

WEBINAR

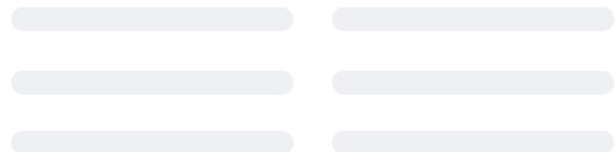
# End of Year Planning: Q4 Budgets and Financial Strategies for 2022

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# Today's agenda

- Collecting and analyzing YTD Q3 results
  - Revisiting your Q4 budget
  - Tax planning
  - What to start thinking about now for 2022
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# **But first... a quick refresher of Part 1**

Re-engineering Your Firm

# 5 key areas to help improve your firm's bottom line


- 1 Identify the key elements in your change management plan
- 2 Understand the cost/benefit ratio and impact to the bottom line of the change management plan you want to implement
- 3 Create a plan that consists of phases, milestones, activities, and tasks
- 4 Establish deadlines, assign roles and responsibilities, and monitor results/progress
- 5 Facilitate a team atmosphere through interaction and communication



# Note

Whether you have gone through a re-engineering process or not, you should prepare for year end and plan for the upcoming year.

This is still a must for any business to be operationally and financially successful.



# Collecting and analyzing your YTD Q3 financial data

# By the end of Q3 you should know how the year will be winding down:

- ❑ Q4 is already laid out by the work accomplished earlier in the year
- ❑ Most new customer work has been achieved
- ❑ 2021 internal projects should be in the last phase
- ❑ 2022 projects are being discussed and planned
- ❑ Business development should be geared toward the new year



**Accurate financial data is critical to understanding where you are now and projecting where you will be EOY**

Ensure all revenue and expenses have been accurately recorded, and that all balance sheet accounts have been reconciled

1. Preparation and review of project status reports
2. Preparation and review of company backlog report
3. Analysis of key KPIs, such as:
  - a. Revenue per customer
  - b. Gross margin percentages
  - c. Labor utilization
  - d. Days sales outstanding (collection time on accounts receivable)
4. Other KPIs to consider:
  - a. Working capital
  - b. Current ratio
  - c. Debt to equity ratio



# Revisiting Q4 budgets

# Q4 budget

## Initial steps to take and things to consider

1

Compare YTD Q3 results to YTD Q3 budget numbers. Then compare the actual YTD Q3 results to your total annual budget.

**Ask yourself:**

- Are you on track to achieve what you set out to do?
- If not, why? What happened?
- Have you exceeded your expectations?
- Was that growth unexpected and is there a need to get a handle on it?

2

Have you been running a rolling forecast throughout the year?

3

How does that look in comparison to your budgeted numbers?

# Q4 budget

## What if your numbers are not as organized?

Having your financial information in a productive format should make projecting out the rest of the year easy.

If you are not there yet, this is a PERFECT time to get a handle on your YTD Q3 numbers and think about how the rest of the year will play out financially.

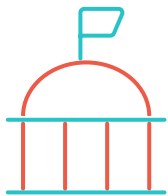
# Q4 budget

## Prepare the final numbers

Finalize the projected Q4 numbers and see where you expect to land at the end of the year.

- ❑ Compare to your budget or rolling forecast (if you have one)
- ❑ Understand your anticipated results so you have a baseline to use for 2022 budget preparation

# Tax planning



# **This is a great time to start tax planning or revisit your original tax plan**

If you do not have a tax accountant – GET ONE and make sure they know what they are doing! Referrals are always a good thing when searching for a tax accountant.

# Tax planning

Reduce the stress of  
the unknown at EOY

- ❑ Start working on your estimated tax liability using your YTD Q3 results, estimated plan for Q4, and personal tax information.
- ❑ Is your remaining tax liability coming in high? There's time to make any needed business purchases before EOY to reduce that liability!
- ❑ If you are sole proprietor or single member LLC, do not forget about your Solo 401k contribution.

# What to start thinking about now for 2022






# Knowledge is power

You now have a solid understanding of anticipated 2021 results and any potential remaining tax liability.

Take a break. Give your mind a rest and give it time to absorb all the analysis.

Do whatever it is that works best for you to start thinking strategically: go for a run or walk, completely unplug, get away, put it all down on paper, and clear your head.





# Thoughts to keep in mind as you start strategizing for 2022

## IT'S TIME TO THINK!

In order to have a meaningful, well put together budget, it's important to take the time to do the thought-provoking work.

# As you think through your plan for 2022, ask yourself these questions:

It is important to remember that no business is the same – they can offer the same services, but your business is unique to you.

- ❑ Where are you with your business? Are you a start-up? Mid-sized? High growth? Cruising? Are you ready to think about an exit strategy?
- ❑ What are your business goals? Are there any areas you may want to break into and explore? Do you want to launch a new service this year?

# Thought provoking questions cont.

- ❑ Do you want to hire someone for business development to kick start a period of high growth?
- ❑ What are your personal goals? Are you coming off a year of high stress or burnout?
- ❑ What are your financial goals this year? Do you want to break even? Pay off some debt or credit?
- ❑ Are parts of your business seasonal? Most businesses have a slow and high productive time.
- ❑ What kind of work/life balance are you looking to achieve? What kind of support do you need? If you are the type of person who does not view your business as work, you still want to plan the amount of time you want to spend away.



# Where to go from here

Now that you have done the thought-provoking work, you are ready to embark on your 2022 budget.

To conclude, you simply cannot prepare the numbers without a solid understanding of where you are “now” financially and where you want to go strategically.

Join us for Part 3...



# Any Questions?

# Thank you!

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