



Management Ideas from the Podium

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"We Thought You'd Like to Know™" is an information service of Gene Siciliano, professional speaker, workshop leader, management coach and financial advisor – Your CFO for Rent®.

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8 Key Budgeting Tips for First Timers

Most companies with sales under \$10 million, and some much larger, don't use budgets to help them meet profit goals. CEOs and operating owners reason, we are often told, that the effort to learn how to build, and then use, workable budgets is just too much. They seem to feel it's more frustrating than just hoping the numbers will all work out, if they only sell enough widgets or services or whatever.

We won't quote business failure rates among companies in this size range, nor the steady stream of survey findings that say lack of good management practices is usually to blame when a company falls short of its potential. We thought it would be more productive instead to provide some concepts that will make that first budget easier.

Our premise: Profit planning, or budgeting, is the most effective way to consistently meet profit targets and avoid costly surprises.

Our target reader: the CEO who has at last decided it's time to begin controlling the bottom line with some of the same tools they use to control the top line.

Here are our 8 tips for your consideration, taken from our seminar series **Your Money, Your Business:**

A budget is not the forecast you put together on the weekend to impress your banker. It must be the result of coordinated input and effort by you and your top management team.

1. Regardless of how tough it may be to estimate the future, you will get closer, and be better able to control the results, if you actively use a budget.
2. Any business can be budgeted. The only question is how much practice it takes to strike a balance between time invested and forecasting accuracy.
3. Use a Gantt chart to track deliverable dates for budget completion. As with any project management tool, it will tell you if you've scheduled too much to be completed in too short a time, given other business activities that also require your team's participation.

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New! Visual Planning Workshop

What's the newest trend in business planning? Benchmarks? Best Practices? Charts? Yes, Yes, and Yes!

The best of the best have been combined in Visual Planning™, a new workshop that presents planning techniques specifically designed for, and tested on, small business owners who've never before done formal planning. Presented in programs from 90 minutes to a full day, this interactive session includes opportunities for audience members to test it out with their own plans and ideas. A 75-minute mini-version was warmly received at the recent annual convention of the Institute of Scrap Recycling Industries.

Call us for a 1-sheet or additional details on this exciting new program!

4. Accurately predicting actual results is not the objective. Giving your company a direction to use for course corrections, at the level where it matters, is what it's all about.

5. You have a set amount of resources available to you. If you must spend money for something you didn't budget, then decide what budgeted expense can be removed to "finance" the new item. Without that discipline, you will almost always overspend, because there are *always* good reasons to spend money. They don't always produce more profit, however.

6. Every budget should have profit targets *and* cash flow targets, because they're different and they require different kinds of attention to prevent unpleasant surprises.

7. With budget comparisons in hand, ask your team these questions every month:

- How are we doing compared to budget?
- What must we do to have a better result next month?
- What are we learning that will make next year's budget better?

Now, you have taken the first steps to making your budget goals a reality.

**About the Author,
Gene Siciliano, CMC CPA**

Gene is the founder of Western Management Associates, a business management consulting and management training company based in Los Angeles, California. His workshops and seminars on business management and financial planning help corporate managers raise their success level through clearer strategic direction and improved profit management. He is the author of *Finance for Financial Managers*, 2003, McGraw-Hill. Gene has been an active member of National Speakers Association since 1991.

Focusing on business success, and managing the resources you need to get there." That's the specialty of Gene Siciliano, CMC CPA. – Your CFO For Rent®.

Topics include:

- Your Money, Your Business – *Finance for Non-Financial Managers*
- Visual Planning – *Seeing is Believing!*
- Flash Report – *Key to Crisis-FREE Management*
- The World's Shortest Business Plan
- How to Recession-Proof Your Business
- Dreams to Dollars – *Strategic Plans that Work*
- The Art of Management Focus



Finance for Non-Financial Managers, published by McGraw-Hill in 2003, is an excellent tool for learning reinforcement of a broad range of financial tools and concepts. Books are available for purchase from our website, major bookstores, Amazon.com, and BarnesandNoble.com.