

CELEBRATING OUR (24TH) YEAR

A Management Update from Your CFO for Rent

OK, We Have a Budget. Now what? (6 tips for effectively managing your budget)

By Gene Siciliano



- they were born knowing about budgets,
- they learned about budgets in kindergarten, or
- their parents taught them about budgeting their \$5 a week allowance.

But despite the fact that virtually none of those assumptions is true, the actual steps to manage a budget seem to get overlooked, and therefore under-learned. Aside from the obvious, like accurate bookkeeping and understandable reports, here's our quick checklist of basic techniques for managing the details of a budget – and by managing we mean sticking to it,

not creatively explaining why you didn't.

1. Look at the budget before you commit funds. It seems logical to assume that you have to know what you've budgeted to spend before you make a spending decision. Yet it rarely works that way. But it should. Look first, then commit.

"KNOW WHAT YOU'VE BUDGETED...

before you spend"

the budget" to negotiate price. Your budget is a perfectly legitimate objection to a vendor proposal that exceeds the budget. If you're not authorized to spend more than is in the budget, tell them. It's not unfair or illegal. They may want the sale badly enough to meet your constraint.

2. Use "that's all I have in

3. If you absolutely have to spend money for something that's not in the budget, remove or postpone a like amount of money from something else that is in the budget. This is called a trade-off.

Spend more here, spend less there, make it balance at the bottom. Almost never does every dollar have to be spent when you planned it.

4. If revenue doesn't develop as planned, plan to under-spend accordingly. The budget is about the bottom line, ultimately. If revenue is less than planned, you likely don't need as much expense to support

it. So find what was planned to support revenue that didn't come in and don't spend it.

5. Timing is not trivial.

Don't spend ahead of schedule. If you must spend before you planned to, postpone something else in the same time period until you can catch up. Another trade-off.

6. "Oops!" is not a good explanation for overspending. If you inadvertently overspend, drop something else that's in the budget or at least defer it until you can make up the difference, even if it's a later period. This is still another form of trade-off, best avoided by referring to #1 above.

Most CEOs will agree that these steps will make the company budget

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10 characteristics of a successful CEO

by Joey Tamer

uring my 25
years working
with CEOs, I
have created an
internal checklist of critical
characteristics that lead a CEO
to succeed or fail, separate
from market conditions, capital
conditions and other external
factors. These strategic skill
sets apply to any venture.

My experience has shown me that at least one of these ten characteristics was missing in any failed company I witnessed or evaluated, even if the other nine characteristics were in play.

Here is a summary of these characteristics:

- 1. Domain expertise: the learning curve for domain expertise is long, and to lead, you must have completed your "10,000 hours" (Outliers, Malcolm
- 2. Leadership & personal power: you should have innate personal power, and leadership should feel like an integral part of your being in the world.

Gladwell: http://bit.ly/b9islc).

3. Financial savvy: your business must make money, create profit, and keep growing. For this you must

understand the numbers, even if you can't create or manipulate them.

- **4. Ability to pitch and close:** you must understand the context of selling and the tactics of closing -- especially if you have had no interest in this before.
- 5. Honor: honor is the basis for your enduring reputation in your community. "Authenticity" (a social media word) is the face of the honor. In our world of continuous "LEAI customer feedback, your honor must shine through
- **6. Realism:** Dreamers start and stop. Doers see the financial and market realities, then take action.

everywhere your brand is presented.

- 7. Perseverance: History is written by the victors, who are in a position to tell the story. Look to Col. Sanders, Stephen Jobs, and Fred Astaire to show you what it means to persevere.
- 8. Patience: You must have it, and the capital to sustain it, or your company will fail. You don't have to build your entire vision all at once. You must pace, plan and execute

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more effective. Most CEOs of companies that actually have budgets, that is, which is not most companies. Most CEOs will say their managers should do a better job at

this. Others might say these CEOs should do a better job of training their managers. Me? I'm just sayin'. Let me know if we can help your managers get it right.

carefully, while still being responsive to changes in markets and capital.

9. Perspective on the larger scheme of things: Remember that your venture is but one part of a larger, more complex market ecosystem. Understand your with critical decisions that determine the success of your company. And the ultimate courage is to stay, or change strategic direction, or take your best shot, or stop your company – and then carry on, self-confidence intact, and take your next best shot.

You can access 10 full-length articles on these characteristics at http://bit.ly/bvwxP0 or you can find them under "10 Characteristics" at

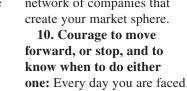
www.joeytamer.com/blog

"LEADERSHIP SHOULD FEEL like an integral part

OF YOUR BEING"

company's position and value in the supply chain. This allows you to make the correct decisions about what power you have in a negotiation, how to craft a win-win deal that keeps the other players supportive of your company's interests, and keeps you an authentic and respected participant in the larger network of companies that create your market sphere.

Joey Tamer (www.joey-tamer.com) creates wealth for CEOs, driving up their valuations and profitability, resulting in IPO and acquisition exits. Her clients include J.P. Morgan Capital, Sony, IBM, Apple, Hearst, Blockbuster, Technicolor, Harper Collins, Discovery Channel, Time-Warner, Agfa, Scitex, Earthweb (IPO 1998) and iSuppli.





Your CFO for Rent

Gene Siciliano, CMC, CPA, is an author, speaker and financial consultant who works with CEOs and managers to achieve greater financial success in a dramatically changing economy.

As "Your CFO For Rent" and president of Western Management Associates, Siciliano has spent more than 24 years helping his clients build financial strength and shareholder value through applied knowledge and process improvement. His bestselling book, Finance for Non-Financial Managers, (McGraw-Hill, 2003) is available in bookstores and online. Gene's new book, Financial Mastery for the Career Teacher (Corwin, 2010) is a must read for educational professionals. More information and free articles are available at www.GeneSiciliano.com.