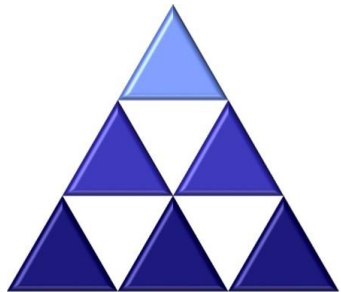


Taking your business from
STRIVING to THRIVING



OrgMent
Business Solutions

Innovation Crowd – “The Other Side”

Stay Positive!

Out of adversity
comes opportunity.

Benjamin Franklin

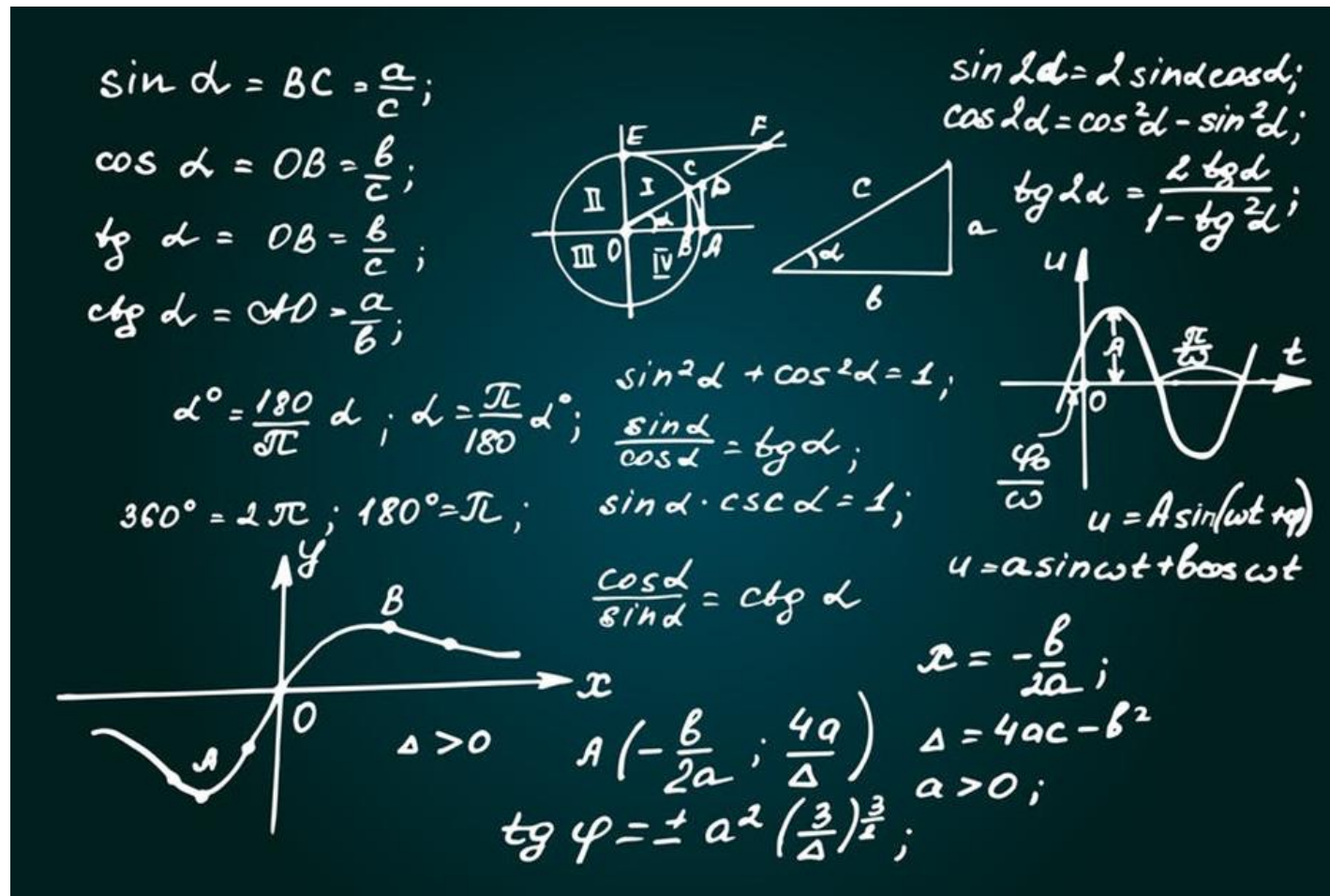
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Content

- 1. Know Your Numbers**
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- 3. Calculate Break-even Position**
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Know Your Numbers



Know Your Numbers

- Check cash position and forecast
- Set (revised) targets for Sales, Expenses and Net profit
- Define or revise a Company Budget
- Track and monitor the above regularly



Cash Position and Forecast

- Check current cash position
- Determine (conservatively) what's coming in
- Review all expenditure and put off non-essential expenditure
- Verify what's going out
- See what can be deferred or delayed
- Calculate cash position over the coming weeks



Set (revised) targets for Sales, Expenses and Net profit

- Get copy of Profit & Loss to date
- Use results of Cash Position above
- Extrapolate figures to 30/6/2020

Business Name

Business Address

Suburb

Profit & Loss Statement

for the period 1 January 2009 to 31 December 2009

Income

Sales	\$120,200.00	
Services	\$55,000.00	
Other Income	\$2,520.00	
Total Income		\$177,720.00

Expenses

Accounting	\$2,500.00	
Advertising	\$7,500.00	
Assets - Small	\$100.00	
Bank Charges	\$962.40	
Cost of Good Sold	\$22,500.00	
Depreciation	\$2,385.00	
Electricity	\$2,994.90	
Hire of Equipment	\$4,200.00	
Insurance	\$1,221.00	
Interest	\$2,401.66	
Motor Vehicle	\$1,203.50	
Office Supplies	\$962.11	
Postage & Printing	\$725.00	
Rent	\$15,610.00	
Repairs & Maintenance	\$1,082.00	
Stationery	\$660.00	
Subscriptions	\$3,690.00	
Telephone	\$2,165.00	
Training / Seminars	\$2,200.00	
Wages & Oncosts	\$65,000.00	
Total Expenses		\$140,062.57

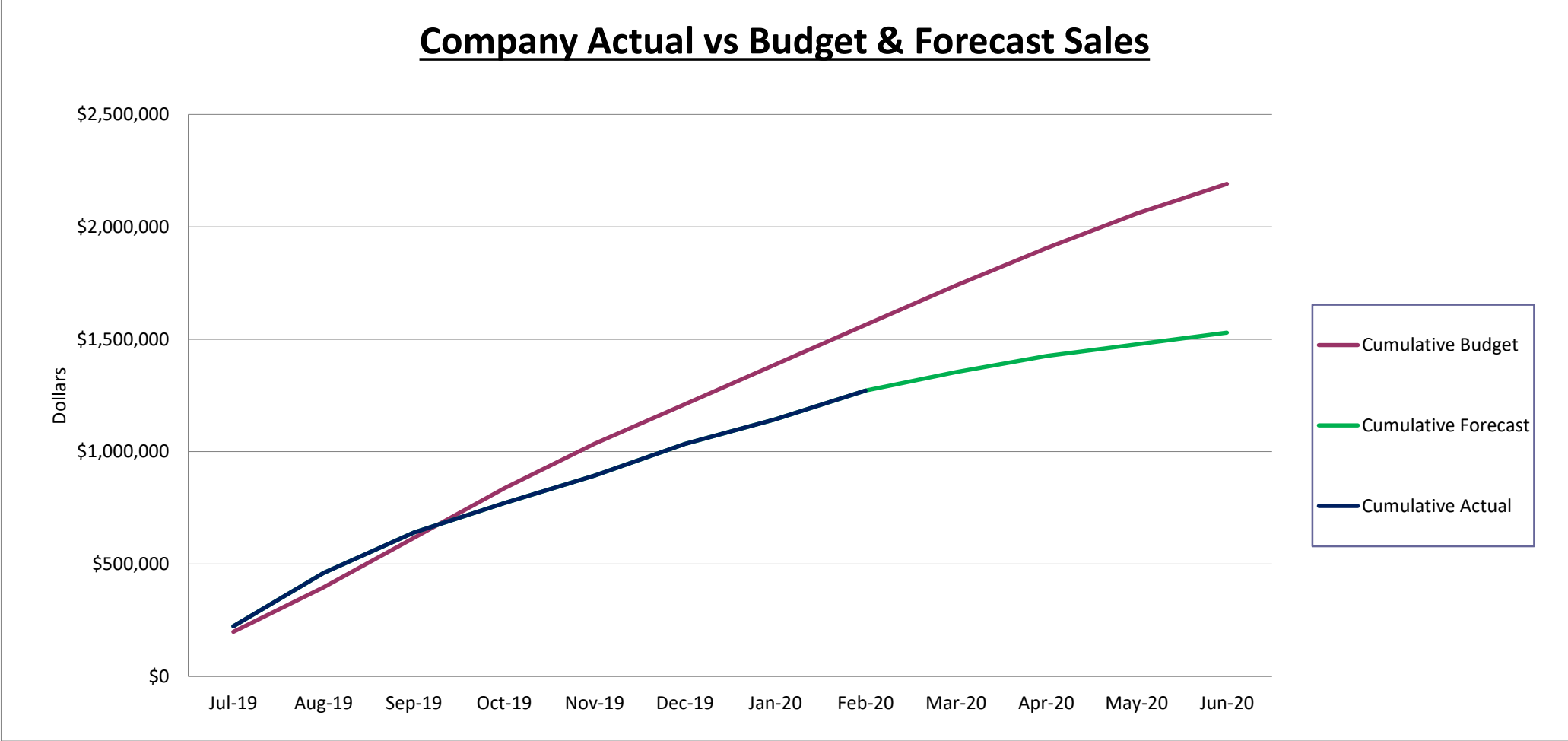
Profit / (Loss)

\$37,657.43

Define a Company Budget

		Budget	Mar-20	Apr-20	May-20	Jun-20	Total
Product Sales		\$37,000	\$10,000	\$11,000	\$9,000	\$7,000	\$37,000
Services		\$12,000	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000
TOTAL INCOME		\$49,000	\$13,000	\$14,000	\$12,000	\$10,000	\$49,000
COGS	% of Revenue						
TOTAL COGS							
Subcontractors	40%	\$4,800	\$5,200	\$5,600	\$4,800	\$4,000	\$19,600
Other	40%		\$0	\$0	\$0	\$0	\$0
TOTAL COGS		\$4,800	\$5,200	\$5,600	\$4,800	\$4,000	\$19,600
GROSS PROFIT		\$44,200	\$7,800	\$8,400	\$7,200	\$6,000	\$29,400
Expenses							
Accountancy Fees		\$495	\$124	\$124	\$124	\$124	\$495
Advertising & Promotion		\$1,000	\$250	\$250	\$250	\$250	\$1,000
Bank Charges		\$39	\$10	\$10	\$10	\$10	\$39
Cleaning & Waste Disposal		\$167	\$42	\$42	\$42	\$42	\$167
Insurance		\$1,650	\$413	\$413	\$413	\$413	\$1,650
Light & Power		\$133	\$33	\$33	\$33	\$33	\$133
Motor Vehicle Expenses		\$2,520	\$630	\$630	\$630	\$630	\$2,520
Office Equipment Expenses		\$140	\$35	\$35	\$35	\$35	\$140
Payroll Expenses							
Payroll Tax		\$0	\$0	\$0	\$0	\$0	\$0
Superannuation		\$967	\$242	\$242	\$242	\$242	\$967
Wages & Salary		\$18,000	\$4,500	\$4,500	\$4,500	\$4,500	\$18,000
Postage		\$0	\$0	\$0	\$0	\$0	\$0
Printing & Stationery		\$0	\$0	\$0	\$0	\$0	\$0
Rates		\$200	\$100			\$100	\$200
Repairs & Maintenance		\$40	\$10	\$10	\$10	\$10	\$40
Staff Amenities		\$50	\$13	\$13	\$13	\$13	\$50
Staff Training		\$250	\$63	\$63	\$63	\$63	\$250
Subscriptions		\$50	\$13	\$13	\$13	\$13	\$50
Telephone		\$400	\$100	\$100	\$100	\$100	\$400
Travel & Accommodation & Conferences		\$40	\$10	\$10	\$10	\$10	\$40
Workers Compensation Insurance		\$88	\$22	\$22	\$22	\$22	\$88
Water		\$60	\$30			\$30	\$60
TOTAL EXPENSES		\$26,289	\$6,637	\$6,507	\$6,507	\$6,637	\$26,289
NET ORDINARY INCOME		\$17,911	\$1,163	\$1,893	\$693	-\$637	\$3,111

Monitoring Sales



Managing Expenses



Managing Expenses

Review your Operating Expenses and divide them into 3 groups:

1. Variable Expenses (typically internal and vary by month)
 - Postage & Stationery
 - Travel
 - Training etc
2. Fixed Expenses (typically external and don't vary by month)
 - Rent
 - Rates
 - Light and Power etc
3. Staff Costs (don't vary by month)
 - Wages & Salary, Superannuation, Payroll Tax



Managing Expenses

1. Variable Expenses (typically internal)
 - You have most control over these
 - Focus on savings in these areas first
2. Fixed Expenses (typically internal)
 - Limited opportunities to vary
 - May result in more major decisions, e.g. site relocation, change of service provider etc
3. Staff Costs
 - Typically the biggest cost for a business
 - Consider impact of 5-week months



Calculating Your Break-Even

$\text{Gross Profit} = \text{Total Sales} - \text{Total Cost of Goods Sold}$

$\text{Gross Margin} = \text{Gross Profit} / \text{Total Sales}$

$\text{Total Overhead Expenses} = \text{Variable Expenses} + \text{Fixed Expenses} + \text{Staff Costs}$

$\text{Net Profit} = \text{Gross Profit} - \text{Total Overhead Expenses}$

You **break even** when **Net Profit = \$0**, i.e.

Gross Profit = Total Overhead Expenses

Break-Even Example

Total **Overhead Expenses** per month = \$20,000

Gross Profit = Total Overhead Expenses to break even

=> **Gross Profit** = \$20,000 to break even

Gross Margin = 25%

Gross Margin = Gross Profit / Total Sales

Gross Margin = 25% = \$20,000 / Total Sales

=> **Total Required Sales** = \$20,000 / 25% = \$80,000

Take Action



Take Action - Financials

- Communicate and involve employees in the mitigation plan(s)
- Check out ATO and government cash-flow assistance
- Collect all owed funds as quickly as possible
- Seek out credit extensions with suppliers
- Set (lower) threshold for expense authorisations
- Consider wage freeze or reduced wages
- Encourage staff to take accrued leave if possible (reduced liability)
- Explore options for unpaid leave



Take Action - Business

- Notify customers of possible disruption to service
- Review profitability of product / service offerings
- Review situation with respect to temporary, contract and casual staff
- Request extensions / deferral /holiday of regular financial commitments (e.g. bank loans, rent, mortgage repayments)
- Review any assets that may be sold to alleviate cash pressure
- Opportunities for early retirement?
- Explore working from home



Take Action - Self

- Create daily and weekly task lists
- Maintain and develop personal network
- Explore new opportunities
- Define a Plan



Useful Links



Useful Links

- Federal Measures:

<https://treasury.gov.au/coronavirus/businesses>

<https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business/coronavirus-sme-guarantee-scheme>

- State Measures:

<https://www.premier.vic.gov.au/economic-survival-package-to-support-businesses-and-jobs/>