathway towards being an entrepreneur, discover my business potentials, create solutions in Nigeria by focusing on farming, rather than waiting for a white-collar job that is not almost hard to get for entry level graduates.

How did you become a commercial farmer?

I became a commercial farmer through the development initiative of Okowa-led Delta State Government called YAGEP. YAGEP simply means Youth Agricultural Entrepreneurial Program. Becoming a beneficiary of this programme made me what I am today. The initiative is designed by the state Government, to deliver first rate job creation programme for producing entrepreneurs, managers and leaders from the population of unemployed youths in Delta state. The major aim of the initiative is to drive the economic diversification of Delta state through agriculture.

What in your opinion has been the biggest influence on farming?

For me, the biggest influence on farming has been the government. This is because

some of their policies are mere propaganda. For instance, the government have what is called "farmers loan", but the big question is, how many farmers have access to this loan?

Have the influence(s) affected your approach to farming?

Yes, most definitely.

Are you a subsistent or commercial farmer?

I am a commercial farmer. I am farming to help create a competitive and resilient agricultural industry in Delta State and Nigeria, by producing safe and affordable vegetable produce to meet the needs of customers, consumers and the environment.

Do you employ mechanized farm implements? And which of them do you own?

Yes, I make use of mechanized farm tools, but right now, I don't own any mechanized farm tool. However, from time to time, when the need arises, I rent a tractor. But it is very costly.

Do you have clients you readily supply your farm produce to? or how do you sell your farm produce?

Yes, I have my customers who I supply my farm produce to. Most times, they come to my farm. Other times, I source for them and take my products to them.

What initial challenge did you encounter as a farmer? How did you surmount the challenges?

My challenge both then and now is finance. Farming at a commercial scale requires money, not so much money, but good enough to support the processes.



Thank God we are using the little we have from the government to be relevant. But, if we have really good financial support, we will do more than

what we have on ground.

Did you purchase/lease the land you farm on or was it acquired by inheritance?

The land I currently farm on was given to me by the Delta state government.

INTERVIEW SESSION WITH OLUWASEGUN AKINNIYI

What is the size of your farmland and where is it located?

The size of the land is One (1) acre of land and it is located in Amukpe opposite Songhai Delta, in Sapele Local Government Area of Delta State.

Do you take on a hands-on approach in your role as a farmer or perform a supervisory role?

I run my day-to-day activities in my farm. Although I get helping hands from some IT students from universities, or some trainee from time to time.

What are your goals for the future?




My goal is to be the Dangote of my generation and to expand in what I do to enable me feed my nation Nigeria.

Encouragement for fellow farmers and want-to-be farmers?


My encouragement for farmers is to be determined and never to give up no matter what. They should focus on what they really want, challenges will definitely come but they should not give up.

Contact details... phone and email

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EARN WHILE YOU BUILD

If you are currently employed, and you want to start a small business, don't quit your day job—yet. Launching a successful startup is a process. Build your business in stages and gradually transition from employee to entrepreneur.

As a new business owner, it will take some time to earn a steady income. Keep your nine-to-five and work on the business during off hours so you can earn during those tough, first stages. Once you have a healthy inflow of cash from your company, you can tackle business ownership full time. 

Source: <https://bit.ly/2RLGsmR>

9 CEO MYTHS THAT CAN LIMIT YOUR BUSINESS LEADERSHIP


Based on my many years as an executive in large and small businesses, and time mentoring aspiring entrepreneurs and business owners, I find that most people enjoy being CEO critics for a day, but are hesitant to consider themselves as a long-term candidate for that position. They often rationalize their lack of zeal to not having the right background or credentials for the role.

I've long felt that CEOs are just regular people, like the rest of us, perhaps with a bit more drive and confidence. I found this view well supported in a new book, "The CEO Next Door," by Elena Botelho and Kim Powell. Unlike my gut feelings, they base their views on their own study of over 2,600 business leaders, first surfaced last year in The Harvard Business Review.

Their conclusion is that those who reach the top in business share behaviors that anyone can master, including being decisive, reliable, delivering on what they promise, adapting boldly, and engaging with stakeholders without shying away from conflict. These authors go on to debunk the many myths I hear that hold back many aspiring CEOs, including the following:

1. Prior executive experience trumps all for CEO success. Among the more shocking findings in the research was that first-time CEOs were statistically no less likely to meet or exceed expectations than those with prior CEO experience. If you have the drive and passion, don't let the experience myth keep you from aspiring to your dream.

2. CEO is a birthright talent, rather than an acquired skill. I'm sure that some natural-born CEOs do exist, but I agree with Peter Drucker, who said "Leadership is not magic, and has nothing to do with genes. It's a discipline, and it can be learned." Over 70 percent of the CEOs in the study claimed no early age aptitude or interest for such a role.

3. To become a CEO you must have a flawless track record. The reality is that 45 percent of CEOs interviewed had at least one mistake that ended a job or was extremely costly to the business. 

(Cont'd on page 4)

"My encouragement for farmers is to be determined and never to give up no matter what. They should focus on what they really want, challenges will definitely come but they should not give up"

9 CEO MYTHS THAT CAN LIMIT YOUR BUSINESS LEADERSHIP (FROM PAGE 3)

What set successful CEOs apart was not their lack of mistakes, but how they handled setbacks. They talked about what they learned, rather than failure.

4. Successful CEOs need a larger-than-life personality. Charismatic “masters of the universe” may dominate Hollywood films, but in real boardrooms, results speak louder than charisma. Over a third of the CEOs in the study actually described themselves as introverted, with no measurable differences in results between introverts and extroverts.

5. Great CEOs work harder than the rest of us. Analysis showed no predictive relationship between how hard a leader worked and how likely he or she was to become a CEO. Furthermore, 97 percent of low-performing CEOs in the study scored high on work ethic. Many people work hard, but fewer consistently produce winning results.



Gates and Mark Zuckerberg, dropped out of school to build their businesses. In this study, only eight percent of the CEOs did not complete college, but I'm not convinced that the degree is as critical as the discipline and learning.

9. Great CEOs are likely to be egotistical superheroes. In fact, the authors found that the weakest CEO candidates were more likely to be self-centered and were superheroes only in their own mind. The best was quick to use the term “we,” and recognized the strengths of their team. Many traced their team focus back to mentoring or athletics.

My message is that you need not let any of these myths derail you from running your own company or limit your career advancement in your chosen profession. I've known many great CEOs, and like Peter Drucker, I don't believe there is any magic formula. With the pace of change in business today, there has never been a better time to follow your dream and get to the top. 📧

Marty Zwilling
blog.startupprofessionals.com

6. For CEOs, the smarter, the better. Above-average intelligence is an important indicator of CEO potential. However, once at that level, higher intelligence as measured by standardized tests does not increase the odds of performing well in that role. It's key to speak in clear simple language to convey messages and get the rest of us to follow.

7. Great CEOs must be able to excel in any situation. A common misperception is that a great CEO is capable of handling any situation. I find that the best are very thoughtful about identifying the roles and context where they can contribute. They have the self-discipline to turn down the wrong job or a challenge they are not yet ready to tackle.

8. The right academic credentials are critical to be a CEO. Some of the most famous billionaire CEOs, including Bill

BALANCE PASSION & WISDOM

One of the most important ingredients in a successful business idea is passion. Passion will consistently drive you to improve your process so your business grows. That said, don't let passion take over all your decisions. Passion will move you forward, but knowledge will point you in the right direction.

Conduct market research on your industry and talk to target customers to find out your business's potential. Ask experts questions about launching a startup. Reach out to professionals that can help you with certain areas of business, such as financial advisors and lawyers.

As your business starts to come together, think of it like driving a car. Let your passion hit the gas pedal and your mind control the steering wheel. 📧

Source: <https://bit.ly/2RLGsmR>

“ A c o m m o n misperception is that a great CEO is capable of handling any situation. ”

OUTLOOK: FIGHTING THROUGH LIFE

“Boxers fight with all their senses, especially with their sight and ears. They fight with their eyes firmly fixed on their opponents, and their ears pitched at their “corners” (their team).”

The entertainment world of boxing, wrestling and kickboxing is huge and glamorous when you estimate the turnovers and net worth of the fighters; but people hardly talk about the kilometers of running and tiring training techniques in the build-up to a fight, which sometimes are done for years before the actual bout. Nobody talks about the fears enclosed by the fighters regarding the number of punches they'd receive and how their faces would almost need reconstructive surgeries afterwards. People rarely talk about the psychological and confidence issues in every fight. To the best fighters, it doesn't matter whether they're heavier (pound-for-pound), more precise, possess better stamina and endurance than their opponents. Their biggest concern is how mentally ready they are as well as their team are. Everyone on the fighter's corner have to be at their best. The fans have to come to the fights with their A-cheers, the team and coaches have to come with their best bits of motivation and the team doctors have to be very quick with the treatments.


Boxing as a fighter sport has huge lessons for everyone regardless of age and experiences. In boxing, both fighters know they are going to take huge hits on their faces and belts - they are aware of that reality. No boxer goes into ring thinking he'd have a flawless fight. That's how life is. Everyone has their challenges and life doesn't promise anyone an easy ride. In our life's journey, we would get hit most times by forces we have limited control over. When this orientation sinks in and becomes strands of realism in our thoughts, we go out better prepared for anything, knowing beforehand that we won't have it all in a jolly ride through life.

Mohammed Ali is undoubtedly the greatest fighter we have yet seen. His fighting technique is incredible. Not too many fighters incite emotions right there in the heat of actual battle. Ali's opponents are forced to appear in the ring with hands in gloves and their heads in 'helmets' because he is bound to toy with their mind. He's always ready to provoke his opponents, knowing the psychological implications that emotions leave his opponents very vulnerable, and in their unguarded moments, they react and become really aggressive. Boxing is an aggressive sport, but the best fighters pick their moments of aggression by carefully strategizing and knowing when their opponents have dropped a shoulder. In life, we can't make the best decisions when we are

angry. Anger is an absolute part of our character as human beings, which is proof of our imperfection. But to really ensure we give our best in all our endeavours, we must control our emotions. In one moment of irritation, we are most likely to take wrong foos, become defenseless and consumed by our own fury.

Boxers fight with all their senses, especially with their sight and ears. They fight with their eyes firmly fixed on their opponents, and their ears pitched at their “corners” (their team). Incessant blinks, and they could be knocked out and their eyes requiring multiple stitches. The people in a boxer's corner represent his most trusted allies at the moment of battle. The people in his corner never stop talking, cheering, encouraging, motivating, and giving him clues about his opponent. To the best boxers, “the corner” is like an extra person in the ring. When he heeds the voice of his corner, he has a very good chance of outdoing his opponent and winning. The corners in our lives are those who would go any length for us. Those we owe our lives. They are not the entire population of your family and friends. They are a selected few of extraordinary people in our lives whose loyalty and truthfulness is inestimable. We must cultivate the sense of listening to quality expert advice regular as they hold the key to our lives, while we focus on our tasks.

Boxing truly demonstrates the statement “fall six times, get up seven times”. When boxers get knocked down, they try to get up and continue fighting. The fight ideally ends at round 11, where the judges unanimously declare the winner using coefficient points. Unless that, the fight ends prematurely when one opponents get knocked out, which implies his inability to get back on his feet. Sometimes, the corner sensing impending doom, voluntarily throw in a towel to indicate actual surrender. When we give up in our pursuits because we can't endure hardship, it doesn't necessarily mean our lives have ended. It simply means that our aspiration concerning the particular target has reached its abrupt end. Sometimes, we get another shot at glory, other times that is the beginning of the end of our ambition.

Life, like boxing, is difficult, not even for anyone who at first thought is having it all worked out. The true champions of life fight every day of their lives as nothing is simply given. We must constantly be on guard and understand that in one moment of lapse, everything can come crumbling down, and the inspiration to revive hope is rather too expensive or nonexistent. It is difficult to master life. I sincerely think it can't be mastered at all. The most we can do is constantly prepare physically and mentally for the tests it throws us daily. Only physical and mental readiness would lead us to the title of “champion”. 

- Lewis Ebode

POSTCODE LOTTERY GREEN CHALLENGE 2018



The Postcode Lottery Green Challenge is one of the world's largest competitions in the field of sustainable entrepreneurship. Green start-ups from all over the world can submit their promising sustainable business plans. The winner will receive €500,000 to further develop the product or service and to bring it to market. The runner-up will receive €200,000 and the three other finalists receive €100,000 each. An international jury selects the winner and runner-up.

Eligibility Criteria:

Your plan

should have the potential to reduce greenhouse-gas emissions by an amount you can roughly estimate.

should be developed enough to execute.

should be realisable as a usable product or service within the next two years.

should preferably have integrated Cradle2Cradle principles in the designs.

Applicants should

Be willing to bring your idea to market yourself, and to commit to working with any organisation necessary for developing the product and/or implementing the service.

be 18 years or older.

Benefits:

The five finalists of the Postcode Lottery Green Challenge win a minimum of €100,000, the runner-up receives €200,000 and the winner takes the grand prize of € 500,000. But it takes more than prize money alone to become successful and create impact.

How to Apply:

Visit the link below to apply for this opportunity

www.greenchallenge.info

Application Deadline: June 1st 2018 📅

QUIZ OF THE MONTH (Answers in the May 2018 edition of the Newsletter.)

- Which of the following enjoys limited liability?
A. A general partnership. B. A corporation.
C. A sole proprietorship. D. None of the above.
- Michael Cohn is a "member" of a marine supply business. Michael's business is
A. A sole proprietorship. B. A corporation.
C. A limited liability company. D. A general partnership.
- A 30-year bond issued by Gary's Plaid Pants Warehouse, Inc., in 1997 would now trade in the _____
A. primary money market. B. secondary money market.
C. primary capital market. D. secondary capital market.
- A major advantage of the corporate form of organization is:
A. Reduction of double taxation. B. Limited owner liability.
C. Legal restrictions. D. Ease of organization.
- Money market mutual funds _____
enable individuals and small businesses to invest indirectly in money-market instruments.
are available only to high net-worth individuals.
are involved in acquiring and placing mortgages.
are also known as finance companies.
- The purpose of financial markets is to _____
A. increase the price of common stocks. B. lower the yield on bonds.
C. allocate savings efficiently. D. control inflation.
- How are funds allocated efficiently in a market economy?
A. The most powerful economic unit receives the funds.
B. The economic unit that is willing to pay the highest expected return receives the funds.
C. The economic unit that considers itself most in need of funds receives them.
D. Receipt of the funds is rotated so that each economic unit can receive them in turn.

Answers to March 2018 Quiz

Source: www.sitkachamber.com

- | | | | |
|------|------|------|------|
| 1. A | 2. C | 3. A | 4. A |
| 5. A | 6. D | 7. B | 8. C |



Send your comments and contributions to: newsletter@beckleyconsulting.com

ABOUT BECKLEY CONSULTING: 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 of professionals set up to meet the various needs of small businesses.

Experience has taught us that a small business that wants to grow cannot afford the cost of experts that will ensure effective management of the business and compliance with the requirements of regulatory authorities.

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.

"If knowledge is not put into practice, it does not benefit one."

– Muhammad Tahir-ul-Qadri

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