

KNOW YOUR NUMBERS

Finance and business:
The numbers you need to know



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“Our Purpose at Vision Beyond Business is to help business owners and organisations succeed and to create a positive impact for small businesses, our team, our community and our future”

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VISION BEYOND
BUSINESS
HELPING BUSINESS OWNERS SUCCEED

VANESSA BAMFORD

- Commerce Degree at Uni SA
- Graduate Diploma with Chartered Accountants
- Fellow member of the Taxation Institute
- Tax agent
- Public practice certified
- CFO of the future series CA 2015
- Accountant, Business Advisor, Senior Tax consultant, Financial Controller 2001 - 2010
- Director | Founder of Vision Beyond Business founded in 2010 – current
- Current Role - Strategic business consultant, business coach & mentor
- Much of my youth was spent growing up in a family run deli for over 7 years in Gawler that survived the recession and still competes now with the 24/7 service stations

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Lets talk simple

- Numbers don't come easy to everyone and the last thing we want to do is to put our heads in the sand because it's too hard!
- Everyone in a responsible role within an organisation should know about numbers and how to affect change in them for long term success
- The following session is to talk simple about the numbers - little steps



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The statistics

There are 4 primary reasons why not for profits find themselves in unsustainable situations:

1. Excessive costs that can't be supported by ongoing revenue
2. Deferral of non-urgent expenses which lead to higher costs in the future
3. The failure to budget or plan for major cost increases or one time expenses (ie major capital or other fees)
4. An unpredictable change in revenue – ie loss of grant funding or a major donor



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Things to look out for

- Lack of diversification in revenue streams
 - Over reliance on government grants
 - Over reliance on major donors
- Lack of long term planning
 - Overspending before sustainable revenue streams are developed
- Slow to respond to market changes
 - Organisations can find it challenging to make changes in service offerings



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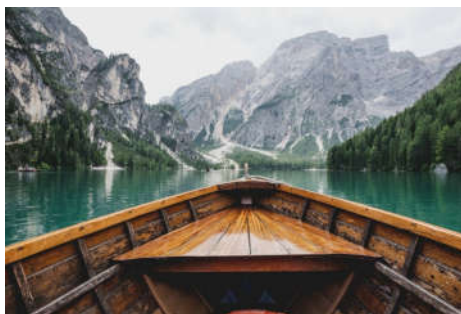
Things you can do

- Understand your numbers and what they mean
- Identify the break even point
- Look at your costs and how they contribute to the organisation
- Be open to change and innovation, avoid “we do it this way because it’s the way its always been done” find a better way and evaluate it.
- Look at your numbers regularly and make sure everyone involved understands the importance of them.

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Why know your numbers?

- You can’t steer a boat if you don’t have an oar, so how can you run your organisation without the [ACTUAL](#) information you need to get there.



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Let's talk about your Breakeven

- ✓ A breakeven point is the minimum the organisation needs to generate to survive at the current level its currently at.
- ✓ Ideally you want to **thrive** not just **survive**, but lets take baby steps first.
- ✓ A breakeven makes you dig down into the organisations costs and the process of understanding what your spending



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Calculating Break Even Point

Refer to your worksheet

- Step #1 Identify your gross margin
- only required if you are selling goods – we will skip for this session and assume 100%
- Step #2 Add up your overheads
- Step #3 Add up your balance sheet payments
 - » Debt Repayments
 - » ATO Debt repayments
 - » Capital Items to allow for
 - » Excess Surplus funds savings per year
- Step #4 Calculate your costs to cover
» Add Step #2 + #3 together
- Step #5 Calculate the Breakeven point
» Total Costs to cover (#4) / Gross margin %



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Breakeven Calculation Worksheet

Overhead Costs



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Breakeven Calculation Worksheet

- Balance Sheet Payments
- Ato Debt
 - Other loan repayments
 - Capital Items
 - Excess Surplus savings



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Business Dashboard Worksheet

Actual vs breakeven monthly
- why, how & what?



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Your Dashboard to Driving Success in your organisation

In the same way that your car has a dashboard to tell you the main things you need to know about your cars performance, your business needs a regular 'Dashboard' to help you drive success



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Numbers – they tell a story

- There's no point looking at a report at the end of a month, quarter or year without knowing what they mean and how to affect change in them.
- Setting a breakeven point for the organisation and reviewing performance against something you can measure means you can track towards success quicker and become proactive vs reactive within your organisation
- Looking at the numbers regularly and simply means you will learn trends, and start to become familiar with common issues or opportunities



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Your Organisations Dashboard

Using your simple numbers - Monthly

	This Month Actual Results	Your Monthly Breakeven
Sales		
(Overhead Costs)		
Net Profit		
Cashflow		

Compare Actual Results to your Break even minimum Monthly asking these 3 questions:

- Why did that happen?
- How did that happen?
- What can I do to change the results next month?
- Are there any areas we need to dig deeper into?



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SMART Goal Worksheet

Revisit - Purpose, Vision & Values
Set – your 12 month goals



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Thank you!

I have a passion for helping purpose driven organisations to succeed, this is only possible with feedback to help me improve my impact.

Please let me know your feedback (good, bad and ugly) at
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