



Keeping business costs under control

Managing business costs is one of the top areas affecting our clients. As you know, your company's profitability depends not only on sales, but also on effective cost management.

It is part of every financial manager's role to ensure that overheads are managed and maintained at an appropriate level to support the business.

The starting point to monitoring and controlling your overheads is to prepare an overhead budget in conjunction with your sales budget for the year.

Tips for preparing an overhead budget

- Make it realistic
- Don't skimp on the detail
- Don't forget to include your payroll taxes
- Take in to account seasonality
- Consult the right people in the organisation and get them connected to the budget
- Review last year's actual overheads and consider any agreements in place in relation to this year
- Calculate the breakeven point for sales i.e the level of sales required to cover the business costs

The next stage in the process is to prepare monthly management accounts:

Management Accounts

- Prepare monthly management accounts
- Compare management accounts to your budget
- Investigate, discuss and act on variances to the budget immediately

Your job is to keep your eye on the ball and to ensure that your business is on track. Preparing monthly management accounts will provide you with up to date key performance indicators which will allow you to make the correct financial decisions to allow your business to flourish.

Talk to us:

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