

October 2020

10 Tips for Better Budgeting...

...and how QuickBooks Online can help you with the mechanics.

If you already have a budget, it's probably been difficult for you to stick with it for the last several months. Unless you provide products and/or services that have been in great demand since the COVID-19 pandemic took hold, you've had to adjust your budget significantly.

Better days are ahead, though, and now is a good time to start doing some planning for 2021. While there are still likely to be uncertainties next year, creating a budget will give you a starting point. A budget increases your awareness of all of your projected income and expenses, which may make it less likely that you'll find yourself constantly running short on funds.

Here are some ways you can make your budgeting process more effective and realistic.

Use what you already know. Unless you're starting a brand-new business, you already have the best resource possible: a record of your past income and expenses. Use this as the basis for your projections.

Be aware of your sales cycle. Even if you're not a seasonal business, you've probably learned that some months or quarters are better than others. Budget conservatively for the slower months.

Distinguish between essential and non-essential expenses. Enter your budget items for the bills and other expenses that must be covered before you add optional categories.

A screenshot of the 'New Budget' form in QuickBooks Online. The form has a light blue header with the title 'New Budget'. Below the header, there are four main sections: 'Name *' with a text input field containing '2021 Budget'; 'Fiscal Year' with a dropdown menu showing 'FY2021 (Jan 2021 - Dec 2021)'; 'Interval' with a dropdown menu showing 'Monthly'; and 'Pre-fill data?' with a dropdown menu showing 'No'. A green border highlights the 'Pre-fill data?' dropdown. Below these sections, there is a table with columns for 'ACCOUNTS', 'JAN', 'FEB', 'MAR', 'APR', and 'MAY'. The 'ACCOUNTS' column has a dropdown arrow pointing to 'INCOME'. The 'MAY' column has a dropdown arrow pointing to 'UN'. The table is partially obscured by a torn paper effect at the bottom.

You can use data from a previous year to create a new budget in QuickBooks Online.

Keep it simple. Don't budget down to the last paper clip. You risk budget burnout, and your reports will be unwieldy.

Build in some backup funding. Just as you're supposed to have an emergency fund in your personal life, try to create one for your business.

Make your employees part of the process. You shouldn't be secretive about the expense element of your budget. Try to get input from staff in areas where they have knowledge.

Overestimate your expenses, a little. This can help prevent "borrowing" from one budget category to make up for a shortfall in another.

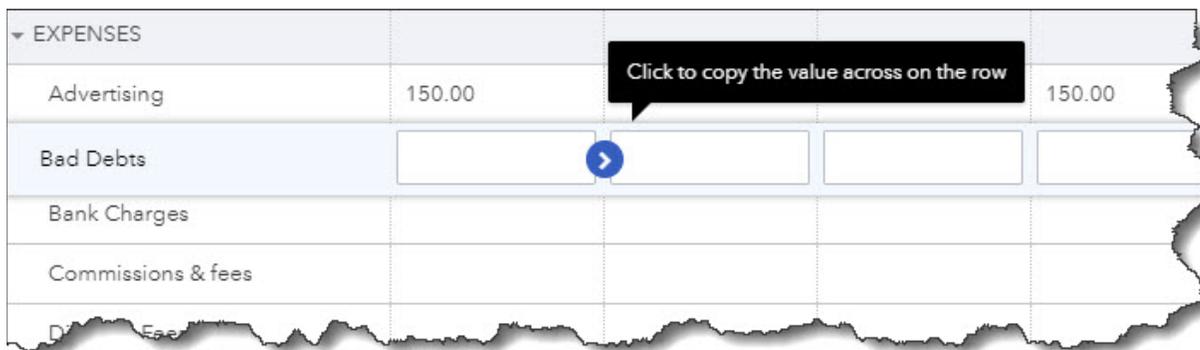
Consider using excess funds to pay down debt. Debt costs you money. The sooner you pay it off, the sooner you can use those payments for some non-essential items.

Look for areas where you can change vendors. As you're creating your budget think carefully about each supplier of products and services. Can you find less costly alternatives?

Revisit your budget frequently. You should evaluate your progress at least once a month. In fact, you could even start by budgeting for only a couple of months at a time. You'll learn a lot about your spending and sales patterns that you can use for future periods.

How QuickBooks Online Can Help

QuickBooks Online offers built-in tools to help you create a budget. Click the gear icon in the upper right corner and select **Budgeting** under **Tools**. Click **Add budget**. At the top of the screen, give your budget a **Name** and select the **Fiscal Year** it should cover from the drop-down list by that field. Choose an **Interval** (monthly, quarterly, or yearly) and indicate whether you want to **Pre-fill data** from an existing year.



The image shows a screenshot of a budget template in QuickBooks Online. It features a table with a header row labeled 'EXPENSES'. The first row is 'Advertising' with a value of 150.00 in the second column and another 150.00 in the fourth column. A callout box points to the 150.00 in the second column with the text 'Click to copy the value across on the row'. The second row is 'Bad Debts' with an empty input box in the second column and a blue arrow pointing right. The third row is 'Bank Charges' and the fourth is 'Commissions & fees', both with empty input boxes in the second column. The table has a torn paper effect on the right side.

EXPENSES			
Advertising	150.00		150.00
Bad Debts	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bank Charges	<input type="text"/>		
Commissions & fees	<input type="text"/>		
De	Fee		

QuickBooks Online supplies a budget template that already contains commonly used small business items.

The final field is labeled **Subdivide by**, which is optional. You can set up budgets that only include selected **Customers** or **Classes**, for example. Select the desired divider in that field, then choose who or what you want included in the next. Click **Next** or **Create Budget** in the lower right corner (depending on whether you used pre-filled data) to open your budget template. If you subdivided the budget, you'll see a field marked **View budget for**. Click the down arrow and select from the options listed there.

To create your budget, you simply enter numbers in the small boxes supplied. Columns are divided by months or quarters, depending on what you specified, and rows are labeled with budget items (Advertising, Gross Receipts, Legal & Professional Fees, etc.). You simply enter numbers in the boxes that apply. When you click in a box, a small arrow appears pointing right. Click on this, and your number will automatically appear in the rest of that row's boxes. When you're done, click **Save** in the lower right. You can edit your budget at any time.

QuickBooks Online provides two related reports. **Budget Overview** displays all of the data in your budget(s). **Budget vs. Actuals** shows you how you're adhering to your budget.

We know creating a budget can be challenging, but it's so important – especially right now. We'd be happy to look at your company's financial situation and see how QuickBooks' budgeting tools—and its other accounting features—can help you get a better understanding of your finances.

SOCIAL MEDIA POSTS

Don't have a budget set for your business? QuickBooks Online has tools that can simplify the process of creating one.

When you're creating a budget, it's helpful to distinguish between essential and non-essential expenses. QuickBooks Online has tools that can help you, including budgeting for necessities first.

When was the last time you shopped for new suppliers? Now is a good time to see if you could save some money and help with your budget. QuickBooks Online has many tools that can help both you and your business budget.

Did you know QuickBooks Online allows you to use existing income and expense data to create a budget? Here is how this is done.