

Breaking the Budget

As we close out 2006 and begin to think about the coming year, we need to reflect on the successes we had this year. Wow, what a year we had! Okay, that's enough reflecting! The world didn't stop for you. It's still moving and we need to move faster than it moves. That means whatever we did in 2006; we must improve on in 2007. In most cases our bosses are expecting us to do better, our spouses want to see more money, and of course for you business owners, the bank wants you to bring in more money as well. Our successes in 2006 have now become our base for 2007 that we must exceed. Life is great!

Mike, I thought this was supposed to be a sales article not an operations article! Well, in everything we do there must be goals set. Our budgets are our goals. So, let's take a look at how to turn a budget into a manageable number that makes sense. Let's break it down!

Let's take a look at writing your budget for 2007. Most of us already have them set and probably by someone other than ourselves. I admit, I've written budgets for all of my team for 2007. They are a guide for an increase in business and profit compared to last year. They are a necessity in business. You personally need to set your goals to beat your budget. Yes, use it as a guide, but beat it by 10, 15, even 20% or more.

Think about it, we will all write a budget, get excited when we hit it, then wonder, why we can't pay our bills. That's because in most cases, the budget was written to satisfy the company as a whole. Individually, the whole does not pay our bills. Also, last time I checked, my expenses have not come down, they always are going up. For you to achieve success, you need to mentally write your own budget, prepare every evening for each day's budget and exceed your goals for every case, every customer, everyday!

Budgets can be exciting! No, I'm not crazy! When it comes to me, I like to challenge myself to break things down to the lowest common denominator. Hence; Breaking the Budget! Let's review an example of how to break the budget down:

Let's say you have a goal to sell 12,000 more cases this year at an average case cost of \$25.00. (this will work for any business, just plug your numbers in and change the items to customers or what works for you)

Case Goal: 12,000 new cases
Avg. Cost: \$25.00 per cs.
Total Sales: \$300,000 in new sales.

Mike, you are crazy if you think I can hit these numbers. Well, let's break it down into something more manageable.

If you work 5 days a week or 260 days a year, you basically need to do the following:

Case Goal: 46 cases more per day.
Sales Goal: \$1,150 more per day.

Sounds more achievable, doesn't it?

I used to do this all the time when I was in the restaurant business. Most of the time, I would beat my daily budget because of using this method. I would even break it down to how many customers per hour I needed. It's funny how when you look at it that way, to hit about 10,000 additional customers, you need to do a little over 2.27 more per hour if you are opened up 12 hours a day, 7 days a week. Round that up to 3 per hour and you're a real success!

Think about it, if you break things down to the smallest denominator, it is more achievable in your mind. Only 2 plus customers per hour can seriously impact your business.

So, don't let the budgeting process scare you! Take advantage of it and beat it significantly this year. Set your own goals way above where the company goals have been set. Work to achieve results in every opportunity you have in growth. Most of all have fun doing it and don't lose ground with the customers you already have.

If you plan everyday to achieve success, you will not only see it, you will live it! Think about it, believe it, and achieve it!

Great Selling,

Mike Popella