

## **Budgets Your Financial Road Map**

Budgets are your financial goals in a spreadsheet. The budget is your roadmap to your financial success. When you look budgets like this, they are not going to be as boring. Budgets are one of the most important tools that you can use for your business, and I'm going to show you how easy they are to set up. We're going to set up a budget in 10 minutes. Other ones are going to take a little longer, but if you want to do a basic budget to get you started in the process, we can get this whole thing wrapped up in about ten minutes. And then, we're going to use this chapter to explain to you why budgeting is so important, and how you should really use the budgeting, because most people look at budget as a one-time event, and it's not, it's an ongoing process.

Here's how budgets work at large companies. When I worked at the subsidiary of Sara Lee, the president of the subsidiary company had to submit a budget to the corporate executives and that budget was their operating goals. And management at the subsidiary was expected to deliver the results of the budget. So, at the end of the year, they said, this division had to make X number of dollars; let's just say 10 million. And then they would create a budget to make that \$10 million net income goal.

Here is the most important thing about budgets; as soon as that budget was completed, approved by upper management, and printed, it was obsolete. And the reason why is, because your business environment had changed. The company I worked for made hotdogs and hotdogs contain beef, so the prices of beef are always changing. We have all heard about the commodity markets and how the prices change fast. Beef is listed on the commodity markets as live cattle futures, and here the price changes every second. So it is impossible for us to get the correct price of the beef for the cost of goods sold expense in our budget. Also, it is impossible to predict exactly what your sales numbers will be in the future, you don't always make your sales numbers. Something always comes up, and there is always an obstacle in the way for you to make your budget numbers.

The point is simple, no one can predict the future. So your budget will be off somewhere. So how do you get back on track? You have to make your financial goal. Well, you simply adapt and create a new budget to get you back to your financial goals of your original budget. You create a new budget called Outlook 0. This new budget includes your first month or so of your actual numbers and then you create a new budget for the remaining months of the year. With of course the 10 million dollar net income goal at the end. In other words, you revise the budget to get to your original net income goal. When the original budget was done, we would have to look at it, compare your actuals to your budget, and say, "Hey, we didn't make our numbers."

This is how it works at large companies, if the president didn't make his numbers that year, he would not get his bonus. I don't know about you, but rich guys like their bonuses. And if he didn't make it the second year, he got fired or pushed off to somewhere else. So, there's a lot of pressure on him to make his numbers and here's how they do it. So, if they don't make their numbers for the first month, they would do then what we call Outlook 0; which the first column would be their actual numbers, and then they would re-budget to try to figure out how they're going to get to their numbers. Whether they're going to make changes to their sales numbers, change the prices of meat, or cut some staff, or cut some marketing expenses, whatever they had

to do in order to make sure that they're going to make that net income number at the end of the year.

No one can accurately predict the future. And your business environment is going to change, so as soon as that budget is done, you print it off, and the ink dries, it's obsolete already. So again, they would have to redo the budget so they can make their financial numbers, and they do it this about 6 or 7 times throughout the year in order to get their numbers. So budgeting is not a one budget for the year and you are done, no it is a process. The purpose of the budgeting process is for you to make your financial goals. Now, it sounds like lot of work, but it's not.

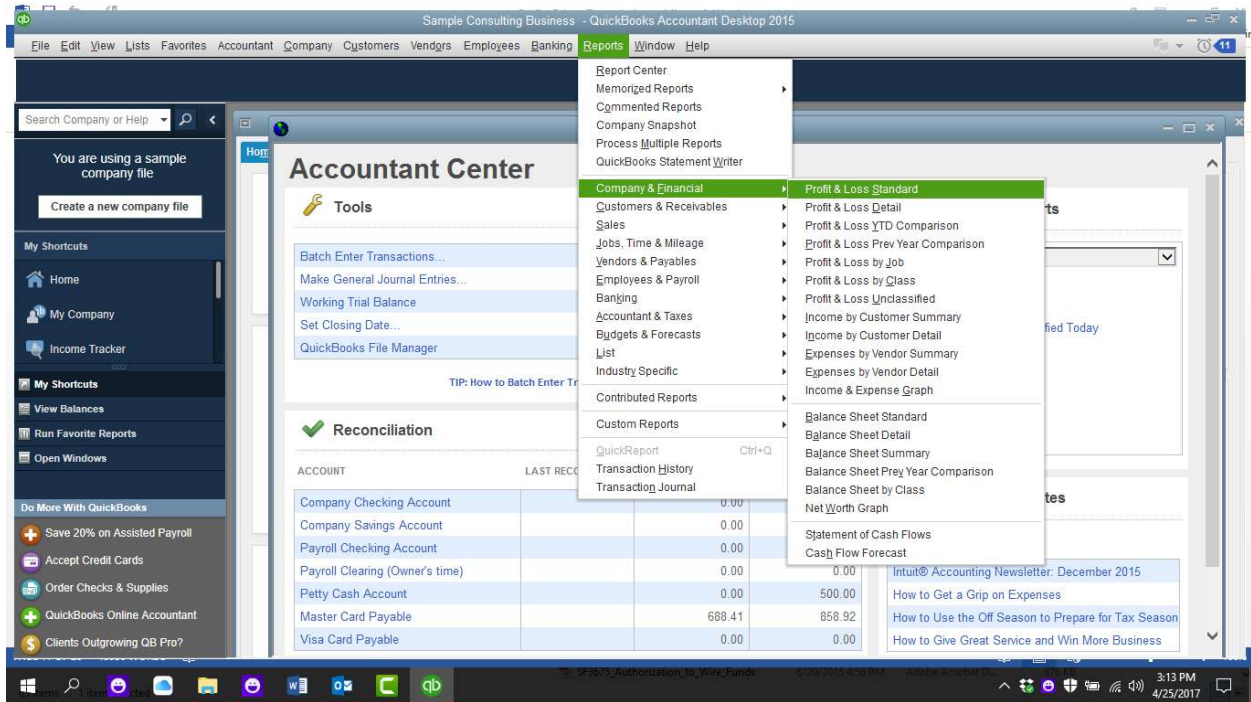
The budgeting process is a very deep ongoing financial analysis of your business. What most people do is just look at the financial statements. The problem with just looking at the financial statements is the financial statements are from the past. The budget is your projection of your goals of the future. The budget analysis is figuring out what happened compared to your goals. Then digging in deep to see what went right and what went wrong with your plans. Then digging deeper to find out all of the WHYS. Why did some things go right and why did some things go wrong. Then you need to fix all of the items that went wrong and make sure all of the what went rights, continue to go right.

So let's get started and let me show how you can easily set up budgets on your company. Here are some QuickBooks budgeting examples. You can also purchase my online course for the video representation. We are going to show you two different ways to do this.

#### 1<sup>st</sup> Method

This example is from QuickBooks 2015 Accountant Edition, any Pro Edition should work fine. We are going to create a Profit and Loss Month by Month like we did in the prior chapter.

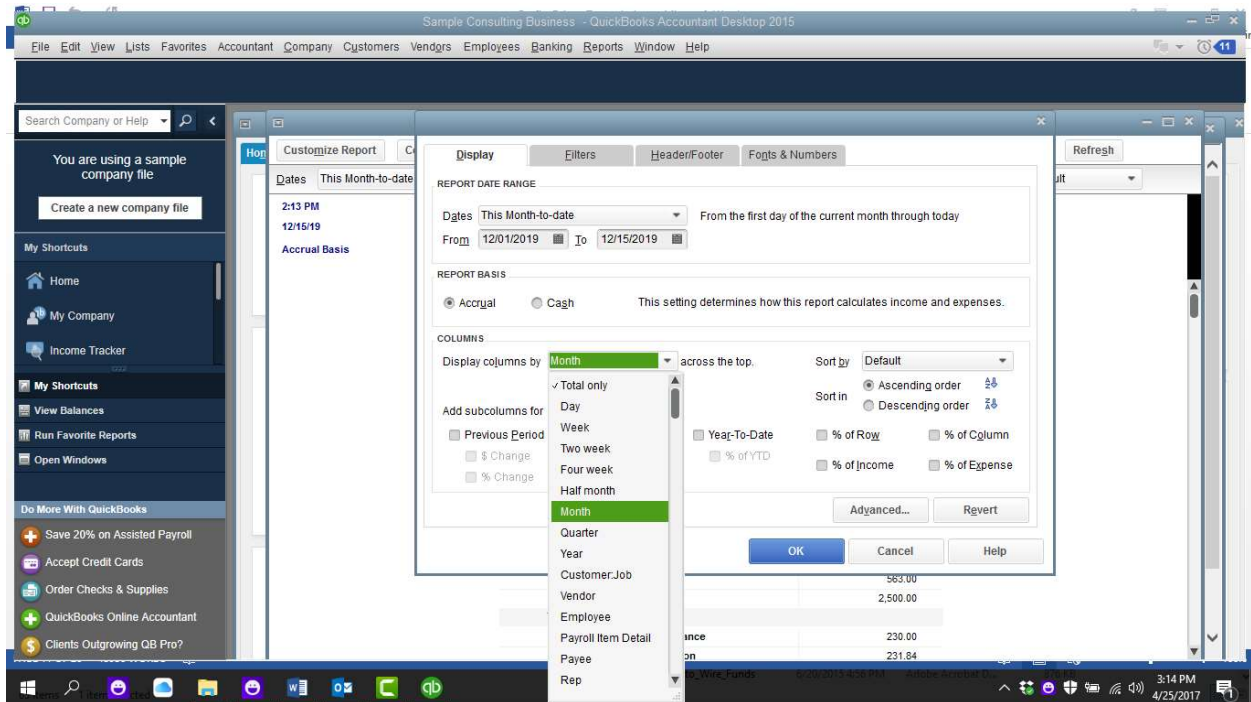
Step 1. Create a Profit and Loss Statement in QB.



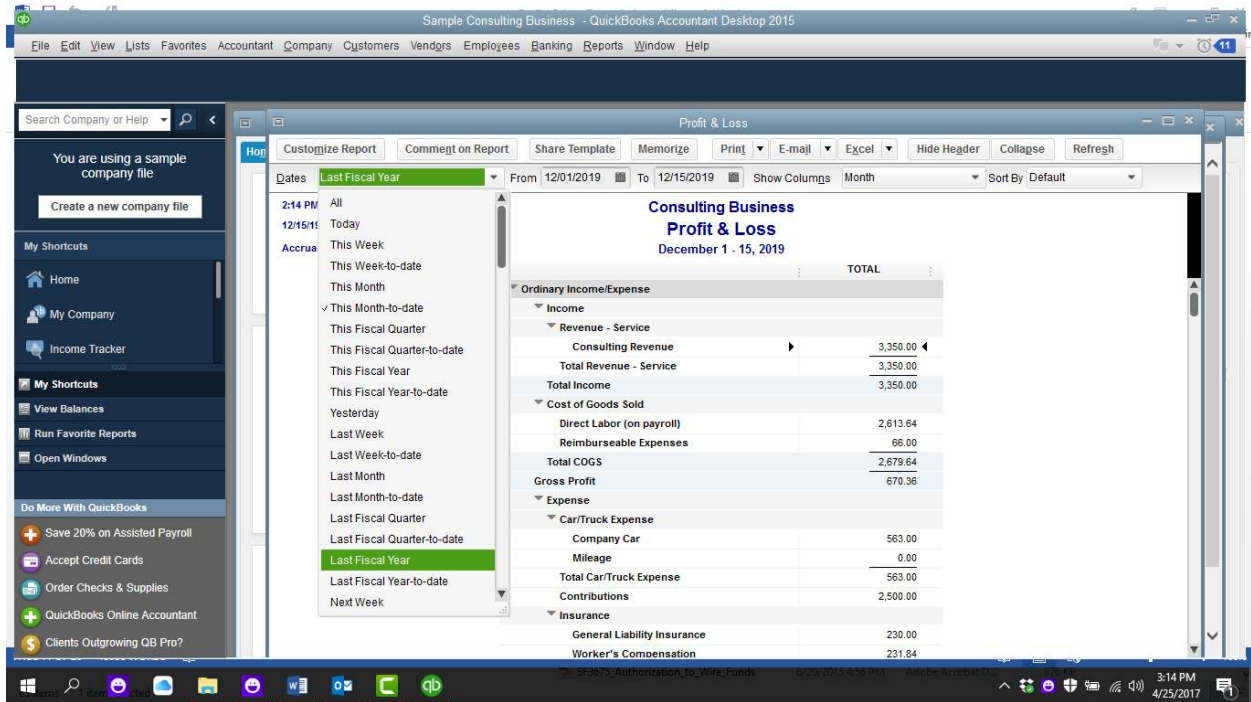
Step 2. Customize the Report.

Go to Customize the Report in top left of the report.

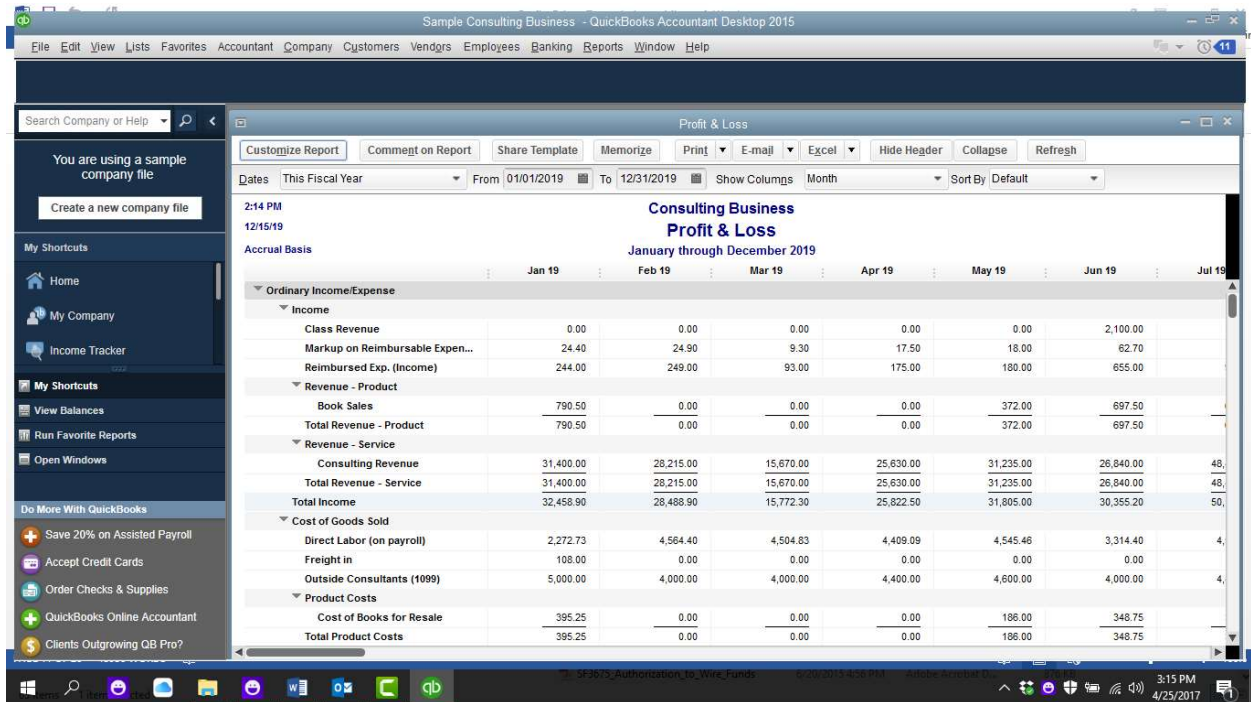
Click on Display columns by and change this to Month.



Step 3. Change the date range for all of this year or last, which ever data you want to build the budget off of.



Step 4 This creates a report with the P & L by month side by side.



## Step 5 Hit the report to Excel Spreadsheet.

Sample Consulting Business - QuickBooks Accountant Desktop 2015

File Edit View Lists Favorites Accountant Company Customers Vendors Employees Banking Reports Window Help

Search Company or Help

You are using a sample company file

Create a new company file

My Shortcuts: Home, My Company, Income Tracker, View Balances, Run Favorite Reports, Open Windows

Do More With QuickBooks: Save 20% on Assisted Payroll, Accept Credit Cards, Order Checks & Supplies, QuickBooks Online Accountant, Clients Outgrowing QB Pro?

Profit & Loss

Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header Collapse Refresh

Dates: This Fiscal Year From 01/01/2019 To 12/31/2019 Show Columns Create New Worksheet Update Existing Worksheet

2:14 PM 12/15/19 Consulting Business Profit & Loss January through December 2019 Accrual Basis

	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19
<b>Ordinary Income/Expense</b>							
<b>Income</b>							
Class Revenue	0.00	0.00	0.00	0.00	0.00	2,100.00	
Markup on Reimbursable Exp...	24.40	24.90	9.30	17.50	18.00	62.70	
Reimbursed Exp. (Income)	244.00	249.00	93.00	175.00	180.00	655.00	
<b>Revenue - Product</b>							
Book Sales	790.50	0.00	0.00	0.00	372.00	697.50	
<b>Total Revenue - Product</b>	790.50	0.00	0.00	0.00	372.00	697.50	
<b>Revenue - Service</b>							
Consulting Revenue	31,400.00	28,215.00	15,670.00	25,630.00	31,235.00	26,840.00	48,...
<b>Total Revenue - Service</b>	31,400.00	28,215.00	15,670.00	25,630.00	31,235.00	26,840.00	48,...
<b>Total Income</b>	32,458.90	28,488.90	15,772.30	25,822.50	31,805.00	30,355.20	50,...
<b>Cost of Goods Sold</b>							
Direct Labor (on payroll)	2,272.73	4,564.40	4,504.83	4,409.09	4,545.46	3,314.40	4,...
Freight in	108.00	0.00	0.00	0.00	0.00	0.00	0.00
Outside Consultants (1099)	5,000.00	4,000.00	4,000.00	4,400.00	4,600.00	4,000.00	4,...
<b>Product Costs</b>							
Cost of Books for Resale	395.25	0.00	0.00	0.00	186.00	348.75	
<b>Total Product Costs</b>	395.25	0.00	0.00	0.00	186.00	348.75	

Book2 - Microsoft Excel

FILE HOME INSERT PAGE LAYOUT FORMULAS DATA REVIEW VIEW QuickBooks

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	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	TOTAL
<b>Ordinary Income/Expense</b>													
<b>Income</b>													
Class Revenue	0.00	0.00	0.00	0.00	0.00	2,100.00	0.00	0.00	0.00	0.00	0.00	0.00	2,100.00
Markup on Reimbursable Expenses	24.40	24.90	9.30	17.50	18.00	62.70	92.40	38.20	48.45	27.10	44.00	62.10	469.05
Reimbursed Exp. (Income)	244.00	249.00	93.00	175.00	180.00	655.00	924.20	382.00	484.50	271.00	440.00	621.00	4,718.70
<b>Revenue - Product</b>													
Book Sales	790.50	0.00	0.00	0.00	372.00	697.50	697.50	0.00	744.00	0.00	0.00	0.00	3,301.50
<b>Total Revenue - Product</b>	790.50	0.00	0.00	0.00	372.00	697.50	697.50	0.00	744.00	0.00	0.00	0.00	3,301.50
<b>Revenue - Service</b>													
Consulting Revenue	31,400.00	28,215.00	15,670.00	25,630.00	31,235.00	26,840.00	48,470.00	35,540.00	30,310.00	40,605.00	19,520.00	15,250.00	348,685.00
<b>Total Revenue - Service</b>	31,400.00	28,215.00	15,670.00	25,630.00	31,235.00	26,840.00	48,470.00	35,540.00	30,310.00	40,605.00	19,520.00	15,250.00	348,685.00
<b>Total Income</b>	32,458.90	28,488.90	15,772.30	25,822.50	31,805.00	30,355.20	50,184.10	35,960.20	31,586.95	40,903.10	20,004.00	15,933.10	359,274.25
<b>Cost of Goods Sold</b>													
Direct Labor (on payroll)	2,272.73	4,564.40	4,504.83	4,409.09	4,545.46	3,314.40	4,500.00	4,564.40	4,437.50	4,522.73	4,564.40	4,819.52	51,019.46
Freight in	108.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	108.00
Outside Consultants (1099)	5,000.00	4,000.00	4,000.00	4,400.00	4,600.00	4,000.00	4,470.00	4,100.00	3,600.00	5,000.00	2,800.00	4,000.00	49,970.00
<b>Product Costs</b>													
Cost of Books for Resale	395.25	0.00	0.00	0.00	186.00	348.75	348.75	0.00	372.00	0.00	0.00	0.00	1,650.75
<b>Total Product Costs</b>	395.25	0.00	0.00	0.00	186.00	348.75	348.75	0.00	372.00	0.00	0.00	0.00	1,650.75
Reimbursable Expenses	255.00	201.00	340.00	219.00	1,191.12	729.00	919.60	382.00	484.50	271.00	440.00	321.00	5,753.22
<b>Total COGS</b>	8,030.98	6,765.40	8,844.83	9,028.09	10,522.58	8,392.15	10,238.35	9,046.40	8,894.00	8,793.73	7,804.40	9,140.52	108,501.43
<b>Gross Profit</b>	24,427.92	19,723.50	6,927.47	16,794.41	21,282.42	21,963.05	39,945.75	26,913.80	22,692.95	31,109.37	12,199.60	6,792.58	250,772.82

Now, what you have here is your entire year's data by month in Excel. You got a 12-month budget right here. Now, it's the prior year's data, or a lot of this year's depending on how you did it. This is a great guide to start your budget because you now have a working template in Excel and great historical data.



	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	TOTAL
Telephone	404.38	320.14	313.13	388.74	319.93	323.10	388.30	313.19	303.56	333.68	318.71	291.81	4,018.67
Travel	55.23	0.00	0.00	140.00	191.00	2,500.00	75.00	0.00	191.00	300.00	0.00	0.00	3,452.23
Utilities	65.08	55.08	48.08	25.12	22.10	22.07	28.47	29.47	30.54	32.90	87.08	75.60	501.59
<b>Wages - Unbillable</b>													
Employee Benefits	187.83	187.83	187.83	187.83	187.83	187.83	187.83	187.83	187.83	187.83	187.83	187.83	2,253.96
Employee Bonus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,500.00	7,500.00
Payroll Tax Expenses	328.61	566.01	461.82	439.91	418.00	418.00	418.00	418.00	418.00	418.00	418.00	2,631.83	7,354.18
Sick/Holiday & Vacation Pay	0.00	0.00	0.00	0.00	0.00	1,136.36	0.00	0.00	0.00	0.00	0.00	2,272.73	3,409.09
Wages-Office & Staff Meetings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,500.00	2,500.00
Wages-Office Staff	360.00	720.00	720.00	576.00	432.00	432.00	432.00	432.00	432.00	432.00	432.00	912.00	6,312.00
Wages-Unbillable- Training	227.27	435.60	495.17	590.91	454.54	549.24	500.00	435.60	562.50	477.27	435.60	407.75	5,571.45
<b>Total Wages - Unbillable</b>	<b>1,103.71</b>	<b>1,909.44</b>	<b>1,864.82</b>	<b>1,794.65</b>	<b>1,492.37</b>	<b>2,723.43</b>	<b>1,537.83</b>	<b>1,473.43</b>	<b>1,600.33</b>	<b>1,515.10</b>	<b>1,473.43</b>	<b>16,412.14</b>	<b>34,900.68</b>
<b>Total Expense</b>	<b>7,835.66</b>	<b>8,090.60</b>	<b>6,783.30</b>	<b>8,686.40</b>	<b>8,280.53</b>	<b>9,372.33</b>	<b>8,687.31</b>	<b>14,720.39</b>	<b>6,089.19</b>	<b>7,648.73</b>	<b>6,120.08</b>	<b>23,051.29</b>	<b>115,365.81</b>
<b>Net Ordinary Income</b>	<b>16,592.26</b>	<b>11,632.90</b>	<b>144.17</b>	<b>8,108.01</b>	<b>13,001.89</b>	<b>12,590.72</b>	<b>31,258.44</b>	<b>12,193.41</b>	<b>16,803.76</b>	<b>23,460.64</b>	<b>6,079.52</b>	<b>-16,258.71</b>	<b>135,407.01</b>
<b>Other Income/Expense</b>													
<b>Other Expense</b>													
<b>Interest Expense</b>													
Interest Expense	100.13	180.60	162.03	164.54	208.67	282.54	269.90	208.90	192.90	196.81	153.77	115.19	2,236.18
<b>Total Other Expense</b>	<b>100.13</b>	<b>180.60</b>	<b>162.03</b>	<b>164.54</b>	<b>208.67</b>	<b>282.54</b>	<b>269.90</b>	<b>208.90</b>	<b>192.90</b>	<b>196.81</b>	<b>153.77</b>	<b>115.19</b>	<b>2,236.18</b>
<b>Total Other Expense</b>	<b>100.13</b>	<b>180.60</b>	<b>162.03</b>	<b>164.54</b>	<b>208.67</b>	<b>282.54</b>	<b>269.90</b>	<b>208.90</b>	<b>192.90</b>	<b>196.81</b>	<b>153.77</b>	<b>115.19</b>	<b>2,236.18</b>
<b>Net Ordinary Income</b>	<b>-100.13</b>	<b>-180.60</b>	<b>-162.03</b>	<b>-164.54</b>	<b>-208.67</b>	<b>-282.54</b>	<b>-269.90</b>	<b>-208.90</b>	<b>-192.90</b>	<b>-196.81</b>	<b>-153.77</b>	<b>-115.19</b>	<b>-2,236.18</b>
<b>Net Income</b>	<b>16,492.13</b>	<b>11,452.30</b>	<b>-17.86</b>	<b>7,943.47</b>	<b>12,793.02</b>	<b>12,308.18</b>	<b>30,988.54</b>	<b>11,984.51</b>	<b>16,410.86</b>	<b>23,263.83</b>	<b>5,925.75</b>	<b>-16,373.90</b>	<b>133,170.83</b>

Now you save this budget and create a copy of the sheet within the Excel file. This way you save the original sheet without any changes, just in case you want to go back and review it.

We will cover the Sales Budget in another chapter. For now, let's focus on expenses. From here you have a budget populated with historical data. Next, you go line by line analyzing the data and changing the revenue or expenses based on your expectation of what you expect the expense or revenue to be.

Something I would recommend but is not necessary is to remove the columns between the months. I find it much easier to work with the spreadsheet if the blank column is removed. This allows me to copy data from a month and paste it into the monthly columns. I like to round numbers to make them easier to enter into QuickBooks. Because when you are done with creating this budget in Excel, you will want to enter the data into QuickBooks Budget template. Plus, I will smooth them out. For example, if your office supply expense is \$5,786 for the year and is as low as \$100 one month and 800 another month, I would take the average of \$500 per month for the budget. So in January, I would enter \$500 and then copy it across the rest of the year. And this is much easier to do if you do not have that blank column between the months.

An exception to deleting the columns is if you want to hide percentages in these columns. This will allow you to increase an expense for the month by a percentage. Using a formula you can increase the expense from one month to the next. For example, if you want to increase an expense by 5% from Jan to Feb, then you put in the blank column 1.05. So an expense in January of \$100 would be \$105 in Feb. You would put this formula in the Feb cell( $+g15*h15$ ). This assumes the expense is on line 15. You would use the line number of the expense you are changing.

The nice thing about using the historical data is many items are not going to change much or at all. For example, your rent might not change. Your utilities will not change very much but are seasonal, so I would just round them to the next 5. So if January is 65.08, I would make 65.00 and March is \$48.08, I would round to \$50.00. In this example, we have Telephone expense at 4,018.67, unless you are expecting to add lines or phones I would smooth this out to \$335.00 per month.

The budgeting process for payroll is more complicated, and here is the easiest way to get it done and be pretty accurate. Create another copy of the budget in the worksheet. Keep the header with all of the Months listed, then delete most of the rolls until you get to the Wages section. I would clear all of the cells below Wages- Unbillable and then add the employee's name. Then you could just add the monthly salary or wages in each month's column. Keep it this simple, if you expect to raise the salary or wage, just put the increased wage in the month you anticipate giving the raise.

Payroll taxes are very complicated and are very difficult to make perfect in budgeting. The reality is that it is too complicated and extremely time consuming to make a perfect model for calculating payroll tax. So the simple and accurate enough model is simply 10% of wages.

If you have an extensive Advertising campaign, you can create another sheet in the budget and list the advertising plans and amounts by month. Most people and look at the advertising line and just smooth it out based on the seasonality of their business or what they plan to do.

Business License is not going to change much, you can pretty much go with the historical data with a little tweaking. Your car payment's not going to change unless you anticipate a new car. Your insurance isn't probably going to change. We'll leave that where it is. Mileage Reimbursement, about \$20 a month. License and Registration, we'll leave that. Repairs and Maintenance, something like that you're probably going to want to smooth out. Because you're just not going to know when you are going to need to repair.

Your seminars, we're going to leave that the same because generally when you have a conference or a seminar, you know on your own business, but they're generally going to be those times a year. General contributions, let's say he does one at the end of the year. Depreciation, this number you get from your accountant. I typically, when I budget, I don't put the depreciation in there because it's a non-cash expense and you cannot control it, but that is up to you.

Dues and subscriptions. There are only two items in this expense in our example. Most businesses will have some monthly reoccurring expense along with an annual subscription. I would go back to your report inside QuickBooks and see what the details of expense are.

So, the idea is you can look back into your QuickBooks file and see what your data was. Then you can decide if you are going to need that expense this year. All you are doing is analyzing your numbers and saying, "Hey, are we going to do that this year?" and just planning things out. So, none of this stuff is really hard.



All you are really doing here is focusing on your numbers and in the end, you're going to have a profit number. You are either going to like or dislike your end result, and if you don't like it then you're going to tweak this budget to get to where you want to be. Maybe it's raising your sales. Or maybe it's cutting some expenses. Maybe you want to terminate an underperforming employee.

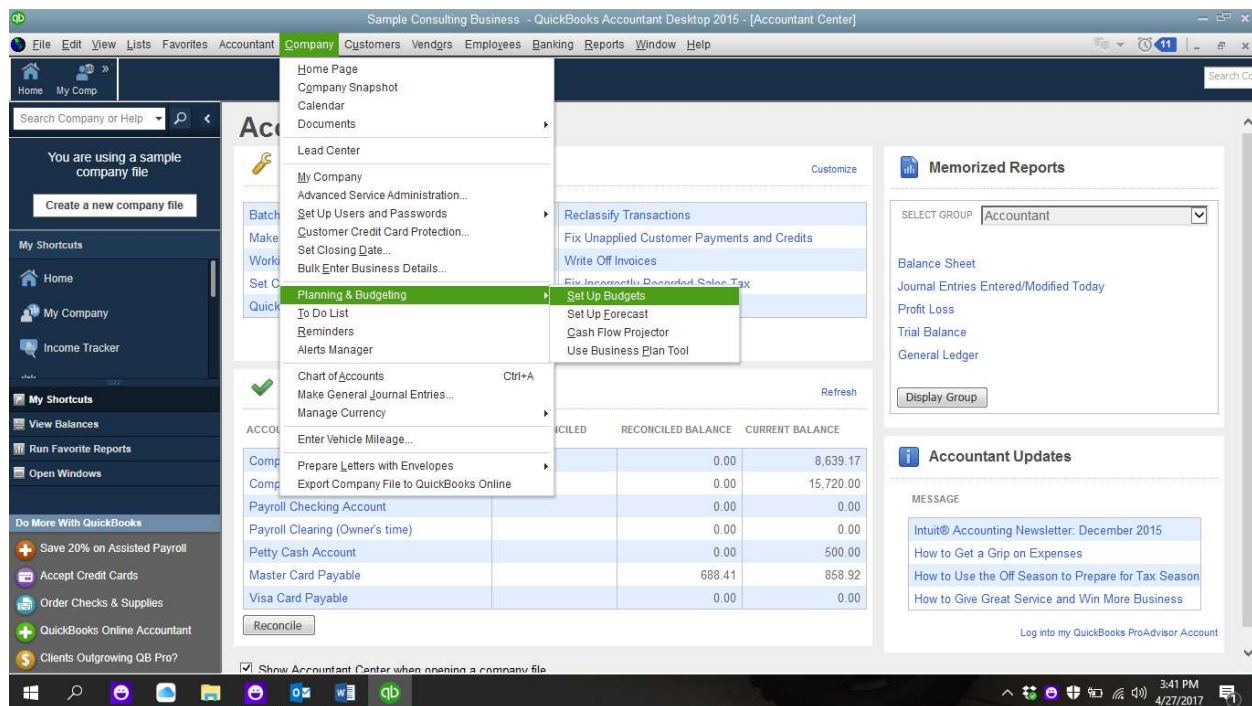
## Method 2

There is another way to do budgets within QuickBooks. Most of the QuickBooks Pro has a complete budgeting function built into it. There are many versions of QuickBooks but you can check to see if your version has budgets built in. If not you might have to upgrade.

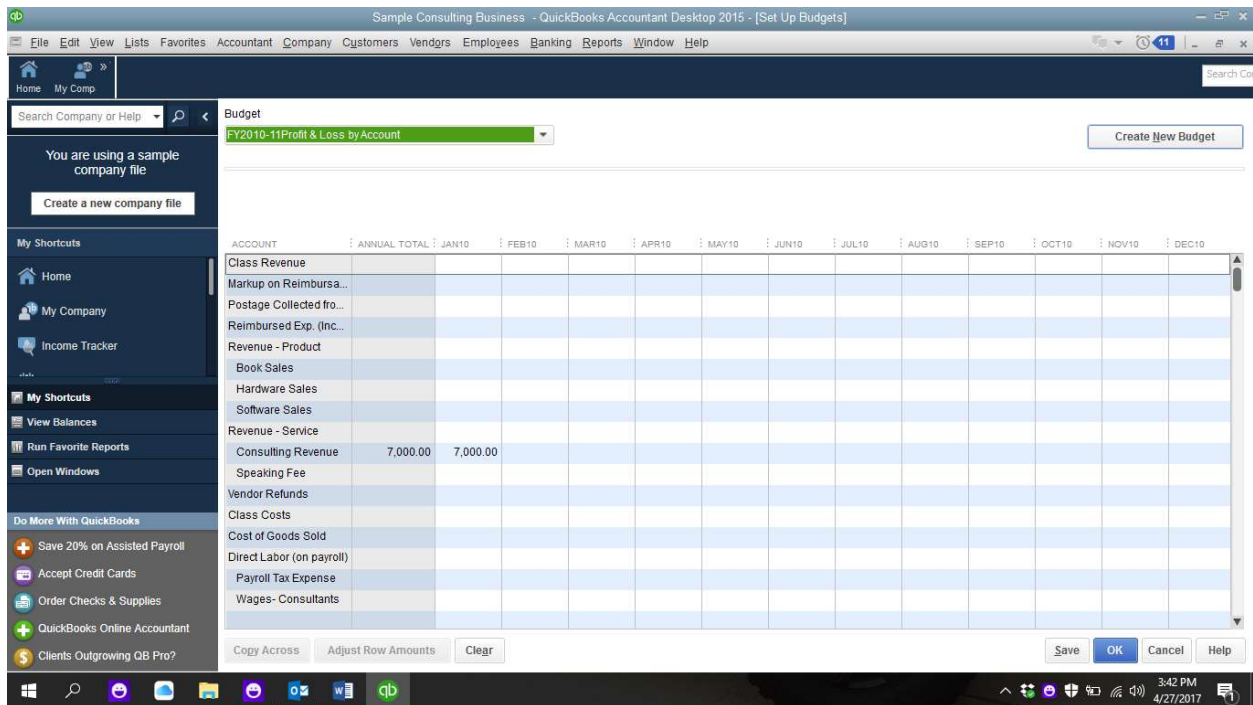
Let's go over how you can set up budgets in QuickBooks. Let's get started.

This example is QuickBooks 2015 Accounting Version.

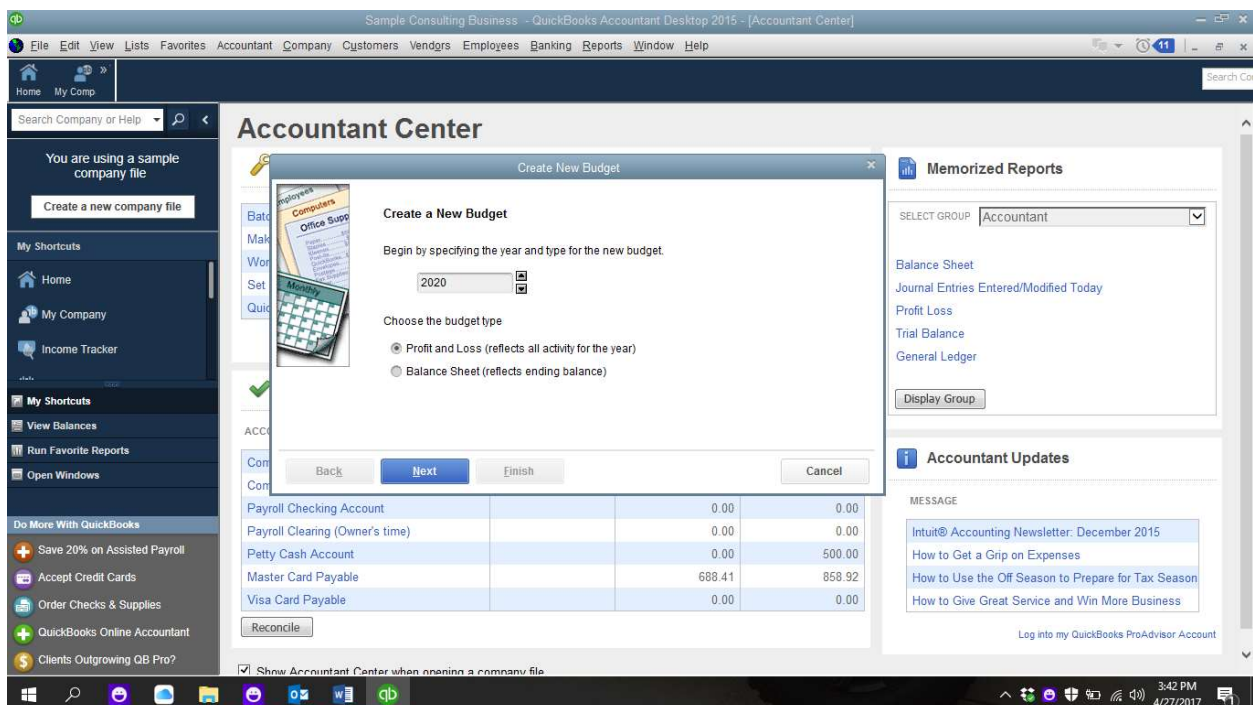
From the Company Menu go to Planning & Budgeting and Set Up Budgets.



This next illustration has a budget already in it. So just hit the Create New Budget button at the top left.



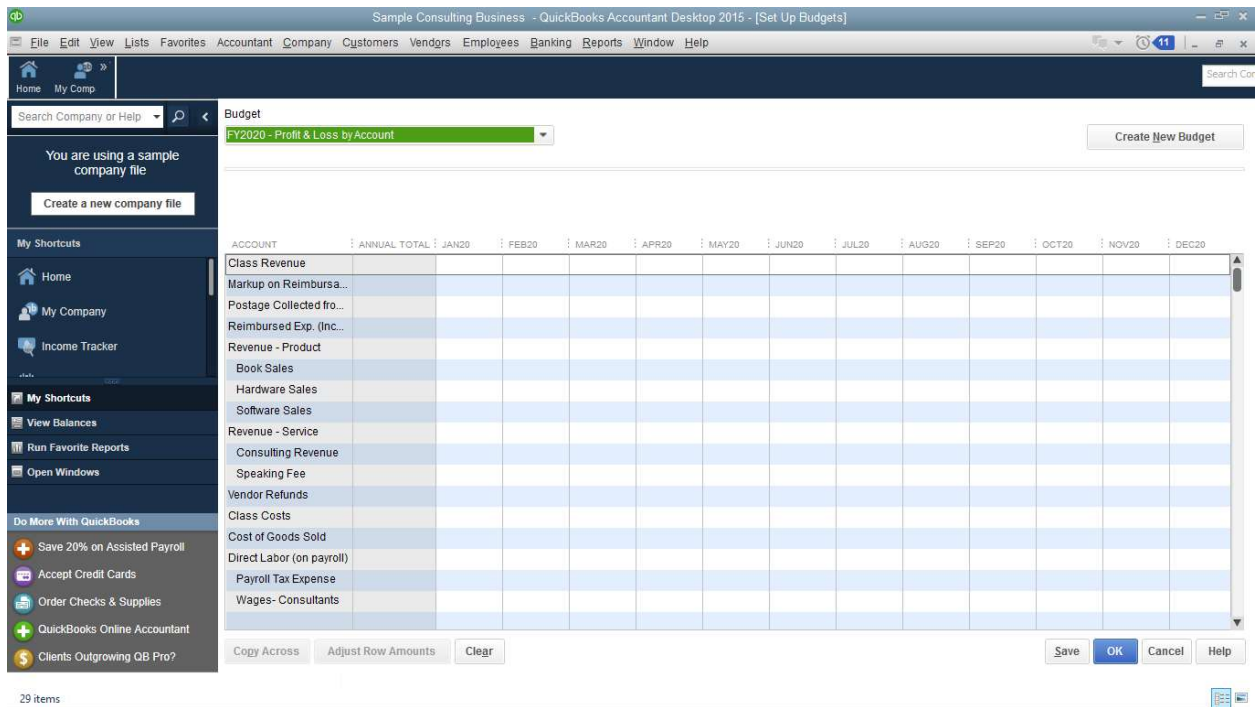
Next, it will ask you which year you want to create the budget for. So select the year you are working on.



This next screen is where it gets tricky. You are given two options: Create budget from scratch and Create budget from previous year's actual data.

Create the budget from scratch will create an empty template and look like below. This is just an empty spread sheet based on your chart of accounts. With this template, you would just enter the monthly data for your budget. If you created the P & L by month side by side as discussed at the beginning of this chapter, you would then enter the data in this template. It is a manual process, but if the amount of the expense is the same every month, you can hit the copy across button and QuickBooks would populate the entire row with the same number.

Once you have entered all of your data you need to check to make sure you do not have any errors. You would do this by running the budget report to make sure the net income amount equals with your spread sheet budget. You would get the budget report by going to the Reports menu and going down to Budgets & Forecasts.



Now let's show you how to create this budget template but have QuickBooks populate it with the prior years' data. This is a little tricky, so I am going to show you how to do this. The main issue is how to get the best data into the budget template. Here is the issue QuickBooks offers two choices. First create a budget from scratch, which we just covered. And secondly, create a budget from previous year's actual data. This option automatically enters the monthly totals from last year for each account in this budget.

Here is the problem. If you are creating a budget in the early part of the year like March, this is great because it will put last year's data in the budget. But let's say you are creating the budget for next year and it is October. The problem is it will pull the prior year's data which is now very old. For example, let's say it is October 2017 and you want to create a budget for 2018. When you select, "Create budget from previous year's actual data" it will pull all of the 2016 numbers and populate the budget with 2016 data. You are three quarters into 2017, it would be much

better if you could get January through September 2017 data to populate the budget. Using the 2017 data is much newer than 2016 data and will create a much more accurate starting point for the 2018 budget. So how do you fix this?

There is a very easy fix to this problem, change the date of your computer. Move the date of your computer into the next year. When you do this, you trick QuickBooks into thinking you are now in 2018 and it will populate your budget with the 2017 data. Now since you are only in October, you will not have any November or December data, but you can use the 2016 data and your expectations for these months.

In summary, there are two different ways to create budgets in QuickBooks. First one is to just create a spreadsheet for the prior year P & L. Use this spreadsheet to create your new budget. Then input the data into a blank QuickBooks template. Secondly, populate the prior year data into the QuickBooks template. You might need to change the date of your computer to get the most recent data into your template.

The whole purpose of budgeting is to set your financial goals. And compare your goals to your actual results. Then investigate the variances between your budget numbers and your actual numbers. Discover what went right and what went wrong. But most importantly, creating solutions and a plan to get you back on track to make your goals. This process will give you control of your business and how to adjust to your ever changing environment.

## Sales Budget

This lesson is the third part of budgeting. Here is how you should budget your sales. This is a very important lesson because the chances are if you are wrong on your budget you will be wrong on your revenue side. The reason why is because we all are optimistic. We all want our revenue to be X and as entrepreneurs, we are always focused on the revenue and we are always very optimistic on our revenue. We are going to take it a step further here. The whole point of what I call the Sales Mix Budget is to get your revenue to where you want it to be. So we are going to do a detailed sales budget and when you compare your actual numbers to this budget, your sales budget, you will see where you are off, and then once you know where you are off you can make adjustments to get you to goal. So the Sales Budget is actually going to drive a lot of your decisions. For example, let's say you are short on a particular item or particular service that you provide, what you will discover is "I need to adjust my marketing to fix this". You then can change your marketing to focus on the items/services you did not do well on.

So, here is what I did, I created two sample budgets for us. Example one is if you are a professional company and you have clients. The client does this sales budget. I put down some numbers of what the client is projected to generate for us per month. This way you can compare what a particular client actually did to what you projected the client to do.

sales budgets - Microsoft Excel

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XYZ Sales Mix Budget

Example 1

Client	Jan 17	Feb 17	17-Mar	17-Apr	17-May	17-Jun	17-Jul	17-Aug	17-Sep	17-Oct	17-Nov	17-Dec	TOTAL
ABC	500.00	500.00	500.00	500.00	0.00	0.00	500.00	500.00	500.00	500.00	500.00	500.00	5,000.00
Advance Company	650.00	650.00	650.00	650.00	650.00	650.00	650.00	650.00	650.00	650.00	650.00	650.00	7,800.00
Blue Company	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	1,050.00
Cats Company	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	550.00	6,600.00
Dog Company	1,000.00	1,250.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	12,250.00
Emoe Company	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	18,000.00
Fun Company	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	900.00	10,800.00
Glass Company	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00
Happy Company	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	2,400.00
Ignore Company	350.00	350.00	750.00	350.00	350.00	500.00	350.00	350.00	350.00	350.00	300.00	350.00	4,700.00
Jumping Company	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00	200.00	400.00	400.00	400.00	4,600.00
KBT, Inc	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	1,800.00
Loft Company	75.00	75.00	75.00	75.00	75.00	75.00	75.00	1,500.00	75.00	75.00	75.00	75.00	2,325.00
Money Inc	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	960.00
Total	6,505.00	6,755.00	6,905.00	6,505.00	6,005.00	6,155.00	6,955.00	7,930.00	6,305.00	6,505.00	6,455.00	6,505.00	79,485.00

Sheet1 Sheet2 Sheet3

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This is rather simple to create if you have QuickBooks. All you have to do is run sales by customer summary and export it to excel. The one I created above is a simple one with just the client or customer total. I will show you how to do one step by step in QuickBooks and will also include projects.

Sample Consulting Business - QuickBooks Accountant Desktop 2015 - [Accountant Center]

File Edit View Lists Favorites Accountant Company Customers Vendors Employees Banking Reports Window Help

Accountant Center

Tools

- Batch Enter Transactions...
- Make General Journal Entries...
- Working Trial Balance
- Set Closing Date...
- QuickBooks File Manager

Reconciliation

ACCOUNT	LAST RECONCILE	BALANCE
Company Checking Account		8,639.17
Company Savings Account		15,720.00
Payroll Checking Account		0.00
Payroll Clearing (Owner's time)		0.00
Petty Cash Account		500.00
Master Card Payable	688.41	858.92
Visa Card Payable	0.00	0.00

Reports

- Report Center
- Memorized Reports
- Commented Reports
- Company Snapshot
- Process Multiple Reports
- QuickBooks Statement Writer
- Company & Financial
- Customers & Receivables
- Sales
  - Sales by Customer Summary
  - Sales by Customer Detail
  - Sales by Item Summary
  - Sales by Item Detail
  - Sales by Rep Summary
  - Sales by Rep Detail
  - Sales by Ship To Address
  - Sales Graph
  - Pending Sales
  - Open Sales Orders by Customer
  - Open Sales Orders by Item
- Jobs, Time & Mileage
- Vendors & Payables
- Employees & Payroll
- Banking
- Accountant & Taxes
- Budgets & Forecasts
- List
- Industry Specific
- Contributed Reports
- Custom Reports
  - QuickReport
  - Transaction History
  - Transaction Journal

Accountant Updates

MESSAGE

Intuit® Accounting Newsletter: December 2015

How to Get a Grip on Expenses

How to Use the Off Season to Prepare for Tax Season

How to Give Great Service and Win More Business

Log into my QuickBooks ProAdvisor Account

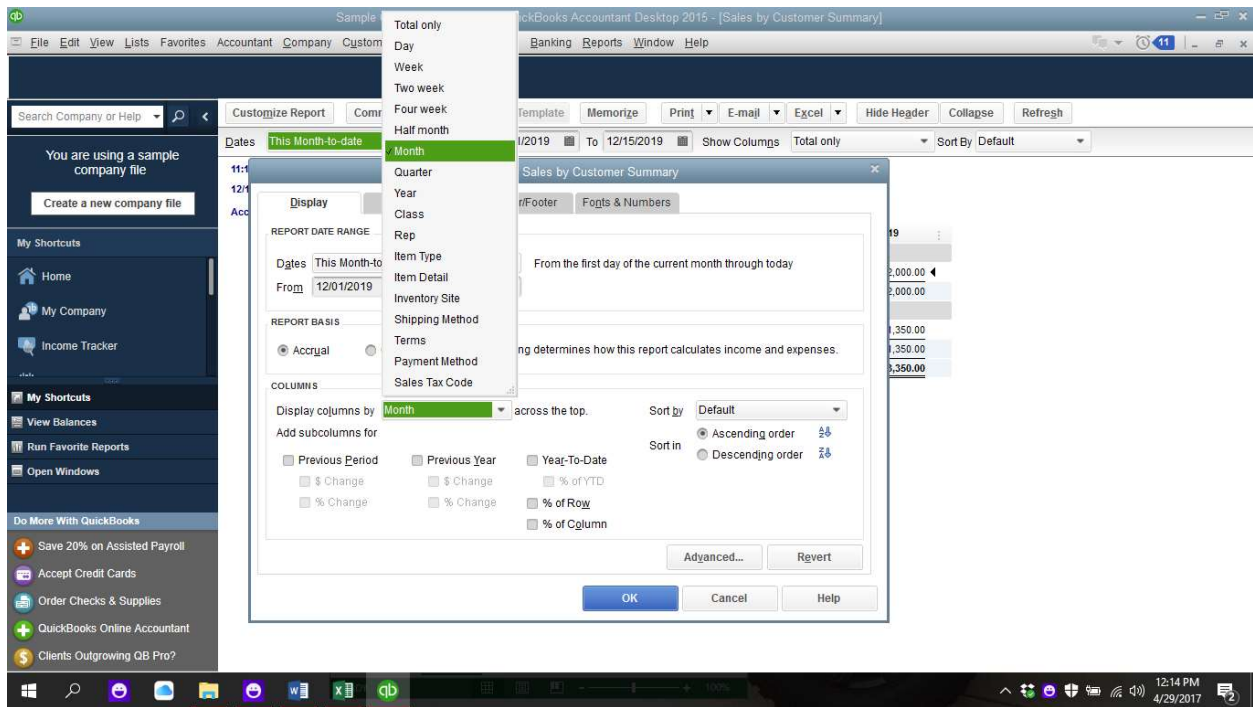
12:13 PM 4/29/2017

Once you create the report you will need to make some modifications. So click on the Customize Report button at the top left of the report.

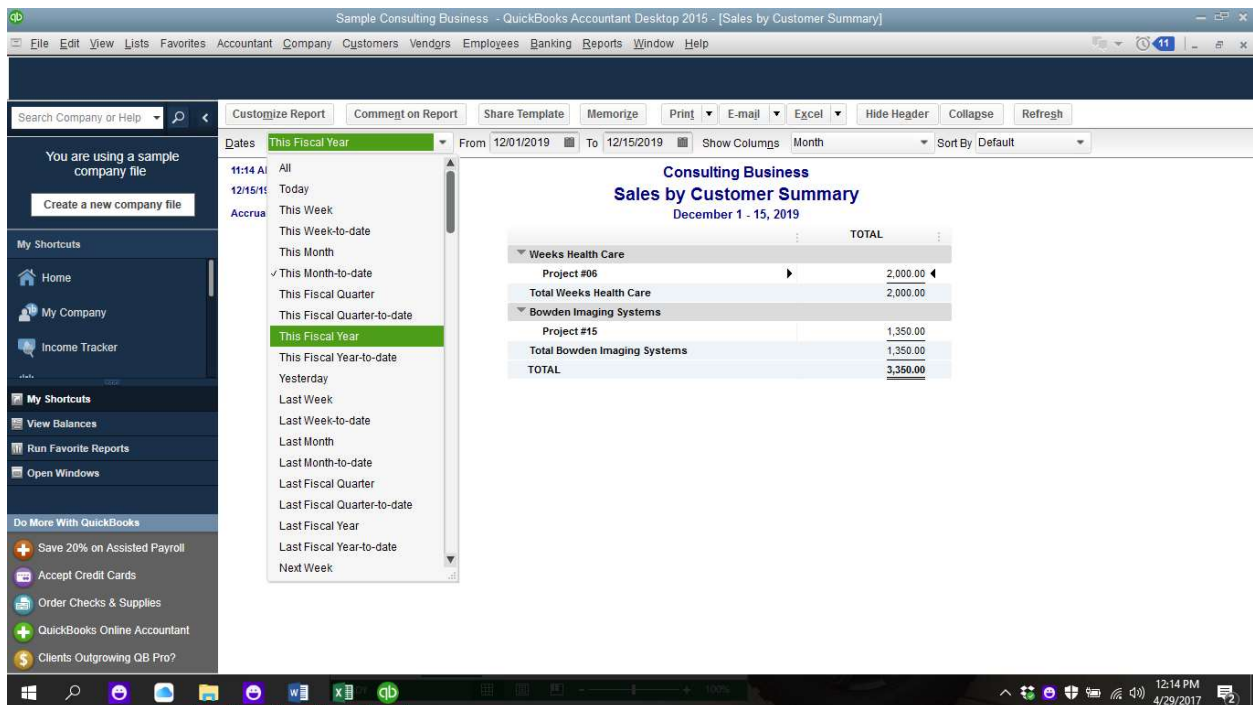
The screenshot shows the QuickBooks Desktop 2015 interface. The main window displays a 'Sales by Customer Summary' report for 'Consulting Business' for the period of December 1-15, 2019. The report is displayed in a table format with columns for customer names and amounts. The total amount is 3,350.00.

Consulting Business	
Sales by Customer Summary	
December 1 - 15, 2019	
	Dec 1 - 15, 19
<b>Weeks Health Care</b>	
Project #06	2,000.00
<b>Total Weeks Health Care</b>	<b>2,000.00</b>
<b>Bowden Imaging Systems</b>	
Project #15	1,350.00
<b>Total Bowden Imaging Systems</b>	<b>1,350.00</b>
<b>TOTAL</b>	<b>3,350.00</b>

Next you want to change the Display columns by from Total to Month. Then you just pick a date range. I would pick a 12 month period. And you get the report below.



You can also export your client list and you can drop in your numbers and it wouldn't take you too long to do this.



Next, just export it out to Excel and you have your Sales Budget template by customer and by job. And it only took a couple of minutes to create this template.

Sample Consulting Business - QuickBooks Accountant Desktop 2015 - [Sales by Customer Summary]

File Edit View Lists Favorites Accountant Company Customers Vendors Employees Banking Reports Window Help

Search Company or Help < Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header Collapse Refresh

Dates This Fiscal Year From 01/01/2019 To 12/31/2019 Show Columns Month Sort By Default

11:14 AM  
12/15/19  
You are using a sample company file  
Create a new company file

My Shortcuts  
Home  
My Company  
Income Tracker  
View Balances  
Run Favorite Reports  
Open Windows  
Do More With QuickBooks  
Save 20% on Assisted Payroll  
Accept Credit Cards  
Order Checks & Supplies  
QuickBooks Online Accountant  
Clients Outgrowing QB Pro?

Consulting Business  
Sales by Customer Summary  
January through December 2019

Accrual Basis	Jan 19	Feb 19	Mar 19	Apr 19	May 19	Jun 19	Jul 19
<b>Bayshore Gallery</b>							
Project #07	0.00	0.00	0.00	0.00	19,305.00	4,183.20	0.00
<b>Total Bayshore Gallery</b>	0.00	0.00	0.00	0.00	19,305.00	4,183.20	0.00
<b>Freeman Supply Company</b>							
Project #09	0.00	0.00	0.00	0.00	0.00	0.00	17,305.70
Project #15	0.00	0.00	0.00	0.00	0.00	150.00	0.00
<b>Total Freeman Supply Company</b>	0.00	0.00	0.00	0.00	0.00	150.00	17,305.70
<b>Jimenez, Carter &amp; Boch</b>							
Project #11	0.00	0.00	0.00	0.00	0.00	450.00	3,190.50
Project #13	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Jimenez, Carter &amp; Boch</b>	0.00	0.00	0.00	0.00	0.00	450.00	3,190.50
<b>Karen Peacock &amp; Partners</b>							
Project #01	27,836.40	17,233.60	0.00	9,072.50	0.00	150.00	0.00
Project #04	0.00	0.00	0.00	0.00	0.00	24,222.00	0.00
Project #08	0.00	0.00	0.00	0.00	0.00	0.00	17,732.70
<b>Total Karen Peacock &amp; Partners</b>	27,836.40	17,233.60	0.00	9,072.50	0.00	24,372.00	17,732.70
<b>Bayshore Chamber of Commerce</b>							
Project #06	4,622.50	11,255.30	15,772.30	0.00	0.00	300.00	0.00
<b>Total Bayshore Chamber of Commerce</b>	4,622.50	11,255.30	15,772.30	0.00	0.00	300.00	0.00
<b>Weeks Health Care</b>							
Project #06	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Project #05	0.00	0.00	0.00	0.00	0.00	750.00	0.00

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You can create a Sales Mix Budget the same for if you sell products. You would follow the same steps as creating the budget by customers in QuickBooks. Here is an example of sales budget mix by product.

sales budgets - Microsoft Excel

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B25

**XYZ Sales Mix Budget**

**Example 2**

Product	Jan 17	Feb 17	17-Mar	17-Apr	17-May	17-Jun	17-Jul	17-Aug	17-Sep	17-Oct	17-Nov	17-Dec	TOTAL
Product 1	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	6,000	61,000
Product 2	6,500	6,500	6,500	6,500	4,500	6,500	6,500	6,500	6,500	6,500	6,500	6,500	76,000
Product 3	1,500	2,000	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,750	1,500	18,750
Product 4	2,540	2,540	3,500	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	2,540	31,440
Product 5	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	850	1,150	1,150	1,150	13,500
Product 6	1,250	1,250	1,250	1,250	1,250	1,250	575	1,250	1,250	1,250	1,250	1,250	14,325
Product 7	7,500	7,500	7,500	7,500	6,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	89,000
Product 8	800	800	800	800	800	800	800	800	800	1,200	800	800	10,000
	26,240	26,740	27,200	26,240	23,240	26,240	25,565	26,240	25,940	26,640	26,490	27,240	314,015

Sheet1 Sheet2 Sheet3

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4/29/2017



Then down below I created one by-product, so you can say okay, product 1 2 3 4 5 6 7 8, so I did a product sales budget.

The purpose of the Sales Mix Budget is to determine where you deviated from your sales forecast. Once you see where you fell short of your expectations, then it is simply diving in to figure the why you fell short. After you figure out the why and what went wrong, then you figure out how to fix it. Do you adjust your marketing? Do you abandon the product for another? Do order more of the items that outperformed your budget? When you make this comparison, you will discover, what you sold compared to what you anticipated. It is much better to make your decisions on the facts instead what you perceived what happened.

Let's look at the XYZ Sales Mix Budget and do an example. So, let's say come February you only sold \$1,000 of product 1 and your budget was \$5,000. Why are you short the \$4,000? Did your marketing campaign fail? Did you not have enough inventory? What was the reason you did not make your goal of \$5,000?

This is a very powerful tool. Having your projected sales broken out by item. Within a couple of minutes, you can see exactly what went right and what is not working according to your plan. Next, you dig into the details of all of the sales budget and ask yourself what happened and why did that happen. Why did this product do well, why did this product not perform?

Maybe a shipment didn't go out, could be all kinds of reasons, we need to find out why. Or maybe the product 8 instead of doing 800, it did 8000. Okay well, that is great news. So we need to shift more advertising to other products, or maybe we add more marketing to product 8, so we can really blow it out of the park.

I typically only drop the total number from my sales budget to the top line of the main budget. Always look to make things as simple as you can. You can always change the mix. The main point in this exercise is to see what you projected to sell and you compared it to what you did sell and find out what the variances are. Then do your best to figure out why you had variances and so you can properly fix your problems. Once you know the problems, you make your adjustments so, in the end you get to your financial goal. It's really that simple. The sales mix budget is a great tool. Find out what's going on with your sales and what you need to do to make adjustments. Again everything in financial analysis is what I projected to happen and what you actually did, and why.

