

## *Financial training For non financial staff*



*The financial training specialists*

### **Predict the numbers (Budgeting, Profit)**

In the first of this blog series we looked at the key numbers in our financial report: income; total costs; profit; and the 5 most important costs (these will include the biggest numbers, but may also include the saboteurs of our success like wastage; re-work; expensive overtime; etc).

When we start interacting with financial reports we tend to benchmark our numbers against budget, and ask those 3 key questions that we looked at last week.

That's good, but it's a very reactive way of looking at our numbers.

A more proactive way is to start predicting those key numbers each month.

If we jot down what we expect the key numbers to be, and then compare them to what they actually are, we'll probably start off by being quite inaccurate. But as we persevere, we'll start to predict more accurately.

But what's the point of doing this? Isn't it just a guessing game?

The purpose of this exercise is to help us think about what's happening from a financial point of view. We get more accurate by thinking "What's happened this month, so what do I expect the numbers to look like?"

As we do this regularly, we become much more aware of the financial aspects of our job. As we focus more on the financial numbers, we find ourselves shaping those numbers during the month, rather than just reacting to them at the end of the month.

More on this when we look at developing financial "habits".