

Financial training For non financial staff



The financial training specialists

Financial habits - part 6 (Budgeting, Profit)

Last week we looked at the key numbers. The next step is to predict those key numbers.

This isn't a guessing game, it's moving from working reactively with your financial report, to being proactive. This means thinking about your financial numbers *before* you look at them, rather than afterwards.

In habit 5 we focussed on the key numbers:

- Sales
- Total costs
- Profit or loss
- Your individual major costs (5 cost lines)

Try predicting those key numbers.

At the start of the month, predict those numbers for the coming month, based on what you expect to happen.

During the month, update your predictions in the light of what's happening.

At the end of the month check your predictions against the actual key numbers for the month.

How will this help you?

Our financial numbers come out of what we do. Some things are predictable (a major deadline this month, probably means overtime). Some are less predictable (a key project running into unforeseen technical difficulties).

Predicting your financial numbers will help you make the connection between what's happening, and the financial implications.

As you update your predictions during the month, think about *why* you're updating them. "This has happened, and these are the financial consequences." The more you make those conscious links, the more you'll find yourself unconsciously linking events to their financial implications.

You'll have mastered this habit when your financial numbers contain no surprises. They're the numbers you expect because you understand the financial implications of everything that's happening around you.