



# University of HUDDERSFIELD

## University of Huddersfield Repository

Feiman, Daniel

Building a personal or corporate budget model that works!

### Original Citation

Feiman, Daniel (2011) Building a personal or corporate budget model that works! In: Bruin Professionals South Bay Meeting, 27th January 2011, California, USA.

This version is available at <http://eprints.hud.ac.uk/id/eprint/12278/>

The University Repository is a digital collection of the research output of the University, available on Open Access. Copyright and Moral Rights for the items on this site are retained by the individual author and/or other copyright owners. Users may access full items free of charge; copies of full text items generally can be reproduced, displayed or performed and given to third parties in any format or medium for personal research or study, educational or not-for-profit purposes without prior permission or charge, provided:

- The authors, title and full bibliographic details is credited in any copy;
- A hyperlink and/or URL is included for the original metadata page; and
- The content is not changed in any way.

For more information, including our policy and submission procedure, please contact the Repository Team at: [E.mailbox@hud.ac.uk](mailto:E.mailbox@hud.ac.uk).

<http://eprints.hud.ac.uk/>

BUILD IT

*Building a Personal or Corporate Budget  
Model that works!*

Presented by

Daniel Feiman, MBA, CMC<sup>®</sup>, Visiting  
Professor

# Today's agenda

- Budget crossword puzzle #1
- Build It Backwards
- What is a budget?
- What are the 2 purposes of a budget?
- What it is *not*?
- Types of budgets
- Examples
- PDMA model
- Variance analysis – what to do?
- Budget puzzle #2

# Build It Backwards

- Start with the end in mind
- What do you want the outcome to be
- Plan from the future back to today
- Budgets are tied to strategies



# What is a budget?

- A **budget** (from old [French](#) *bougette*, purse) is a list of all planned expenses and revenues. It is a plan for saving and spending. A budget is an important concept in microeconomics. In other terms, a budget is an organizational plan stated in monetary terms.
- The purpose of budgeting is to:
  - Provide a forecast of revenues and expenditures i.e. construct a model of how our business might perform financially speaking if certain strategies, events and plans are carried out.
  - Enable the actual financial operation of the business to be measured against the forecast.
- The budgeting process may be carried out by individuals or by companies to estimate whether the person/company can continue to operate with its projected income and expenses.

# What are the 2 purposes of a budget?

## Planning

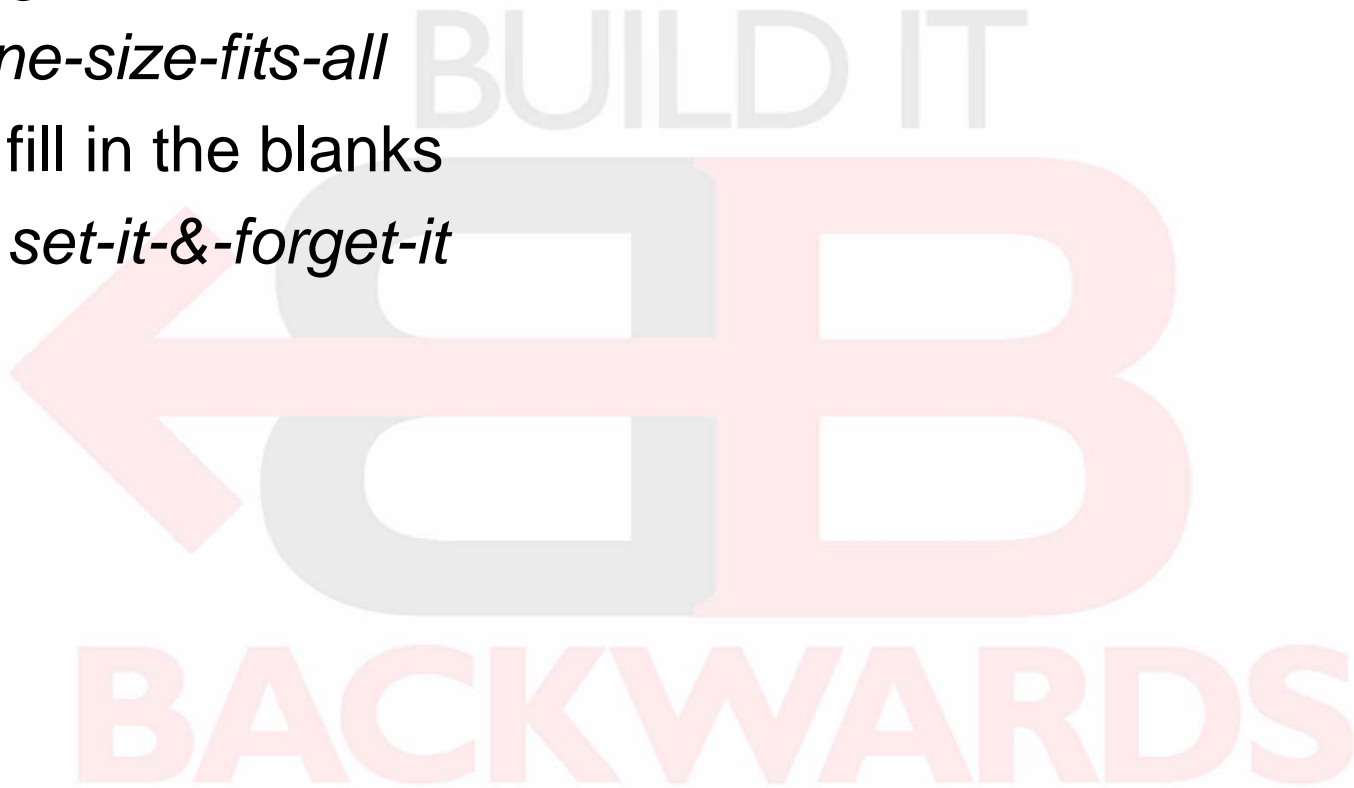
- What revenues will come in?
- What fixed expenses must be paid?
- What variable expenses will be necessary?
- What discretionary expenses will come up?

## Control

- How frequently will the budget be monitored?
- What range (+/-) will be allowed as *normal* business?
- Will the variances be calculated manually or automatically?
- Who will be responsible for reviewing the report?
- Who will be held accountable for corrective actions?
- What is the process if the variance persists?
- How will the results be used to prepare the next forecast leading to the next budget?

## What it is *not*?

- Not a panacea
- Not a guarantee
- Not *one-size-fits-all*
- Not a fill in the blanks
- Not a *set-it-&-forget-it*



# Types of budgets

- Static (traditional)
- Flexible Budget
- Rolling Budget
- Zero-Based Budget (ZBB)
- Activity-Based Budget (ABB)
- Sales Budget
- Production Budget
- Cash Flow Budget
- Marketing Budget
- Project Budget
- Capital Budget
- Master Budget



# Expense categories

- Fixed vs. variable
- Direct vs. indirect
- Period vs. product
- Controllable vs. non-controllable
- Discretionary vs. non-discretionary
  
- Opportunity costs
- Standard costs
- Marginal costs
- Sunk costs

# Examples-

Personal Monthly Budget									
PROJECTED MONTHLY INCOME		Income 1			PROJECTED BALANCE (Projected income minus expenses)				\$0
		Extra income			ACTUAL BALANCE (Actual income minus expenses)				\$0
		Total monthly income	\$0		DIFFERENCE (Actual minus projected)				\$0
ACTUAL MONTHLY INCOME		Income 1							
		Extra income							
		Total monthly income	\$0						
HOUSING									
	Projected Cost	Actual Cost	Difference						
Mortgage or rent		\$0							
Phone		\$0							
Electricity		\$0							
Gas		\$0							
Water and sewer		\$0							
Cable		\$0							
Waste removal		\$0							
Maintenance or repairs		\$0							
Supplies		\$0							
Other		\$0							
Total		\$0	\$0	\$0					
ENTERTAINMENT									
	Projected Cost	Actual Cost	Difference						
Video/DVD		\$0							
CDs									
Movies									
Concerts									
Sporting events									
Live theater									
Other									
Other									
Other									
Total		\$0	\$0	\$0					
TRANSPORTATION									
	Projected Cost	Actual Cost	Difference						
Vehicle payment									
Bus/taxi fare									
Insurance									
Licensing									
Fuel									
Maintenance									
Other									
Total		\$0	\$0	\$0					
INSURANCE									
	Projected Cost	Actual Cost	Difference						
Home		\$0							
Health		\$0							
Life		\$0							
Other		\$0							
Total		\$0	\$0	\$0					
LOANS									
	Projected Cost	Actual Cost	Difference						
Personal									
Student									
Credit card									
Credit card									
Credit card									
Other									
Total		\$0	\$0	\$0					
TAXES									
	Projected Cost	Actual Cost	Difference						
Federal									
State									
Local									
Other									
Total		\$0	\$0	\$0					
SAVINGS OR INVESTMENTS									
	Projected Cost	Actual Cost	Difference						
Retirement account									
Investment account									
Other									
Total		\$0	\$0	\$0					
GIFTS AND DONATIONS									
	Projected Cost	Actual Cost	Difference						
Charity 1									
Charity 2									
Charity 3									
Total		\$0	\$0	\$0					
LEGAL									
	Projected Cost	Actual Cost	Difference						
Attorney									
Alimony									
Payments on lien or judgment									
Other									
Total		\$0	\$0	\$0					
PERSONAL CARE									
	Projected Cost	Actual Cost	Difference						
Medical		\$0							
Hair/nails		\$0							
Clothing		\$0							
Dry cleaning		\$0							
Health club		\$0							
Organization dues or fees		\$0							
Other		\$0							
Total		\$0	\$0	\$0					
TOTAL PROJECTED COST									\$0
TOTAL ACTUAL COST									\$0
TOTAL DIFFERENCE									\$0

# Personal budgeting websites

- [www.bargaineering.com](http://www.bargaineering.com)
- [www.thecentsiblelife.com](http://www.thecentsiblelife.com)
- [www.consumerismcommentary.com](http://www.consumerismcommentary.com)
- [www.stretcher.com](http://www.stretcher.com)
- [www.getrichslowly.com](http://www.getrichslowly.com)
- [www.thesimpledollar.com](http://www.thesimpledollar.com)
- [www.wisebread.com](http://www.wisebread.com)
- [www.financialintegrity.org](http://www.financialintegrity.org)
- [www.simpleliving.net](http://www.simpleliving.net)

# Corporate example

SALES FORECAST													Year 1
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
<b>Small Projects</b>	85,000	85,000	85,000	85,000	85,000	170,000	170,000	85,000	170,000	85,000	85,000	170,000	<b>1,360,000</b>
<b>Medium Projects</b>	250,000	0	250,000	250,000	250,000	250,000	250,000	250,000	0	250,000	250,000	0	<b>2,250,000</b>
<b>Large Projects</b>	0	500,000	0	0	0	500,000	0	0	500,000	0	0	500,000	<b>2,000,000</b>
<b>TOTAL SALES</b>	<b>335,000</b>	<b>585,000</b>	<b>335,000</b>	<b>335,000</b>	<b>335,000</b>	<b>920,000</b>	<b>420,000</b>	<b>335,000</b>	<b>670,000</b>	<b>335,000</b>	<b>335,000</b>	<b>670,000</b>	<b>5,610,000</b>
SCHEDULE OF EXPECTED CASH COLLECTIONS													Total
Small Projects	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
Payment 1	21,250	21,250	21,250	21,250	21,250	42,500	42,500	21,250	42,500	21,250	21,250	42,500	<b>340,000</b>
Payment 2	0	21,250	21,250	21,250	21,250	21,250	42,500	42,500	21,250	42,500	21,250	21,250	<b>297,500</b>
Payment 3	0	0	21,250	21,250	21,250	21,250	21,250	42,500	42,500	21,250	42,500	21,250	<b>276,250</b>
Payment 4	0	0	0	19,550	19,550	19,550	19,550	19,550	39,100	39,100	19,550	39,100	<b>234,600</b>
<b>TOTAL Small Projects</b>	<b>21,250</b>	<b>42,500</b>	<b>63,750</b>	<b>83,300</b>	<b>83,300</b>	<b>104,550</b>	<b>125,800</b>	<b>125,800</b>	<b>145,350</b>	<b>124,100</b>	<b>104,550</b>	<b>124,100</b>	<b>1,148,350</b>
Medium Projects	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
Payment 1	25,000	0	25,000	25,000	25,000	25,000	25,000	25,000	0	25,000	25,000	0	<b>225,000</b>
Payment 2	0	0	75,000	0	75,000	75,000	75,000	75,000	75,000	75,000	0	75,000	<b>600,000</b>
Payment 3	0	0	0	75,000	0	75,000	75,000	75,000	75,000	75,000	75,000	0	<b>525,000</b>
Payment 4	0	0	0	0	70,000	0	70,000	70,000	70,000	70,000	70,000	70,000	<b>490,000</b>
<b>TOTAL Medium Projects</b>	<b>25,000</b>	<b>0</b>	<b>100,000</b>	<b>100,000</b>	<b>170,000</b>	<b>175,000</b>	<b>245,000</b>	<b>245,000</b>	<b>220,000</b>	<b>245,000</b>	<b>170,000</b>	<b>145,000</b>	<b>1,840,000</b>
Large Projects	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
Payment 1	0	50,000	0	0	0	50,000	0	0	50,000	0	0	50,000	<b>200,000</b>
Payment 2	0	0	0	0	150,000	0	0	0	150,000	0	0	150,000	<b>450,000</b>
Payment 3	0	0	0	0	0	0	0	150,000	0	0	0	150,000	<b>300,000</b>
Payment 4	0	0	0	0	0	0	0	0	0	140,000	0	0	<b>140,000</b>
<b>TOTAL Large Projects</b>	<b>0</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>150,000</b>	<b>50,000</b>	<b>0</b>	<b>150,000</b>	<b>200,000</b>	<b>0</b>	<b>140,000</b>	<b>350,000</b>	<b>1,090,000</b>
Total Collections	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total
<b>Total Collections</b>	<b>46,250</b>	<b>92,500</b>	<b>163,750</b>	<b>183,300</b>	<b>403,300</b>	<b>329,550</b>	<b>370,800</b>	<b>520,800</b>	<b>565,350</b>	<b>369,100</b>	<b>414,550</b>	<b>619,100</b>	<b>4,078,350</b>
<b>Beginning Accounts Receivable 12/31/03</b>	<b>250,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>250,000</b>
<b>TOTAL CASH COLLECTIONS</b>	<b>296,250</b>	<b>92,500</b>	<b>163,750</b>	<b>183,300</b>	<b>403,300</b>	<b>329,550</b>	<b>370,800</b>	<b>520,800</b>	<b>565,350</b>	<b>369,100</b>	<b>414,550</b>	<b>619,100</b>	<b>4,328,350</b>

# Direct labor budget

Employment Status	Direct	Department	Employee	Month and Year												Year 1		
				Benefits Salary	Monthly Salary	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Nov-04	Dec-04	Total
Full Time	Direct	Creative	0	66,000	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	66,000
Full Time	Direct	Creative	0	77,000	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	77,000
Full Time	Direct	Creative	0	44,000	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	44,000
Full Time	Direct	Creative	0	44,000	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	44,000
Full Time	Direct	Creative	0	44,000	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	44,000
Full Time	Direct	Creative	0	44,000	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	3,667	44,000
Full Time	Direct	Creative	0	77,000	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	77,000
Full Time	Direct	Production	0	88,000	7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333	7,333	88,000
Full Time	Direct	Production	0	55,000	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	55,000
Full Time	Direct	Production	0	55,000	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	55,000
Full Time	Direct	Production	0	55,000	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	55,000
Full Time	Direct	Technology	0	99,000	8,250	8,250	8,250	8,250	8,250	8,250	8,250	8,250	8,250	8,250	8,250	8,250	8,250	99,000
Full Time	Direct	Technology	0	66,000	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	66,000
Full Time	Direct	Technology	0	77,000	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	77,000
Full Time	Direct	Technology	0	77,000	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	77,000
Full Time	Direct	Technology	0	77,000	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	77,000
Full Time	Direct	Technology	0	77,000	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	6,417	77,000
Full Time	Direct	QA	0	57,500	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	57,500
Full Time	Direct	QA	0	46,000	3,833	3,833	3,833	3,833	3,833	3,833	3,833	3,833	3,833	3,833	3,833	3,833	3,833	46,000
<b>Total</b>				<b>1,225,500</b>	<b>102,125</b>	<b>102,125</b>	<b>102,125</b>	<b>102,125</b>	<b>102,125</b>	<b>102,125</b>	<b>102,125</b>	<b>102,125</b>	<b>102,125</b>	<b>102,125</b>	<b>102,125</b>	<b>102,125</b>	<b>102,125</b>	<b>1,225,500</b>



# Cash budget

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Year 1 Total
<b>Beginning Cash Balance</b>	700,000	678,315	392,881	238,696	104,061	189,427	60,642	93,107	295,973	462,988	514,153	610,769	<b>4,341,012</b>
<b>Customer Collections</b>	296,250	92,500	163,750	183,300	403,300	329,550	370,800	520,800	565,350	369,100	414,550	619,100	<b>4,328,350</b>
<b>Total Cash Available</b>	<b>996,250</b>	<b>770,815</b>	<b>556,631</b>	<b>421,996</b>	<b>507,361</b>	<b>518,977</b>	<b>431,442</b>	<b>613,907</b>	<b>861,323</b>	<b>832,088</b>	<b>928,703</b>	<b>1,229,869</b>	<b>8,669,362</b>
<b>Disbursements</b>													
Direct Labor	102,125	102,125	102,125	102,125	102,125	102,125	102,125	102,125	102,125	102,125	102,125	102,125	<b>1,225,500</b>
Selling & Admin	209,939	222,439	209,939	209,939	209,939	239,189	214,189	209,939	226,689	209,939	209,939	226,689	<b>2,598,770</b>
Income Tax	5,871	53,371	5,871	5,871	5,871	117,021	22,021	5,871	69,521	5,871	5,871	69,521	<b>372,546</b>
<b>Total Disbursements</b>	<b>317,935</b>	<b>377,935</b>	<b>317,935</b>	<b>317,935</b>	<b>317,935</b>	<b>458,335</b>	<b>338,335</b>	<b>317,935</b>	<b>398,335</b>	<b>317,935</b>	<b>317,935</b>	<b>398,335</b>	<b>4,196,816</b>
<b>Cash Surplus (Deficit)</b>	<b>678,315</b>	<b>392,881</b>	<b>238,696</b>	<b>104,061</b>	<b>189,427</b>	<b>60,642</b>	<b>93,107</b>	<b>295,973</b>	<b>462,988</b>	<b>514,153</b>	<b>610,769</b>	<b>831,534</b>	<b>4,472,546</b>
<b>Financing</b>													
Borrowing	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Repayment	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Interest	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Total Financing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Ending Cash Balance</b>	<b>678,315</b>	<b>392,881</b>	<b>238,696</b>	<b>104,061</b>	<b>189,427</b>	<b>60,642</b>	<b>93,107</b>	<b>295,973</b>	<b>462,988</b>	<b>514,153</b>	<b>610,769</b>	<b>831,534</b>	<b>4,472,546</b>

BACKWARDS

# Balance sheet

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Year 1 Total
<b>Current Assets</b>													
Cash	678,315	392,881	238,696	104,061	189,427	60,642	93,107	295,973	462,988	514,153	610,769	831,534	4,472,546
Accounts Receivable	585,000	585,000	335,000	335,000	335,000	920,000	420,000	335,000	670,000	335,000	335,000	670,000	5,860,000
<b>Total Current Assets</b>	<b>1,263,315</b>	<b>977,881</b>	<b>573,696</b>	<b>439,061</b>	<b>524,427</b>	<b>980,642</b>	<b>513,107</b>	<b>630,973</b>	<b>1,132,988</b>	<b>849,153</b>	<b>945,769</b>	<b>1,501,534</b>	<b>10,332,546</b>
<b>Fixed Assets</b>													
Land	0	0	0	0	0	0	0	0	0	0	0	0	0
Build & Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Long-Term Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>1,263,315</b>	<b>977,881</b>	<b>573,696</b>	<b>439,061</b>	<b>524,427</b>	<b>980,642</b>	<b>513,107</b>	<b>630,973</b>	<b>1,132,988</b>	<b>849,153</b>	<b>945,769</b>	<b>1,501,534</b>	<b>10,332,546</b>
<b>Current Liabilities</b>													
Accounts Payable	312,064	324,564	312,064	312,064	312,064	341,314	316,314	312,064	328,814	312,064	312,064	328,814	3,824,270
Income Tax Payable	5,871	53,371	5,871	5,871	5,871	117,021	22,021	5,871	69,521	5,871	5,871	69,521	372,546
<b>Total Current Liabilities</b>	<b>317,935</b>	<b>377,935</b>	<b>317,935</b>	<b>317,935</b>	<b>317,935</b>	<b>458,335</b>	<b>338,335</b>	<b>317,935</b>	<b>398,335</b>	<b>317,935</b>	<b>317,935</b>	<b>398,335</b>	<b>4,196,816</b>
<b>Stockholder's Equity</b>													
Common Stock-No Par													0
Retained Earnings	4,669,028	213,482	23,482	23,482	23,482	468,082	88,082	23,482	278,082	23,482	23,482	278,082	6,135,730
<b>Total Stockholder's Equity</b>	<b>4,669,028</b>	<b>213,482</b>	<b>23,482</b>	<b>23,482</b>	<b>23,482</b>	<b>468,082</b>	<b>88,082</b>	<b>23,482</b>	<b>278,082</b>	<b>23,482</b>	<b>23,482</b>	<b>278,082</b>	<b>6,135,730</b>
<b>Total Liability &amp; Stockholder Equity</b>	<b>4,986,963</b>	<b>591,417</b>	<b>341,417</b>	<b>341,417</b>	<b>341,417</b>	<b>926,417</b>	<b>426,417</b>	<b>341,417</b>	<b>676,417</b>	<b>341,417</b>	<b>341,417</b>	<b>676,417</b>	<b>10,332,546</b>

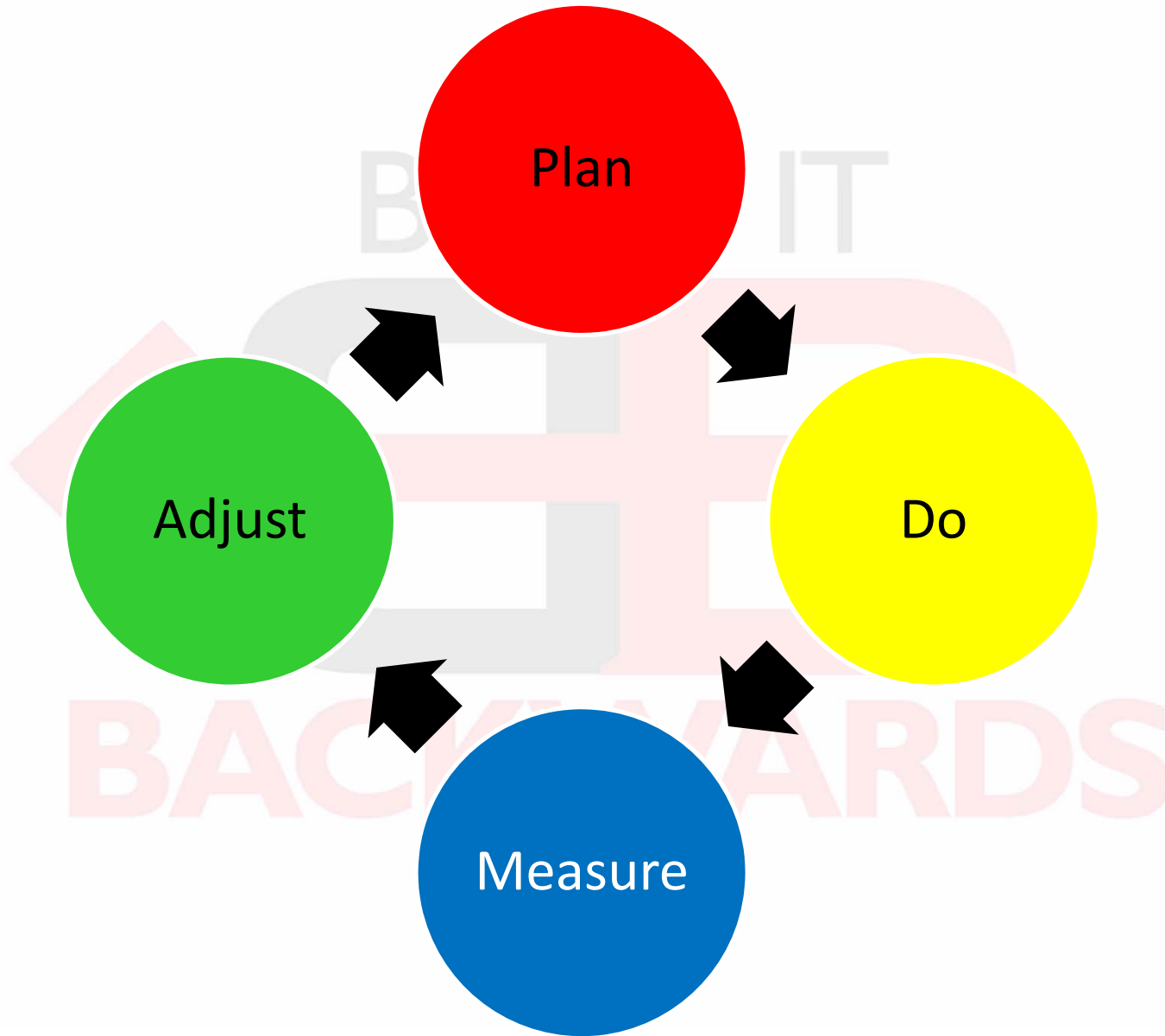
# Income statement

	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Year 1 Total
<b>Sales</b>	<b>335,000</b>	<b>585,000</b>	<b>335,000</b>	<b>335,000</b>	<b>335,000</b>	<b>920,000</b>	<b>420,000</b>	<b>335,000</b>	<b>670,000</b>	<b>335,000</b>	<b>335,000</b>	<b>670,000</b>	<b>5,610,000</b>
<b>Cost of Sales</b>													<b>0</b>
Cost of Sales	112,458	124,958	112,458	112,458	112,458	141,708	116,708	112,458	129,208	112,458	112,458	129,208	1,429,000
<b>Gross Profit</b>	<b>222,542</b>	<b>460,042</b>	<b>222,542</b>	<b>222,542</b>	<b>222,542</b>	<b>778,292</b>	<b>303,292</b>	<b>222,542</b>	<b>540,792</b>	<b>222,542</b>	<b>222,542</b>	<b>540,792</b>	<b>4,181,000</b>
<b>Gross Margin</b>	<b>66%</b>	<b>79%</b>	<b>66%</b>	<b>66%</b>	<b>66%</b>	<b>85%</b>	<b>72%</b>	<b>66%</b>	<b>81%</b>	<b>66%</b>	<b>66%</b>	<b>81%</b>	
<b>Contribution Margin</b>	<b>222,542</b>	<b>460,042</b>	<b>222,542</b>	<b>222,542</b>	<b>222,542</b>	<b>778,292</b>	<b>303,292</b>	<b>222,542</b>	<b>540,792</b>	<b>222,542</b>	<b>222,542</b>	<b>540,792</b>	<b>4,181,000</b>
<b>Operating Expenses</b>													<b>0</b>
Non-Variable Selling Expense	40,573	40,573	40,573	40,573	40,573	40,573	40,573	40,573	40,573	40,573	40,573	40,573	486,880
Salaries	93,313	93,313	93,313	93,313	93,313	93,313	93,313	93,313	93,313	93,313	93,313	93,313	1,119,750
Rent	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	22,833	274,000
Professional Fees	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	105,000
Legal Fees	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
G&A	17,720	17,720	17,720	17,720	17,720	17,720	17,720	17,720	17,720	17,720	17,720	17,720	212,640
<b>Total Operating Expenses</b>	<b>193,189</b>	<b>193,189</b>	<b>193,189</b>	<b>193,189</b>	<b>193,189</b>	<b>193,189</b>	<b>193,189</b>	<b>193,189</b>	<b>193,189</b>	<b>193,189</b>	<b>193,189</b>	<b>193,189</b>	<b>2,318,270</b>
<b>Net Operating Income</b>	<b>29,353</b>	<b>266,853</b>	<b>29,353</b>	<b>29,353</b>	<b>29,353</b>	<b>585,103</b>	<b>110,103</b>	<b>29,353</b>	<b>347,603</b>	<b>29,353</b>	<b>29,353</b>	<b>347,603</b>	<b>1,862,730</b>
<b>Interest Expense/Income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Income Taxes</b>	<b>5,871</b>	<b>53,371</b>	<b>5,871</b>	<b>5,871</b>	<b>5,871</b>	<b>117,021</b>	<b>22,021</b>	<b>5,871</b>	<b>69,521</b>	<b>5,871</b>	<b>5,871</b>	<b>69,521</b>	<b>372,546</b>
<b>NET INCOME</b>	<b>23,482</b>	<b>213,482</b>	<b>23,482</b>	<b>23,482</b>	<b>23,482</b>	<b>468,082</b>	<b>88,082</b>	<b>23,482</b>	<b>278,082</b>	<b>23,482</b>	<b>23,482</b>	<b>278,082</b>	<b>1,490,184</b>

BACKWARDS



# PDMA model



# Variance analysis – what to do?

<b>Variance analysis report</b>															
Item	This period		Difference			Cumulative		Cum diff			Cause	What is to be done	By whom	By when	Metric
	Budget	Actual	\$	%	Units	Budget	Actual	\$	%	Units					

# Questions?

**Daniel Feiman, MBA, CMC®**

*Managing Director*

**Build It Backwards™**

*Turning Roadblocks into Roadmaps<sup>(SM)</sup>*

Office: **310.540.6717** Cell: **818.522.2892**

Consulting & Training in:

*Strategy \* Finance \* Process*

[dsfeiman@BuildItBackwards.com](mailto:dsfeiman@BuildItBackwards.com)

[www.BuildItBackwards.com](http://www.BuildItBackwards.com)

<http://www.linkedin.com/in/danielfeimanbuilditbackwards>