

MANAGING BUDGETS

Pocketbook



A pocketful of advice and practical tips on financial planning in the business and on preparing and managing budgets

**Anne Hawkins
& Clive Turner**

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THE MANAGING BUDGETS POCKETBOOK

By Anne Hawkins and Clive Turner

Drawings by Phil Hailstone

"A clear presentation of 'how to' in an area of management where there are so many examples of 'we didn't'. It successfully deals with a subject area that is either mystique-ridden or handled too simplistically, showing that budgets are based on a series of practical management decisions rather than on one simple technique".

Peter Nicholls, Head of Investors In People, Walsall Training & Enterprise Council

"Typical of Clive's excellent teaching standards. It deals with a critical process in a very readable style, and reflects the very practical experience that both authors have gained in their careers".

Andy Stevens, Chief Operating Officer, Messier-Dowty International

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What is a Budget, need to plan, planning for profit and cash, challenge process, continuous review



REVENUE BUDGETS

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Budget saboteurs, golden rules, four stages of setting budgets, input-output analysis, revisions, monitoring and controlling



CAPITAL BUDGETS

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Strategic fit, preparation, authorisation, evaluation, link to other budgets



PRODUCT COSTING

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Why it is important, how to understand the system, challenge the system, be flexible



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Business Financial Model

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Product Costing Example



INTRODUCTION

INTRODUCTION

ARE YOU MANAGING?



Are you managing your business ...



or is your business managing you?

Do you **plan** what you are going to do ... or just react?

INTRODUCTION

FAILURE TO PLAN



Has this happened in your business?

Why did it happen?

INTRODUCTION

CO-ORDINATE AND CONTROL



Planning is essential for businesses to **co-ordinate** and **control** their activities.

Co-ordinate

Businesses are run by a group of individuals, each of whom will have a personal view of the best way ahead. If there is no agreement on where the business is going, and how it will get there, the team cannot pull together.

Control

Businesses need to measure their progress against their plan in order to reassess how they are going to arrive at the agreed destination.



INTRODUCTION

CLASSIC CLICHÉS



"I'm too busy to plan" ... perhaps you're too busy because you don't plan!

"My boss plans. I get on with it" ... but are you pulling in the same direction as the rest of the team?

"Just get the sales" ... which sales? Are they profitable? Will the business be worth winning?

"What's the point? Things never go according to plan" ... by planning you are focused on the future and will respond quicker to the changing environment.

INTRODUCTION

PLANNING IS FOR EVERYONE!



Remember

Even the smallest cog in the largest wheel has a vital role to play in the planning process.

Don't underestimate the significance of your contribution ... and the damage that can be inflicted if you get it wrong!



FINANCIAL PLANNING