



# BECKLEY SMALL BUSINESS NEWSLETTER

## BUDGETING FOR SMALL BUSINESSES (1)

### 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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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.

Many Nigerians do not have personal and family budgets, and consequently find it difficult to prepare budgets for their businesses. But budgeting is not optional for any business that wants to grow and be successful.

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 as 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 the following budgets:

- Sales
- Cost of Sales
- Expenses (Overhead)
- Capital Expenditure (Assets)
- Cash

### 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 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.



### Quote of the Month:

**“A budget is telling your money where to go instead of wondering where it went.” Dave Ramsey**

## INTERVIEW SESSION WITH OLUWASEGUN AKINNIYI

### Tell us about yourself

I am Oluwasegun Akinniyi an indigene of Abeokuta, Ogun state. A 28-year-old graduate of Computer Engineering, Lagos state Polytechnic, Lagos state and



also a graduate of Electronic and Electrical Engineering, Obafemi Awolowo University, Ile-Ife, Nigeria. I major basically in Embedded Systems Engineering {ESE}, a field of electronics that integrates hardware and software in solving the day-to-day problems in all fields of lives, although ESE is not well known in this part of the world, it can be likened to automations and control engineering. I was born to a retired Military officer and Trader mother, I am the fourth boy out of the six boys in a family of seven children.

### How did you get into farming?

My dad picked up livestock farming after retirement from the Nigeria Army, so I practically grew on a farm. Growing up on a farm of over 2,000 birds was fun but also challenging as a kid, although we had few workers but every child helps out with some chores after school, we also reared goats and sheep at some time. I really cherished my upbringing on the countryside because it got me acquitted with nature. My dad majored on Livestock but while growing up I picked interest in Animal Husbandry. Agricultural science as a subject through my six years in secondary school was interesting because I grew up reading a lot of books on Livestock and Animal rearing at home. Before graduating from secondary school I had started rearing rabbits and I could also remember having a small snail pond in the house. I saw engineering as a natural gift meanwhile I was pretty sure that i will

retire to a farm because farming is a Life to me. Maybe my background influenced me, but am not sure. My dad experimented rearing of pigs about 7years ago and I picked interest in it. So before graduation from the University I started with two sows (female pigs) which have produced over 20 pigs. I could remember getting broke in school and I sold two pigs for about N100,000 to pay for my school fees and accommodation, behold I had a rethink and vowed to give Animal husbandry a serious look.

### How did you raise money for the business project?

I started gradually, at first I bought three weaners (young pigs), a male and two females for fifteen thousand naira. At first, I raised the fund from personal savings, then I was able to feed them while in school from a scholarship grant I won as an undergraduate.

### Why did you become a farmer?

I cherish nature and no other profession connects me better to nature than farming, I love to nurture plants/animal, see them grow healthy and bear fruits. Farming really shows the true value of dignity in labor, patience, contentment, seasonality and above all, it teaches all about life. I get emotional when we talk about farming.

Asides seeing farming as a lucrative business, I see it a profession that gives me time to do other things. I was born a farmer, so i ll rather say i chose to remain a farmer because its



fulfilling to be one, its great to feed the teeming Nigerian population and reduce unemployment.

### What do the animals eat?

Pigs as Monogastric animals feed on almost anything that humans eat. But for rearing purpose they have a special feed concentrate. They require balanced diet of protein, calcium, carbohydrate, fat and oil and iron. Hence their feed is formulated from Sorghum, Cerelac,

*"I started gradually, at first I bought three weaners (young pigs), a male and two females for fifteen thousand naira."*

## INTERVIEW SESSION WITH OLUWASEGUN AKINNIYI

### Where do the animals live?

The Pigs are housed in covered pen sections depending on their ages and state. For instance, In-sows (pregnant) need spacious pen to enable space for new offspring.

### Do you use any medicine or hormones?

Regular checkups by veterinary doctor helps a lot but as preventive measures, their feed concentrate provide a healthy life for the animals, injections like "long Active" (LA) are given to weak animals, so as Iron to strengthen the animals. I have zero-tolerance for the use of steroids and hormones to influence animal growth. Consequently, the size of all pigs is natural.

### How do you manage pests and disease?

Like I said earlier, a veterinary doctor comes around for regular checkup of the animals. A healthy environment is also maintained to prevent diseases, clean water, proper and regular cleaning of the pens is paramount. As for pest, the pens are regularly sprayed with insecticides, cultural method comes handy in handling of rats who embezzle our feeds.

### What really important business decision have you made recently?

Building a parent of about 10 Sows for the new farm year and raising the whole of the piglets I have up till adults before selling during the festive period. I spent a lot as a small farmer but the decision was worth it.

### What else do you do when you're not working on the farm?

Consulting on some few electronics jobs, reading and researching.

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

We might be fast to mention "Rural-Urban-Migration" while linking it to the government not encouraging farmers. But placing high priority on white collar jobs has pushed us where we are.

Meanwhile, unemployment is pushing some "wise youths" back to the farm. Rural-Urban and Urban-Migrations are dynamic but interestingly the farm remains.

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

Indecisiveness! making a decision to go into farming full-time or not at this time. I know everybody wants me to say working capital, I wouldn't have been able to start till now if I really wanted to start with "that Capital" but I made do with what I had and started improving on it, although it wasn't rosy but i saw it coming and I faced it. It took me time to decide whether I should go into farming full-time, I weighed my options and I followed my passion. I am lucky to have my dad around to drink from his pot of experience and most importantly the encouragement. He is so proud to see his trained engineer as a farmer.

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

Presently, the farmland is being leased from my dad, I pay him rents for the pens annually but am working on moving to my own farm as we expand.

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

As I said earlier that I grew up on a farm, our farm house is on about an acre of land. Presently,

the piggery is sited on a plot of land in Igborosun, Badagry, Lagos state.

### Where do you see yourself and the business in the near future?

I will be starting my Masters program soon, I have been working on usable electronic devices to solve real life problems, I will be working from a fully Automated Piggery powered by a renewable energy source. I wish to make my farm a model for Animal Husbandry here in Africa where all waste generated are being used on my organic farm and a resource base for intending and existing farmers to acquire and complement on existing knowledge using the best practices available.

### In your opinion, what qualities stand you out as a person and then as a farmer?

There is a saying that; "when the purpose of something is not known, abuse is inevitable". My purpose of existence is to solve real life problems in my environment using the simplest available means. I believe for everything we do, we need a personal conviction to make

(Cont'd on page 5)



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"

## 7 MYTHS THAT KILL MANY BUSINESSES BEFORE THEY START

You don't have to be a new venture advisor like me to hear all the excuses for not starting your own business. I'm sure all of you have friends who are not happy in their employee roles, and are not shy about complaining, but never seem to get around to doing anything about it. They can cite all the myths about being too old to change, not having the money, or no business degree.

They ignore the fact that Colonel Sanders was 62 when he franchised KFC, Steve Jobs started Apple in his garage, and Michael Dell and several others dropped out of school to build billion-dollar businesses. Unfortunately, sorting out facts from excuses in the new venture arena has always been difficult, and today's information overload has made it that much harder.

To organize my thoughts, I found a new book, "Burn the Business Plan," by Carl Schramm, who speaks from experience founding five companies, working major corporate roles, and being an active venture investor. Among many other insights, he offers a perspective on several myths of entrepreneurship, which I can now paraphrase and prioritize based on my own experience:

A real startup needs investors to get off the ground. In fact, research by Fundable shows that less than one percent of all startups are funded by venture capital and angel investors. Bootstrapping allows you to maintain full control of your startup strategy, retain maximum equity, and avoid the time delay and energy spent to attract outside investors.

You need a business degree to start a venture today. The real value of a college education is in learning how to learn, since markets and business models are changing so fast. Business strategies are best learned from experience. In today's world, more successful entrepreneurs


have built on degrees in engineering rather than business.

Working in a corporate world reduces your startup potential. On the contrary, early corporate training courses, potential future customer contacts, and getting real world marketing experience all are extremely useful for budding entrepreneurs. In addition, a regular paycheck and benefits help you build up resources before and between startups.

Most successful entrepreneurs are young and crazy. According to the Kauffman Foundation and other studies, the average entrepreneur is actually thirty-nine years old, and the success rate of entrepreneurs over forty is five times higher than that of entrepreneurs under thirty. The percentage of startups created by entrepreneurs in the 55 to 64 age demographic is now growing faster than any other.

You need quirky and more unheard-of ideas to succeed. The idea that novel products with minimal value to customers will somehow start a new trend is simply false. There is no substitute for market analysis, customer interaction, and attacking a real problem. Disruptive market changes take more time and money, and have the highest failure rate.

Most successful startups spring from local incubators. An incubator may get you over initial hesitations, by connecting you with peers, advisors, and guiding you through the process of setting up a business. I find that most good founders proceed faster on their own, with less drain on their time from peers and programs, and no equity dilution.

All successful businesses start with a business plan. In reality, Microsoft, Apple, Google, Facebook, and many others achieved success before they had business plans. The majority of startups, who don't seek outside investors, most often choose to explore alternatives in real time, without a written plan to guide them or slow them down. 



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## OUTLOOK: FORGING THE POWER OF VALUE

It is true that everyone wants to come into view as a delightful person, and it is appropriate for people to pursue adoration conditioned on the privilege of attractiveness. However, the charm embellished in appearance is inadequate and waste away if not properly placed alongside skills that equates one to a diligent person; and the connections that totally influence our fateful personality.

Not too many things are required to define our usefulness and value in our social circle. The sort of worth that expand and enrich our reputation among people are limited to our resourcefulness, participation and influence that strengthens our bargaining power, as regards our demands and aspirations within our circle. This uncommon combination of autonomy, skill and connections are not innate or natural. They do not exist in everyone one from birth as a set of crude competence that can be developed.

The fact in nature is the distinction it tenders to each one and everyone considering first and foremost, the forces in our environments, and the capacity of our intelligence quotient (IQ). But to really distinguish ourselves as a matter of unwavering relevance to the people around us, we must devotedly improve the aspects of our lives that are in short supply within our social order.

Most of our time should be devoted to calculated and purposeful practice that set our sight on stretching the limits of our initial capabilities. Working so hard at the things we do may seem tedious and monotonous considering the repetitive patterns with the view of perfection, but the pleasures that it brings would only justify the several hours of intentional self-discipline.

While trying to improve our competence, we must imagine while it is yet unclear, the opportunities and gaps we intend to close with our special commitments that make us distinguishable and sought after.

When you make so much sense of the things you do and the value people derive from it because of the benefit of attentive and committed practice, you gain control of their need of you, transmitting limitless instances of employment and glee for you.

It becomes rather extreme however, when your will to influence becomes rather oppressive because of perceived desperate concession for your skills. Take for instance inventors of technology. They are filled with pleasure when their tools for human advancement are sought after. Likewise, they are morally bound to rid themselves of any absolute right to withhold their innovations that mean development for human kind.

Therefore, our self-determination to influence the people in our social circle must have a required level of regulation, for fear that we do not become autocratic. 📧

- Lewis Ebode  
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## INTERVIEW SESSION WITH OLUWASEGUN AKINNIYI (Cont'd from page 4)

As a farmer, consistency and hard work is key, while contentment and perseverance is inevitable.

### Encouragement for Want-to-be farmers?

Concentrate on the journey and not the pot-holes. Take a step at a time, and never be in a hurry. Set your priorities right and be convinced why you want to be a farmer. Like every other profession, knowledge is paramount, so take time to seek knowledge and consult those with more experience.

Money is not all about farming, money without the knowledge is useless. So endeavour to acquire the necessary skills before venturing into any aspect of farming in order to reduce unwarranted loss.

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## CO-CREATION HUB INCUBATOR PROGRAM 2018 (\$25,000 AND MORE FOR STARTUPS)



Co-Creation Hub invites applications for its new Incubator Program. The Incubation program at CcHUB takes a hands-on approach to helping entrepreneurs execute a working business model and grow a sustainable business. Their goal is to help the entrepreneur(s) properly structure their business, ensure consistent growth and access funding to build a lasting global entity.

### Benefits

Startups that are accepted into the program will receive the following:

- Funding of up to \$25,000 to run your operations during the program. In addition, startups will get direct access to possible follow-on capital between \$100,000 – \$250,000 from the Growth Capital fund by CcHUB.
- Entrepreneurs will get hands-on support from the different practices in CcHUB to help with business strategy, financial management, digital security and recruitment. In addition, a newly created product development unit will be available to support the technical lead/team of the different startups.
- There will be an emphasis on growth and distribution as we have identified how challenging it can be for startups to reach their customers quickly and effectively. This will involve one-on-one sessions with experts in sales, marketing, and distribution, as well as marketing opportunities via partnerships with media platforms, companies and personalities.
- Office space for up to 6 team members, high speed internet, meeting rooms & more.
- Hands-on support: Business strategy, financial management, recruitment, product development (advisory)
- Access to experienced entrepreneurs and industry experts via mentorship.

- Access to investors for funding post-incubation.
- \$15,000 Amazon Web Services Promotional credit and more products from partners.

### Eligibility

The program is open to startup teams from anywhere in the world that are looking to grow their businesses in Africa, particularly Nigeria.

They are looking for committed and ambitious founders with technology solutions that have gained some traction, generating revenue, addresses a clear need/want and has the potential to scale.

To be eligible to attend the program, startups must meet the following criteria:

- Have a revenue model and be generating revenue.
- Have a functional product (web or mobile).
- Have gained Users/customers.
- Been in operations (since launch date) for at least 6 months.
- Have a management team consisting of up to 3 members which includes a technical lead and founder(s) that are fully committed to the business.
- Have the potential to scale.

### Application

Applications will be reviewed on an ongoing basis until all spaces are filled. Start-up founders are encouraged to send in their applications as soon as possible.

Complete the [online application](http://bit.ly/2EvdFpm) at <http://bit.ly/2EvdFpm>

**Deadline: March 16, 2018** 📅

### QUIZ OF THE MONTH *(Answers in the April 2018 edition of the Newsletter.)*

1. If you are looking to acquire another business are you able to insist on a period of exclusivity with the seller to allow you enough time to carry out due diligence and complete the necessary legal work?  
A. Yes B. No
2. What is an elevator pitch?  
A. A business pitch delivered in an elevator  
B. A 60 second sales pitch  
C. A quick and simple definition of your business and its value proposition  
D. A short story that you can tell in the course of an elevator ride
3. Which of the following is not an example of upselling?  
A. "Would you like to supersize that?"  
B. "Our Platinum package offers lifetime upgrades."  
C. "Customers who bought this also viewed the following related products."  
D. "Free delivery on orders over £150."
4. Which of the following is a source of external change for a business?  
A. Increase in consumer spending power  
B. Modification of its marketing campaign  
C. The decision to market its product using e-commerce  
D. Provision of electronic payment facilities for customers
5. Upselling/cross selling is cheaper & easier than selling to new customers.  
A. True B. False
6. Which of the following is not considered a viable finance source for SMEs?  
A. Retained profits B. Loan capital C. Payday Loans D. Credit cards
7. When is the best time in the lifecycle of a business to focus on networking?  
A. Anytime anywhere B. Start Up C. Growth D. Expansion
8. Expenditure that does not create a long-term asset is called a:  
A. Capital Expenditure B. Investment Expenditure  
C. Revenue Expenditure D. Capital Budgeting Expenditure

Source: www.sitkachamber.com

#### Answers to February 2018 Quiz

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



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**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.

*"Knowledge is power.  
Information is liberating.  
Education is the premise of  
progress, in every society,  
in every family."*

– Kofi Annan