

# Using Your Budget as an Active Tool

Learn to study and make adjustments to reach your goals

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First off, many of us are guilty of never taking the time to build a detailed annual budget for our company.

Second, those that build the budgets, often file them away and are lucky if they even check it historically at the end of the year.

Your annual budget is an ACTIVE TOOL that must be used monthly, quarterly and annually in order to reach your goals.

Much like a basketball coach that makes adjustments during timeouts or halftime, using the budget as an active tool will allow you and your leadership team to make continual adjustments to your business strategy and gameplan.

Develop a routine of reports and meetings to review this budget.

## Making Adjustments for Success



## 4 Steps to Effectively Manage a Budget

### 1 Build the actual budget!

You can't skip step one! If you don't have a detailed, complete annual budget in the first place, you can't use it to improve your business. Go make it happen!!!

### 2 Monthly operating report

This is a one page document prepared monthly by your CFO. This report should include several key measurables, including current month profit, as well as year to date profit, measured against the budget. Active discussion with the Leadership Team for 2 hours monthly should help develop needed adjustments.

### 3 Quarterly financial review

While always maintaining a copy of the original annual budget, each quarter should present an opportunity to build a revised budget for the following quarter. Assess your year to date numbers accurately, then build strategy and quarterly budget adjustments to put you on track to year end.

### 4 Annual budget review

Of all the budget review meetings, this is the meeting most historical in nature. At the end of the year, sit for a full day with your Leadership Team to assess the entire year in review. Assess where you found success and document lessons learned that can be applied in the next annual budget. Learn and grow through detailed review.



**When it is obvious the goals cannot be reached, don't adjust the goals, adjust the action steps**

CONFUCIUS



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A few questions to consider:

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Have you completed an annual budget? Use the template from Module 5 to build your first annual budget.

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Use the attached Monthly Operating Report template to build your own. What do you like about this template? What different numbers would be important for you to track monthly?

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Pull out your calendar now and schedule your Monthly Operating Report meeting, your Quarterly Reviews and your Annual Budget Review meetings. Who will prepare the reports? Who will attend these meetings?

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- NOTES -

