

ESTIMATION OF BUSINESS EXPENSES

SUBMITTED BY

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INTRODUCTION:

Estimating business expenses is a fundamental aspect of financial planning and management for any company, regardless of its size or industry. Business expenses encompass the various costs incurred to operate and sustain a business. These expenses are critical for determining the profitability and sustainability of the organization. Estimating business expenses involves the process of forecasting, budgeting, and tracking the various costs associated with running a business.

Purpose:

The primary purpose of estimating business expenses is to ensure that a company can maintain its operations, meet financial obligations, and ultimately generate a profit. It is a crucial part of financial planning and helps businesses make informed decisions regarding pricing, investments, and resource allocation.

Types of Business Expenses: Business expenses can be categorized into various types, including:

Fixed Expenses: These are regular, predictable costs that do not fluctuate significantly, such as rent, insurance, and salaries.

Variable Expenses: These costs vary with the level of business activity, like utility bills or raw materials.

One-time Expenses: These are occasional or non-recurring expenses, such as equipment purchases or legal fees.

Discretionary Expenses: Optional expenses that can be adjusted as needed, like marketing or travel expenses.

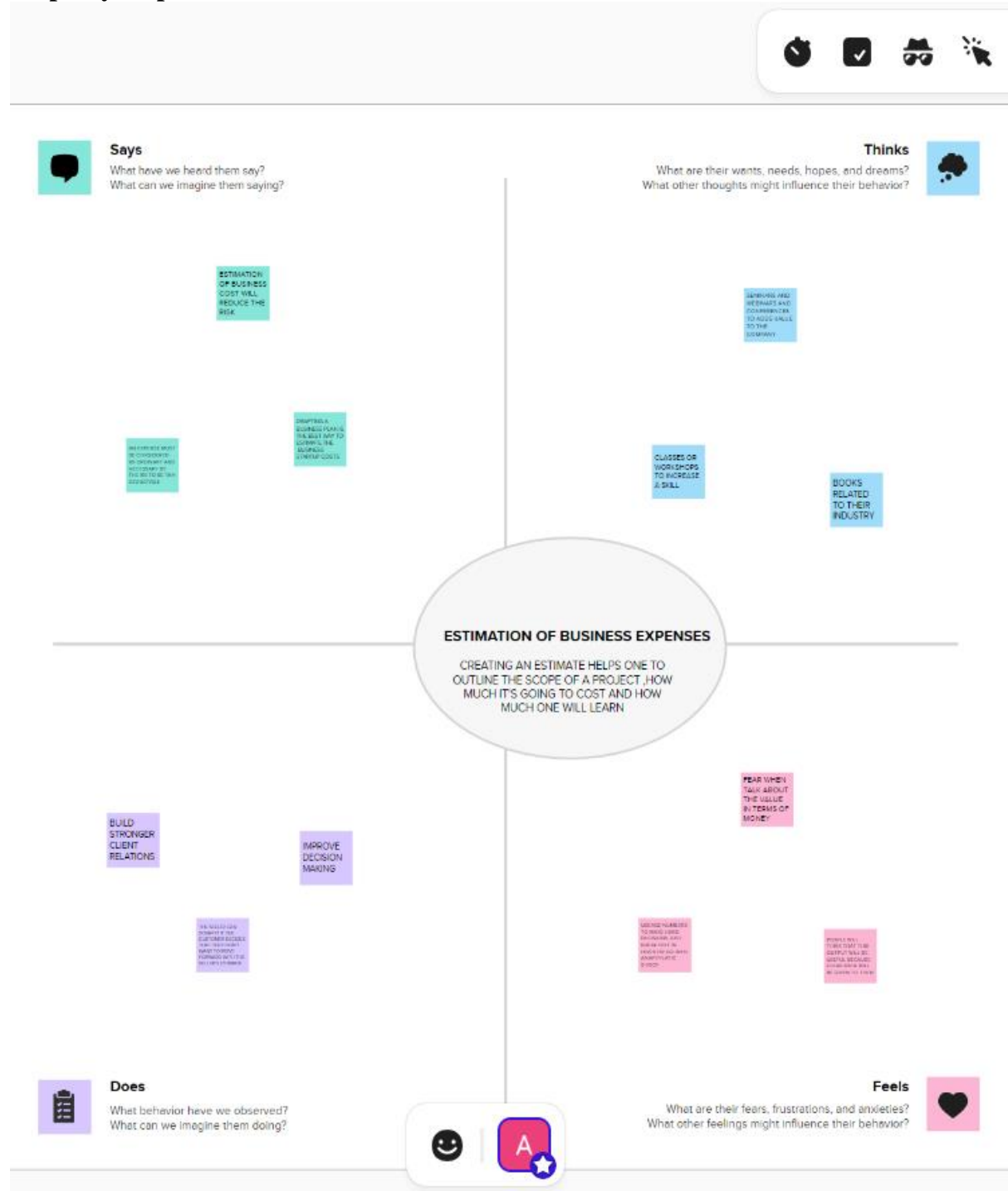
Identify Expense Categories: Begin by categorizing expenses into different categories. Common expense categories include:

- **Operating Expenses:** Day-to-day costs like rent, utilities, office supplies, and salaries.
- **Cost of Goods Sold (COGS):** Expenses directly tied to producing or delivering products/services.
- **Marketing and Advertising:** Costs related to promoting the business.
- **Depreciation:** Allocation of costs for long-term assets over their useful life.
- **Taxes and Licenses:** Payments to government agencies.
- **Interest Expenses:** Costs associated with loans and debt.
- **Non-operating Expenses:** Unusual or infrequent costs, such as legal settlements.

Historical Data: Review historical financial records to understand past expenses. This data provides a baseline for estimating future expenses.

PROBLEM DEFINITION AND DEFINE THINKING:

Empathy map



Ideation and Brainstorming map:

Person 1

MAKE A PLAN

WE NEED TO EVALUATE WHERE OUR BUSINESS IS NOW AND WHERE WE WANT TO TAKE IT IN THE FUTURE. A WELL THOUGHT-OUT ROAD MAP IS ESSENTIAL TO PROPERLY FORECAST EXPENSES AND PROVIDE FOR CONTINGENCIES.

BENCHMARK AGAINST YOUR INDUSTRY

IF YOU SEE YOUR SPENDING MORE IN CERTAIN CATEGORIES THEN DRILL DOWN. INVESTIGATE WHY AND TAKE APPROPRIATE ACTION TO REDUCE THOSE COSTS TO INDUSTRY NORMS.

TRACK EXPENSES DILIGENTLY

WE HAVE TO UNDERSTAND OUR HISTORIC COSTS BEFORE PLANNING FOR THE FUTURE. THIS REQUIRES GATHERING DATA IN A EFFECTIVE AND EFFICIENT WAY.

Person 2

INVEST IN TECHNOLOGY

EXPLORE NEW TECHNOLOGIES THAT MAY HELP YOUR BUSINESS IMPROVE EFFICIENCY, INCREASE PRODUCTIVITY AND REDUCE COSTS.

LESS TRAVELLING

PLENTY OF MEETINGS NOW CAN BE DONE ON SKYPE OR OTHER ONLINE APPLICATIONS THAT PROVIDE QUALITY VIDEO SERVICE. TAKING UNNECESSARY TRIPS WILL DO NOTHING BUT WASTE YOUR COMPANY'S TIME AND COST A FORTUNE FOR TRAVELLING EXPENSES.

GO PAPERLESS

SURE, THE PRICE OF PAPER, INK, MAILING SUPPLIES AND POSTAGE IS MINIMAL. BUT PRICES CAN GET OUT OF HAND IF YOU'RE NOT CAREFUL. GOING PAPERLESS WILL HELP REDUCE BUSINESS COSTS.

Person 3

REDUCE INVENTORY LEVELS

STUDY YOUR MARKET AND FIND OUT HOW MUCH INVENTORY YOU MAY NEED AND DON'T BUY EXTRA.

HIRE INTERNS

A LOT OF THEM ARE BRIGHT MINDS WITH TALENT AND WORK HARD TO GROW YOUR COMPANY AND FOR THEM TO GAIN EXPERIENCE.

BUY USED EQUIPMENT

INSTEAD OF BUYING NEW LAPTOPS, COMPUTERS, FAXES, OR ANY ELECTRONICS IN GENERAL, YOU CAN BUY SLIGHTLY USED ONES FOR WAY LOWER PRICE TO CUT COSTS AND EXPENSES. YOU WILL NOTICE NO DIFFERENCE IN PERFORMANCE.

Person 4

USE FREE CLOUD STORAGE SERVICES

THERE ARE A LOT OF FREE SERVICES THAT YOU COULD USE. DON'T WORRY, THOSE SERVICES ARE SECURE, SAFE AND WILL NEVER USE YOUR DATA. THEY TAKE THEIR USERS' PRIVACY VERY CAREFULLY AND WILL NEVER GIVE OR ALLOW ACCESS OF YOUR DATA TO ANYONE ELSE.

LOOK FOR INSURANCE DISCOUNTS

DON'T TAKE THE FIRST DEAL YOU SEE. YOU MIGHT BE ABLE TO GET WAY BETTER DEALS FROM OTHER COMPANIES. THERE ARE A TON OF DEALS FOR BUSINESSES OUT THERE. YOU JUST HAVE TO ASK ABOUT IT.

SPONSOR YOUR EVENTS

IF YOU ARE HOSTING ANY BUSINESS EVENTS TRY TO GET SPONSORS TO PAY FOR IT IN RETURN FOR ADVERTISEMENT OR DISCOUNTS TO YOUR SERVICE. YOU WILL SAVE A FORTUNE WHILE DEVELOPING GOOD RELATIONSHIPS WITH DIFFERENT COMPANIES.



Group ideas:



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Prioritize:

4

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Your team should all be on the same page about what's important moving forward. Place your ideas on this grid to determine which ideas are important and which are feasible.

20 minutes

TIP

Participants can use their cursors to point at where sticky notes should go on the grid. The facilitator can confirm the spot by using the laser cursor holding the key on the keyboard.

5

After you collaborate

You can export the mural as an image or pdf to share with members of your company who might find it helpful.

Quick add-ons

- Share the mural**
Share a view link to the mural with stakeholders to keep them in the loop about the outcomes of the session.
- Export the mural**
Export a copy of the mural as a PNG or PDF to attach to emails, include in slides, or save in your drive.

Keep moving forward

- Strategy blueprint**
Define the components of a new idea or strategy.
[Open the template →](#)
- Customer experience journey map**
Understand customer needs, motivations, and obstacles for an experience.
[Open the template →](#)
- Strengths, weaknesses, opportunities & threats**
Identify strengths, weaknesses, opportunities, and threats (SWOT) to develop a plan.
[Open the template →](#)

[Share template feedback](#)

RESULT:

Data model:

OBJECT NAME	FIELD IN THE OBJECTS
Object 1: Empathy map Brainstorm and ideation	Data type: MURAL
Object 2: Database	Data type: MY SQL DATA TYPES
Object 3: Worksheet	Data type: TABLEAU PUBLIC DATA TYPES

Activity and screenshots:

A dashboard is a graphical user interface (GUI) that displays information and data in an organised, easy -to-read format. Dashboards are often used to provide real -time monitoring and analysis of data, and are typically designed for a specific purpose or use case.

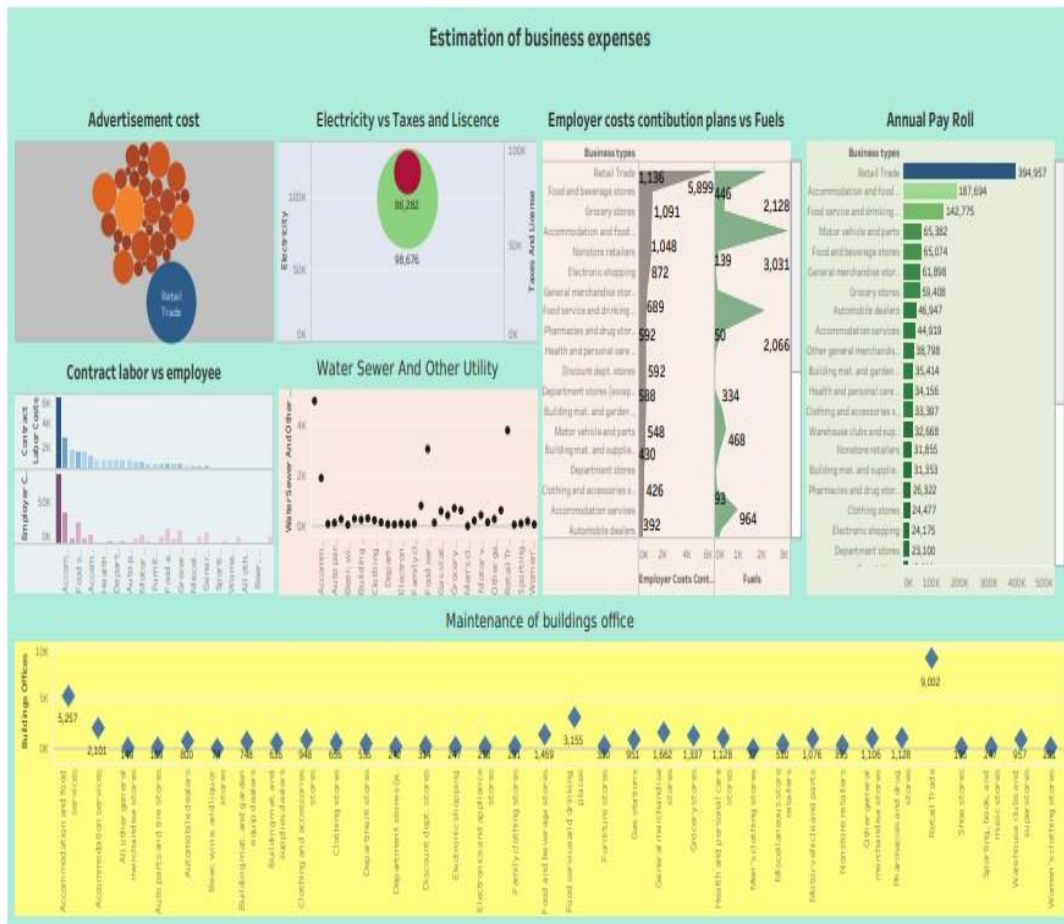
Dashboards can be used in a variety of settings, such as business, finance, manufacturing, health care, and many other industries. They can be used to track key performance indicators (KPIs), monitor performance metrics, and display data in the form of charts, graphs, and tables.

DASHBOARD 1

Questions

1. Determine the annual pay roll for the business types
2. Which business type need the highest advertisement cost?
3. Estimate the difference between the contract labor and the employee cost
4. Check whether the employer costs contribution plans or the fuels are more in number
5. Estimate the maintenance cost for building offices in each and every business types.
6. Find out the the difference between the electricity and taxes and liscence expenses
7. Show the water sewer and other utility expenses.

DASHBOARD 2:



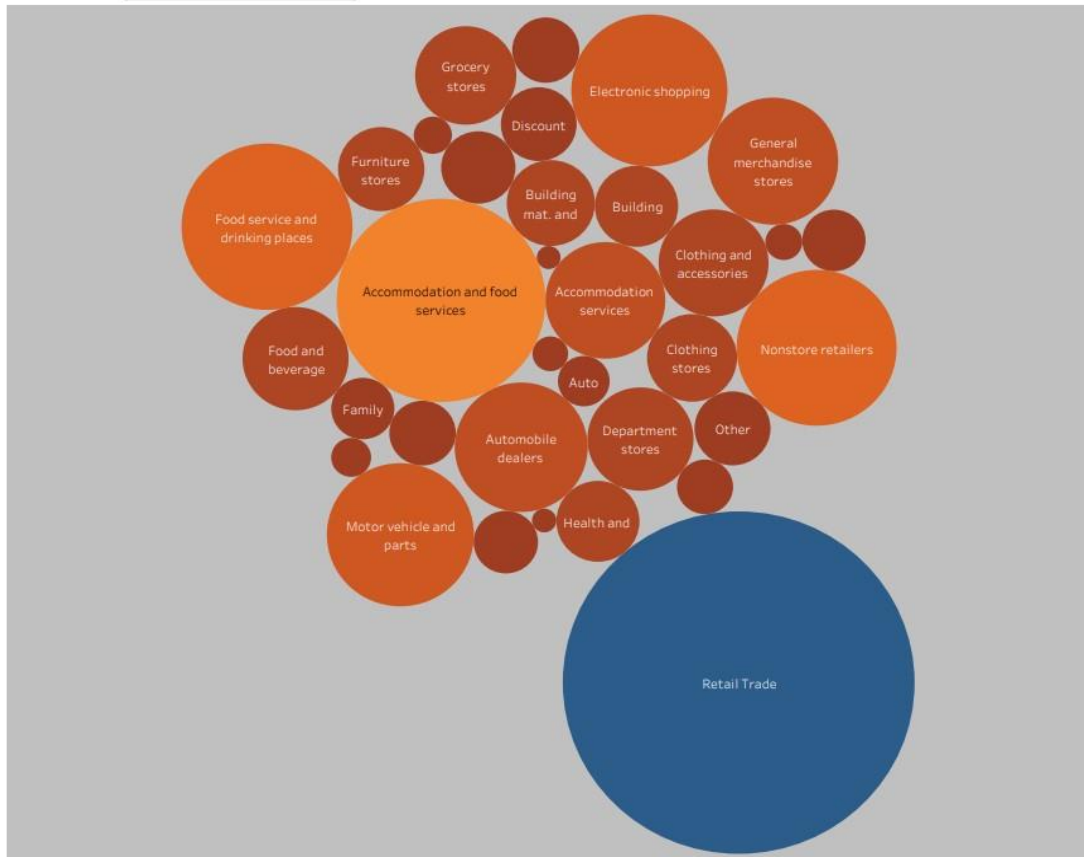
STORY:

Story 2

This visualization explains about the annual pay roll ...

This visualization explains about the advertisement cost of the business types. Among all the business types Retail trade needed the highest.

This visualization shows the cost difference between the...



TRAILHEAD PROFILE PUBLIC URL:

TEAM LEAD : salesforce.com/trailblazer/athulyasuresh

TEAM MEMBER 1: hemalatha8283

TEAM MEMBER 2: abinayar1681

TEAM MEMBER 3: harinia8891

ADVANTAGE:

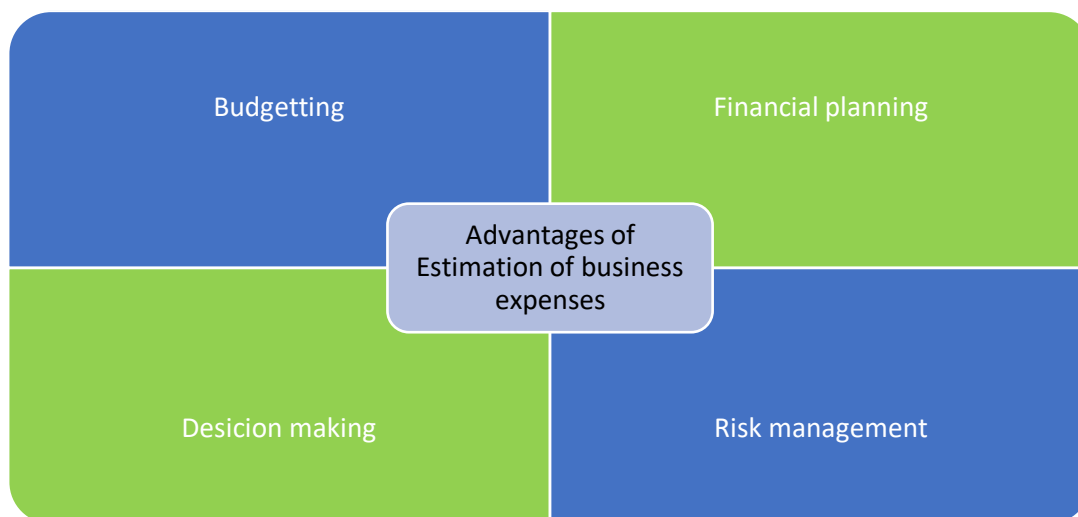
Estimating business expenses is a crucial financial management practice with several advantages for businesses. Here are some of the key benefits:

Budgeting: Estimating expenses helps in creating and managing a budget. A well-structured budget is essential for planning and allocating resources effectively. It allows businesses to set financial goals, allocate funds to various departments, and monitor spending to stay on track.

Financial Planning: Estimating expenses provides a foundation for overall financial planning. It helps businesses anticipate and prepare for upcoming expenses, ensuring that they have the necessary funds available when needed.

Decision-Making: Accurate expense estimates enable better decision-making. When business leaders have a clear understanding of anticipated expenses, they can make informed decisions about investments, cost-cutting measures, and resource allocation.

Risk Management: Businesses can use expense estimates to identify potential financial risks. By understanding their cost structure and anticipating future expenses, they can develop risk mitigation strategies and contingency plans.



DISADVANTAGE:

Accuracy Issues

Financial Risk

Inaccurate Budgeting

Overestimation or Underestimation

Decision-Making Challenge

APPLICATION OF ESTIMATION OF BUSINESS EXPENSES:

1. **Cost Control:** Estimating expenses helps identify cost drivers and areas where cost-saving measures can be implemented. By closely monitoring estimated versus actual expenses, businesses can identify discrepancies and take corrective action.
2. **Pricing Strategy:** Accurate expense estimation is crucial for setting prices on products or services. It ensures that prices cover all costs and generate a profit while remaining competitive in the market.
3. **Investment Decisions:** When considering new investments, such as expanding operations, acquiring assets, or launching new products, estimating expenses helps in assessing the financial feasibility and potential return on investment.
4. **Resource Allocation:** By estimating expenses, businesses can allocate resources to different departments, projects, or initiatives in a way that maximizes efficiency and supports strategic goals.
5. **Cash Flow Management:** Expense estimation is essential for managing cash flow. It helps businesses predict when and how much cash will be needed to cover various expenses, preventing cash flow issues.
6. **Tax Planning:** Accurate expense estimation is crucial for tax planning. By knowing their deductible expenses, businesses can optimize their tax strategies and minimize tax liability.
7. **Performance Evaluation:** Businesses compare estimated expenses to actual expenses to evaluate performance. This process helps identify areas where expenses exceeded expectations or where cost-saving measures were effective.
8. **Negotiations with Suppliers:** Estimating expenses helps businesses negotiate better terms with suppliers. By having a clear understanding of their needs and cost structure, they can negotiate more favourable pricing and contract terms.
9. **Benchmarking:** Expense estimation allows businesses to benchmark their performance against industry standards and competitors. This information can help identify areas where cost-efficiency can be improved.

Overall, estimating business expenses is a foundational activity that supports financial stability, growth, and strategic decision-making. It allows businesses to plan, allocate resources wisely, and respond effectively to changes in the business environment.



CONCLUSION:

In this project, we review the estimation of business expenses of various business types. Estimating business expenses is a dynamic and ongoing process that requires attention to detail, regular monitoring, and a commitment to financial planning. Accurate estimations are essential for sound financial management and business success, enabling organizations to make informed decisions and adapt to changing economic conditions.

FUTURE SCOPE:

The estimation of business expenses is a crucial aspect of financial planning and management for any organization. As of my last knowledge update in September 2021, I can provide some insights into the future scope of estimating business expenses. Please keep in mind that the business landscape is constantly evolving, and there may have been significant developments since then.

Advanced Data Analytics and AI: The future of expense estimation is likely to involve advanced data analytics and artificial intelligence (AI). AI can analyse historical spending patterns, market trends, and various data sources to provide more accurate and real-time expense forecasts.

Machine Learning: Machine learning algorithms can be used to continuously improve expense estimation models. They can adapt to changing market conditions and business dynamics, making predictions more precise over time.

Automation: Automation of expense tracking and estimation can streamline the process and reduce human errors. Technologies like robotic process automation (RPA) can be used to capture and process expenses from various sources automatically.

Blockchain for Expense Verification: Blockchain technology can provide a secure and tamper-proof ledger for verifying and auditing expenses. It can enhance transparency and reduce the likelihood of fraudulent claims.

Integration with Financial Software: Expense estimation tools will likely be integrated with other financial software, like accounting and payroll systems, to provide a comprehensive view of financial data. This integration can enable better decision-making and more accurate estimates.

Real-time Expense Monitoring: Businesses may move towards real-time expense monitoring, allowing them to react swiftly to deviations from budgeted expenses. This real-time data can be used to make on-the-fly adjustments and control costs.

Predictive Analytics: Predictive analytics can help businesses anticipate future expenses by considering factors such as seasonality, market fluctuations, and operational changes. This can aid in proactive financial planning.

Cost Reduction Strategies: Expense estimation tools might include cost reduction suggestions. For instance, they could identify areas where cost-saving measures can be applied, such as renegotiating supplier contracts or optimizing resource allocation.

Mobile and Cloud-Based Solutions: The use of mobile apps and cloud-based solutions for expense estimation will likely increase. This allows businesses to access and update expense data from anywhere, facilitating better decision-making on the go.

Regulatory Compliance: As financial regulations evolve, businesses will need expense estimation tools that can adapt and ensure compliance. Future tools may incorporate regulatory compliance checks and alerts.

Environmental and Sustainability Considerations: The future may see an increasing focus on estimating and reducing the environmental impact of business operations. This could involve expense estimation for sustainable and eco-friendly practices.

The future of expense estimation in business will likely be driven by technological advancements, data analysis, and a growing need for real-time, data-driven decision-making. As the business environment evolves, staying up-to-date with the latest technologies and strategies in expense estimation will be crucial for financial success.