



# **Your Business Budget: A How-To Guide for Financial Clarity**

*See clearly. Spend wisely. Grow intentionally.*

## **How to Use This Guide**

This guide is your instruction sheet for completing the Underpin Budgeting Worksheet. It walks you through each section of the spreadsheet and helps you think critically about how your business earns and spends money. Inside the worksheet, you'll find a completed example based on a \$100K annual revenue model to give you a sense of how it works in practice. Editable fields are highlighted in yellow, those are the numbers you'll customize to reflect your own business.

You don't need to get everything perfect on the first try. Use this tool to experiment, adjust, and build clarity over time. A working budget is better than no budget, and this one is built to evolve with you.

## **Why Budgeting Matters (Even If You're Small)**

A budget isn't just for big companies or spreadsheets wizards. It's a simple tool that gives you control over your cash flow, helps you make better decisions, and sets the foundation for growth.

A clear, working budget allows you to:

- Plan realistically for expenses and income
- Set prices and revenue goals with confidence
- Know when you can afford to hire or invest
- Pay yourself consistently
- Reduce stress and decision fatigue



"I'm not big enough to need a budget" is one of the most common myths among small business owners. The truth is if you make or spend money in your business, you're big enough.

## Expense Categories Explained

Here's how to think about each category in your budget and what to include:

<u>Category</u>	<u>What to Include</u>
Operations	Software (e.g. Zoom, Canva, ChatGPT), supplies, rent, subscriptions, office expenses
Marketing & Sales	Advertising, website expenses, CRM tools, branding, printing, consultants
Labor	Contractors, employees, virtual assistants, consultants (not your own pay)
Owner Pay	What you pay yourself from the business (yes, this belongs in the budget!)
Taxes/Savings	Money set aside for quarterly or end-of-year taxes and savings (typically 15–30%)
Other	Travel, education, events, meals, memberships, professional development

### Food Expense Tip:

- 100% deductible: Catering for business events, meals for staff on workdays
- 50% deductible: Coffee/lunch with a client, solo meals while traveling



### Segmentation Tip:

- Feel free to break out any individual expenses from the above categories into a separate line item.
  - For example, if you are paying multiple subscriptions each month (Canva, Zoom, Website Hosting, etc.), it may benefit you to create a new category called Dues/Subscriptions.

## How to Use the Budget Worksheet

### 1. Start with Revenue

- Break income into multiple revenue streams.
  - At Underpin, we use a Business Model framework called CCE (Core, Complementary, and Exploratory).
  - Core should be 70-80% of total revenue, Complementary should be 15-20% of total revenue, and Exploratory should be 5-10% of total revenue.
- We typically start with an **annual revenue target**, where do you see business going in the next 12 months.
  - Ask yourself what success would look like a year from now.
  - Keep in mind, the budget works hand in hand with your goals. When you have a financial projection, you will set goals to support the budget.
  - Once you know your annual targets, you can break them down quarterly or monthly for tracking purposes.

### 2. List All Expenses

- Use the categories above

- Include both fixed (e.g., subscriptions) and variable (e.g., advertising) costs
- Feel free to create as many categories as you feel comfortable with.
  - Segmentation makes it easier to know exactly where your money is coming from and going to.
  - But combining individual expenses under one category also helps to keep your budget from becoming unnecessarily complex.

### **3. Calculate % of Revenue**

- What percent of your income goes to each expense category?
- Are you spending more than you're earning?

### **4. Estimate Profit**

- $\text{Revenue} - \text{Expenses} = \text{Projected Profit}$
- A healthy profit margin for small businesses is typically 20–30%

### **5. Play With the Numbers**

- Adjust until your budget feels realistic, sustainable, and goal-aligned
- Revisit monthly or quarterly, it's not set in stone

### **6. Balance the Budget**

- For this process, your revenue and expenses should be equal. In reality, the actual numbers will vary, but as a starting point for this exercise, your expenses should equal your income.



## Bonus Exercise: Expense Dump (Past Quarter Review)

Why: Before you can build a budget for the future, you need to understand where your money is actually going.

Instructions:

- Pull your last 3 months of receipts, bank statements, and credit card statements
- List every business-related expense
- Assign each to one of the categories above

EXAMPLE:

Date	Description	Amount	Category	Notes
04/15/25	Canva Pro Subscription	\$13	Operations	Monthly
04/20/25	Client Lunch	\$52	Other (Meals)	50% deductible
04/23/25	VA Support	\$400	Labor	Weekly

Reflection Questions:

- Where are you overspending?
- Are there recurring costs you've forgotten about?
- Are you under-investing in growth areas?
- What expenses are non-negotiable? Which are optional?



Common Pitfalls to Avoid:

- Not paying yourself
- Forgetting to budget for taxes
- Assuming your revenue will always go up
- Never reviewing or adjusting your budget
- Letting a spreadsheet collect digital dust

**Final Note: This Isn't About Perfection—It's About Clarity**

Budgeting isn't about cutting corners, it's about giving yourself a clear, confident view of your business reality. Whether you're making \$1,000/month or \$10,000/month, having a plan for your money puts you back in control.

**If you're stuck or not sure how to make the numbers work—  
Let's talk: [jonathan@underpinconsulting.com](mailto:jonathan@underpinconsulting.com)**