

MANAGING BUDGETS

Whether you work for a small business or a large corporation, learning to manage your budget is a vital skill that you'll want to master as early as possible, and here's why. If your team is successful in achieving its goals, but always goes over budget, you create financial problems for your organization. But your career will thrive if you're the manager who stays within their budget and even looks for ways to reduce costs and drive efficiencies. **Managing the budget means that you authorize expenses in accordance with the budget that was submitted and approved, and you continually monitor the amount of spending to ensure that you do not exceed the budget.** To successfully manage your budget, I recommend using the following strategies.

1. Be informed about financial matters: You want to learn about business budgets, in general, and your organization in particular. There are some common terms and practices that are widely used, and then there are things that are specific to your situation. For example, there are generally two types of budgets for expenses or money that's spent. **Capital expenditures** are any costs related to the physical space, like rent and electricity, and equipment such as copiers, desks, and computers. These are generally items that are used for more than a year. The **operating budget** is the expenses affiliated with the day-to-day running of the organization such as payroll, supplies, travel and professional development. Organizations also track **income or revenue**. This is the money that comes in through sales, grants and other sources. Revenue is continually analyzed, comparing predicted income to what actually comes in, and adjusting the budget accordingly. This means that in some organizations budgets are very fluid and can be augmented or cut as the year unfolds while others are firm and don't adjust at all once they're set. Most organizations have an annual budget that is broken down into quarters and then further into months and sometimes weeks.

2. Know your budget: How much is the budget? What expenses have been predicted and what data was used to predict them? IS the budget firm or will it be adjusted? If so, when? How and when do I submit my budget for next year?

3. Budget tracking system: Use a system to know where your budget stands on a month-to-month basis. This might be something that you maintain yourself or delegate to an employee. Just remember that you are ultimately responsible for the budget, so you still need to review their work in case they make a mistake.

4. Adhere to the policies and procedures of your organization: Generally, the larger the organization the more formal and complex the budget process is. There can be a range of approval processes, forms to file and supporting documents to submit. In addition, if your organization works with any public funding, there will be very specific stipulations about how money can be spent. For example, entertainment and travel expenses often have an elaborate pre-approval process that can take weeks. Or you may be required to seek bids from several suppliers through a formal purchasing process. When you manage a budget, it's expected that you adhere to these policies and procedures whether or not you're provided training. It's assumed that you will seek out the guidance you need to be in compliance.

5. Formal training on the budget process: Get formal training if needed on how the budget process. The finance department may be able to walk you through what you need to know.