



Balancing your business budget

A new survey carried out in Munster reveals concerns with budgets in many businesses. Roy Barry, Cork Regional Director for Bank of Scotland (Ireland) gives his views on what Munster businesses can do to manage their budget in the year ahead.

"It has been an exceptionally tough year for us all, but particularly for Irish business. With pressure in the areas of cost management and revenues, it has become increasingly difficult for businesses to operate and manage their finances effectively in the current environment.

A recent survey conducted by i-Reach on behalf of Bank of Scotland (Ireland) has found that three in five (60 per cent) Munster businesses surveyed claim that their budget will remain under significant pressure in 2010. Therefore, it has never been more important to pay close attention to your businesses' budget and to plan for next year. By having a solid budget in place for the year ahead, you can better manage unexpected events that may impact your business and react accordingly.

There are a number of important elements to take into account when preparing your budget. In the current climate, cost containment is key. Half (49 per cent) of all Munster businesses surveyed claim that lowering costs is their top financial priority for 2010. Businesses need to look at ways to reduce costs in the year ahead and aim to create and maintain a lower and more efficient cost base. Strong internal controls are

essential to managing costs and to effective cost containment.

Alongside cost containment, businesses need to look at ways to manage and improve cash flow. Whatever the size of your company, it is essential to manage cash flow. With 14 per cent of Munster businesses' looking to improve cash flow in 2010, effective cash flow planning and management remain the backbone of any business and you need to start thinking about next year now.

In addition to both lowering costs and managing cash flow, businesses will need to look for ways to increase revenue in 2010. 17 per cent of Munster businesses aim to increase revenue next year. By boosting revenue you may be able to increase your budgeted profit, cash generation and better balance your finances. Be aware of the impact of increased revenue on your cash flow however.

By placing an emphasis on cost containment, cash flow and revenues, businesses can build towards their future and come through the current cycle. Whatever changes you make or initiatives you introduce, stay in touch with your bank and keep them abreast of what you are doing.

Almost two in five (39 per cent) Munster businesses claim that growing their customer base is their number one business priority for 2010, showing that a significant portion of business owners see opportunity in the current downturn. However, it is crucial to have your finances in good order for when that opportu-

nity comes along."

