

LESSON: Personnel & Expense Budget

This lesson includes two financials and text explanations for each table. The tables are Personnel Plan and the Expense Budget. The totals from both of these tables will transfer to the Profit & Loss.

Personnel



This table should list your projected salaries and wages for the first year, broken into 12 months and then summed for the year, and then annually for the second and third year. The following is an example of a Personnel Plan table for a restaurant:




	FY2012	FY2013	FY2014
Management	\$45,360	\$45,360	\$45,360
Hostess	\$1,470	\$1,470	\$1,470
Waiters/Waitresses	\$4,410	\$4,410	\$4,410
Bartenders	\$24,300	\$29,160	\$29,160
Bus Boys	\$7,920	\$8,640	\$8,640
Cocktail Waitresses	\$0	\$0	\$0
Chefs	\$50,820	\$55,440	\$55,440
Total	\$134,280	\$144,480	\$144,480

The following screens demonstrate the steps to create a new employee:

Add an Employee

- From the Financials section in the outline, open the Personnel Plan table
- Click the  button to open the table
- Click the  button
- Fill in the fields for the new employee

Tell us about this employee Delete 

1 What do you want to call this person or role?

2 How will you pay this person?
 Set salary or amount Different amounts over time

3 How much will you pay them?
\$

4 When will they start?

5 Is this a regular employee or contract hire?
The burden rate in the next tab (which covers payroll taxes and benefits) will not be applied to contract workers.
 Regular employee Contract hire

- Click the  button

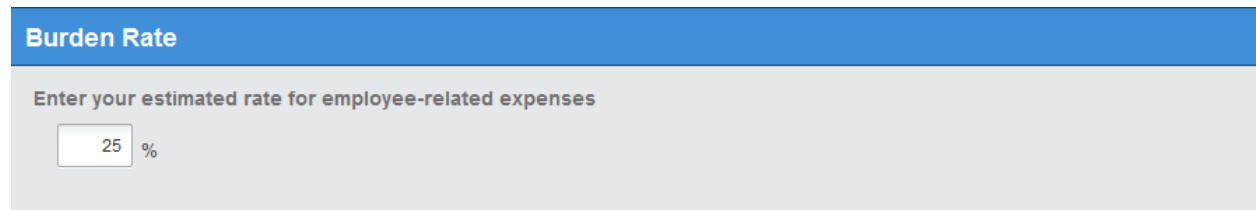
Repeat these steps for each employee.

NOTE: You can include contract employees in your Personnel Plan.

Add Burden Rate

In addition to salaries and wages, you may have other employee-related expenses, such as payroll taxes and health insurance. This will be entered as a percentage of the total salary costs.

- Click on the **2 Related Expenses** tab
- Enter your percentage rate for Burden Rate

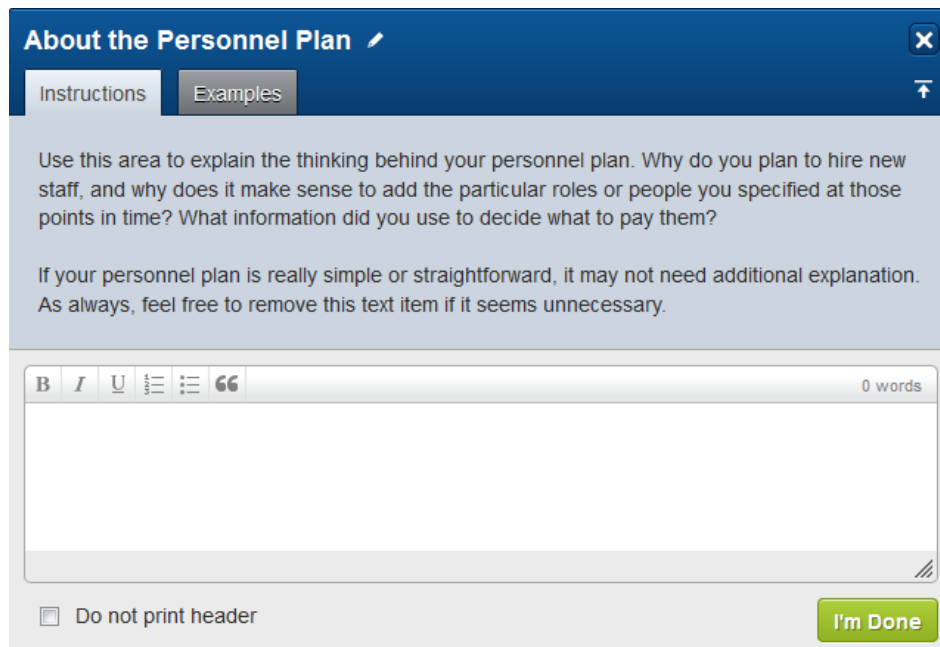


The screenshot shows a blue header bar with the text "Burden Rate". Below the header, there is a grey box containing the instruction "Enter your estimated rate for employee-related expenses". A text input field is present with the number "25" and a percentage sign "%".

NOTE: The total amount of Burden Rate will display in both the Expense Budget and the Profit & Loss. The row is named "Employee Related Expenses."

About the Personnel Plan

Once you have your financial estimates entered, use this section in your plan to explain the numbers.



The screenshot shows a dark blue header bar with the title "About the Personnel Plan" and a close button (X). Below the header, there are two tabs: "Instructions" and "Examples". The "Instructions" tab is active, showing the following text: "Use this area to explain the thinking behind your personnel plan. Why do you plan to hire new staff, and why does it make sense to add the particular roles or people you specified at those points in time? What information did you use to decide what to pay them?" and "If your personnel plan is really simple or straightforward, it may not need additional explanation. As always, feel free to remove this text item if it seems unnecessary." Below the text is a rich text editor with a toolbar containing icons for Bold (B), Italic (I), Underline (U), Bulleted List, Numbered List, and Quote. The word count is "0 words". At the bottom left, there is a checkbox labeled "Do not print header". At the bottom right, there is a green button labeled "I'm Done".

Expense Budget

The Expense Budget will track ongoing expenses such as Rent, Utilities and Insurance. Each expense row should include estimates for the first 12 months, and then annual estimates for the remaining years in your plan.

- From the Financials section in the outline, open the Budget section
- Click to launch the Budget Table step-by-step builder
- Click the [Edit](#) link for an existing expense
 - **Or**, Click the [Add an Expense](#) button to create a new expense
- Give the expense a title and enter in the amount and starting date

Tell us about this expense Delete

1 What do you want to call this expense?
Leased Building

2 How will this expense be entered?
 Same amount every month or year Varying amounts One-time expense Percentage of sales

3 How much is this expense?
\$ 2000

4 When will this happen?
Each Month

5 Beginning In
Jan 2012

Close

- Click the [Close](#) button to save
- Repeat these steps for all remaining expenses
- **NOTE:** Delete any expense items you won't need

Profit & Loss

Once you have completed the Sales Forecast, Personnel Plan, and Expense Budget, the totals will be included in the Profit and Loss. This transfer happens automatically.

The following is an example of where totals for Sales, Personnel and Expense Budget are transferred to the Profit & Loss:

Projected Profit and Loss Statement

	Totals from Sales Forecast	FY2012	FY2013	FY2014
Income		\$104,310	\$0	\$0
Direct Cost		\$49,590	\$0	\$0
Gross Margin		\$54,720	\$0	\$0
Gross Margin %		52%	0%	0%
Expenses	Totals from Personnel Plan			
Salary		\$150,450	\$160,650	\$160,650
Employee Related Expenses		\$37,624	\$40,169	\$40,169
Marketing & Promotion		\$0	\$0	\$0
Leased Building		\$24,000	\$24,000	\$24,000
Utilities	Totals from Expense Budget	\$0	\$0	\$0
Office Supplies		\$0	\$0	\$0
Insurance		\$0	\$0	\$0
Total Expenses		\$212,074	\$224,819	\$224,819
Operating Income		(\$157,354)	(\$224,819)	(\$224,819)
Interest Incurred		\$0	\$0	\$0
Depreciation and Amortization		\$0	\$0	\$0
Income Taxes		\$0	\$0	\$0
Net Profit		(\$157,354)	(\$224,819)	(\$224,819)
Net Profit/Sales		(151%)	0%	0%