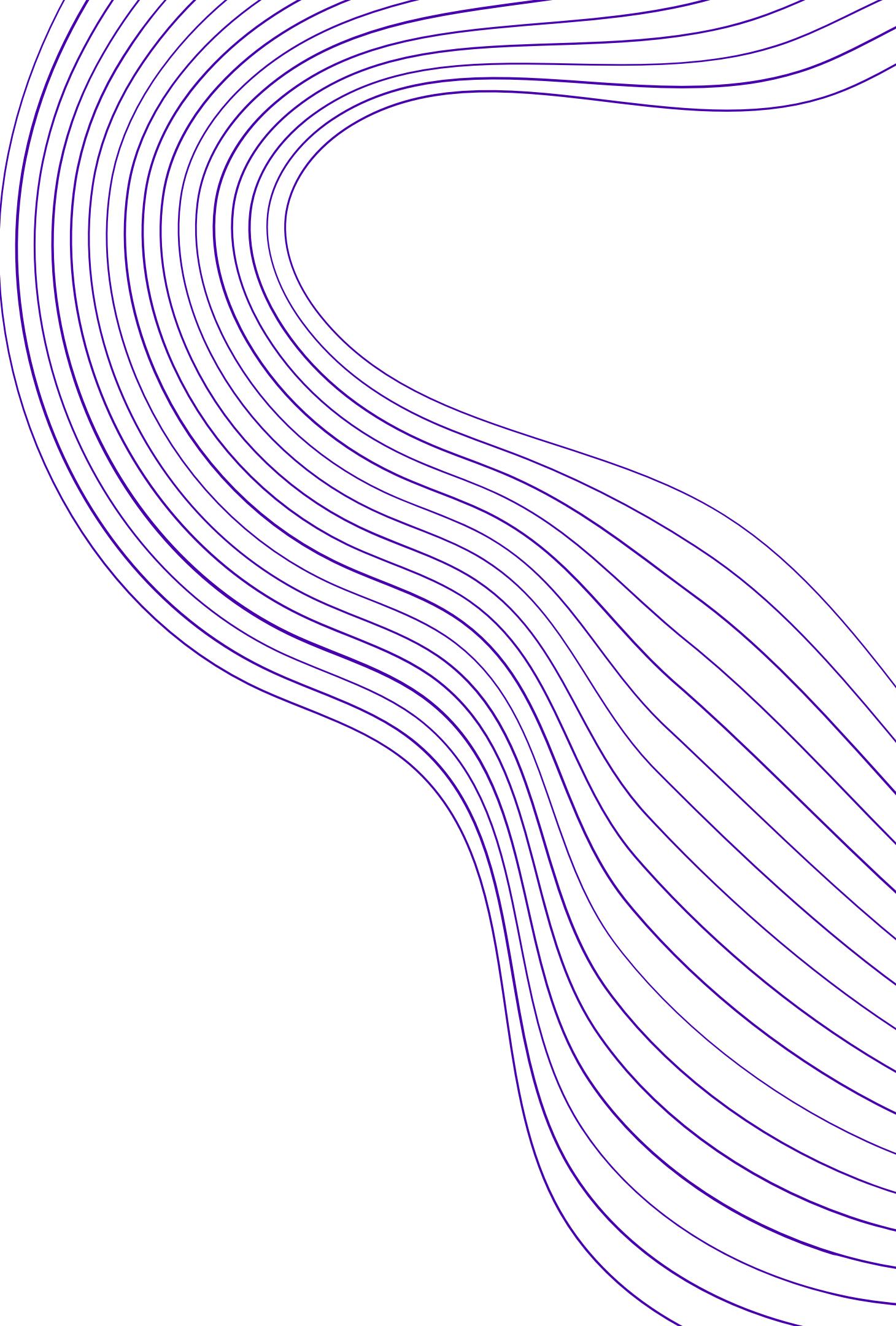


**01**

BUSINESS SKILLS COURSE | MARCH 2021

# Business Skills Course



02

# Prerequisites

WHAT SHOULD YOU KNOW BEFORE  
STARTING THIS COURSE?

**Before starting this course, you should:**

- own a computer and have a good internet connection
- have basic English skills
- have basic Business skills

**This course is for beginners.**



# Description

This course aims to explain Financial Management, Project Management and reveals the power of negotiation. The Financial Management part of this course focuses on the most critical information among costing and budgeting of your financial situation. You will get to know the basics of how to choose the pricing method for your freelancing services. It allows you to put your knowledge into practice by guiding you through the topics of budgeting and budgetary control. In Project Management, we introduce the most crucial stages, such as Scoping and Planning of the project, Risk Management, and Closure. You will also be introduced to many useful tools to help you plan, like Project charter and Gantt chart. We finalize the course with chapters dedicated to the power of negotiation skills. You will receive a plethora of ideas and techniques on how to be a better negotiator.



## Financial Management

1. Management Accounting
2. Pricing
3. Costing
4. Budgeting



## Project Management

1. Introduction
2. Scoping and Planning
3. Risk Management
4. Project Charter
5. Closing the project



## Negotiation Skills

1. Introduction and techniques
2. Building a personal rapport
3. Importance of pricing

# Topics

WHAT WILL YOU LEARN IN THIS COURSE?



Let's go!



# Management Accounting

Let us start with introducing information about the branch of accounting that contains all managerial tools helping to steer the business.

*“Management accounting utilizes the rules of accounting and financial management that help to establish, protect, maintain and enhance the value of a company.”* (CIMA, Official Terminology, 2005)

# Foundation of Management Accounting



The primary user of Management Accounting is the management of an entity. This area of accounting does not have any statutory or professional regulations, and it uses qualitative, non-monetary data that cannot be converted into monetary terms. This data is both historical and forecasted and mainly used within an entity for the inner flow of information.

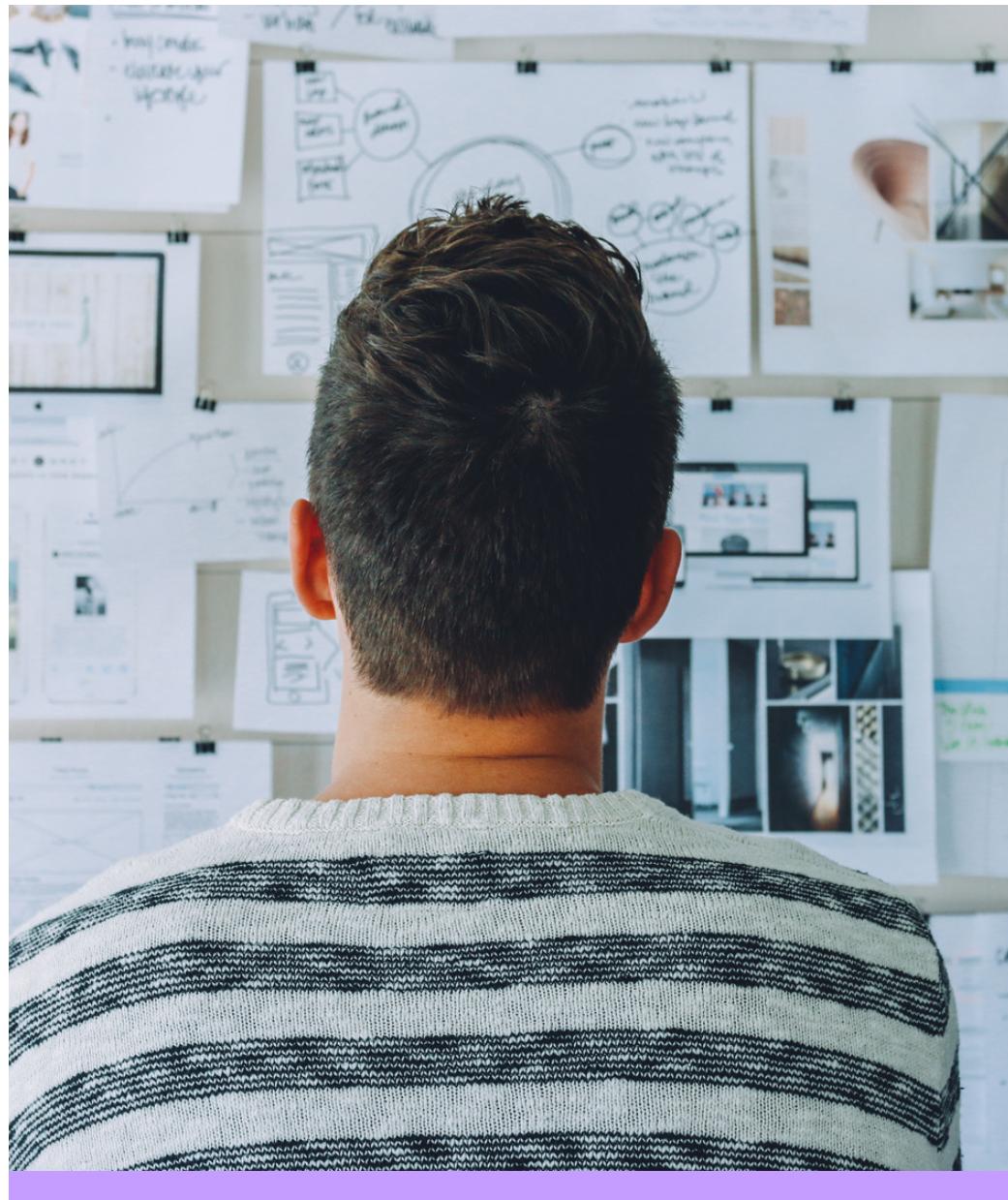
Its main functions are planning, controlling, cost accounting, and decision-making processes.

# Planning



Devising a plan, choosing dates, defining objectives, and your desires as a freelancer, where would you like to be in a year? What is your plan for improving your skills? Think about a map of your career, many roads are about to be explored, and you are the one who will choose which are the right ones. Planning helps you set the right direction.

We categorize planning into two groups - Long-term and short-term planning.



## Long-term and short-term

1. Long-term = It is also called strategic or corporate planning and is crucial for an entity. It helps to develop a plan followed in the future. It consists of creating a business plan (including its goals, mission statement, budget, and purpose), controlling the business while running, and this allows to keep an eye on the process of planned activities, and reviving and examining the strengths and weaknesses to eliminate the parts that are not working well.
2. Short-term = It is also called budgeting and ranges the period of up to one calendar year, this will be further explained in the upcoming lessons.



## Controlling

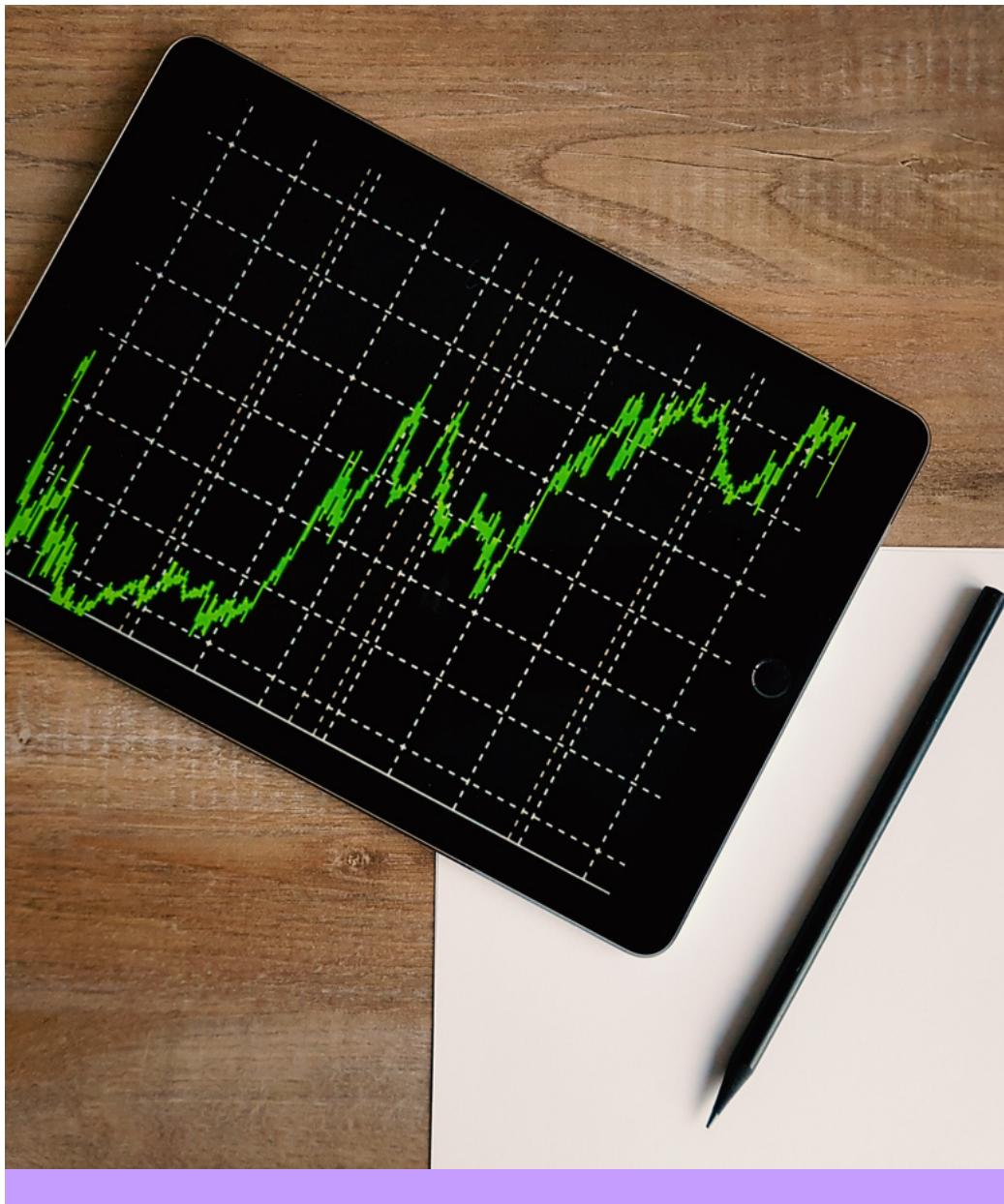
Controlling is all about assessing what has been happening so far and comparing it to the initial plan. If any major differences occur, then proper action needs to be taken. Do you know if you are on the right path? Are your goals and desires as a freelancer fulfilled? What went wrong and how can you improve? These are questions needed to ask during the controlling part, as it is one of the most crucial parts because it allows you to catch a broad perspective of your actions and progress.

## Cost Accounting and Decision-making



Cost accounting is used to collect current costs and revenues and calculate the actual costs of products and services provided. It is an analysis of what are the costs of your living every month, how to define and describe them, as well as the costs that change with time and are hard to identify, such as buying new equipment, all the payments you have made for programs needed to do the job required, etc.

Decision-making requires dealing with future costs and revenues. To be done correctly, you need to have proper analytical skills, which means that it is your responsibility to manage your finances. Have you decided to select the hourly-based pricing method? Will it pay off if you invest more time into improving your skills now? Or is it better to actually gain these skills by experience and, therefore, continue working on your projects?



## Pricing

Choosing the correct pricing method is essential for a freelancer. When the bar is set too high, no one will most likely accept the offer. The competitive environment has more to offer, and therefore, it is important to price your work so you still have the power to compete against others but not underestimate yourself. No matter what market you are delving into, every novice freelancer should analyze the situation and choose the correct way to price your work.

## Ways of pricing your work

There are many ways how to price your work; we are going to walk you through these options:

1. Hourly/daily based pricing method - Pricing your work based on how many hours or days you have worked on your project
2. Fixed prices per project
3. Retainer Agreement

Let's dive into it!

## Hourly based vs. Daily based method

This method relies on setting up the price for an hour of work done, in this case it also may be a day of work. Even though this method seems straight forward and natural to use, it is not recommended, as it does not impact the profit and efficiency in a good way. For example, some of the tasks may be done in 15 minutes, but it does not mean that the knowledge and experience squeezed into 15 minutes is worth it.

A commonly used model is the fixed daily pricing method. It provides you with more freedom and possibility to divide the amount of time destined for working on a project. You can choose to charge on a day basis that allows to create an offer of selling a few days of work, thereby letting to decide how to distribute the work over the time.

It is up to you what you choose for yourself!



## Fixed prices per project

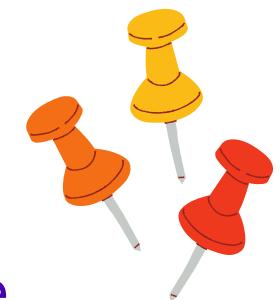
This means simply setting the price for the type of job. It is based on the value, not time. It is a commonly used method based on an agreement that the job will be completed, and you decide how much time and resources you are going to dedicate to this project. Along with having a properly prepared contract agreement, this method allows you to work on a few projects at the same time, but keep in mind that in this case, you need to master the power of time management!



## Retainer Agreement

Last but not least, we have a retainer agreement, the type of agreement that seems to be the safest for freelancers. It is an agreement between a freelancer and a contractor that guarantees that the collaboration will obtain more jobs during a chosen period of time. It provides stability and the possibility to plan things well ahead, as well as having a steady income.

Now think about it for a second, what method would you choose and why?





## Setting the price correctly

The best method for setting the price is analyzing the current market situation you would like to operate in. Searching for information about other freelancers' pricing and using online tools such as Glassdoor or Bonsai may help you find the best way to do so. You, as a freelancer, should also consider your own expenses, which are an individual matter for everyone. How to create a proper budget will be explained in the last lesson, now let us take you through the world of costs.

## Costing\_and its importance



This chapter includes explaining costing, different types of cost that we know, cost control, and price determination.

Any system for allocating costs to a business element is known as costing. Firstly, costs need to be classified to use them in the future; therefore, we introduce you to 2 types of costs we will walk you through—fixed and variable costs.

Fixed (overhead) costs are the costs that are not influenced by changes within your activity, e.g., rent, lease of equipment, etc. On the other hand, variable costs are those that change and are influenced by changes in your business activity, e.g., new materials, shipping, utility usage, etc.

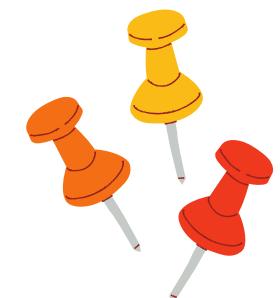


## Cost control and price determination

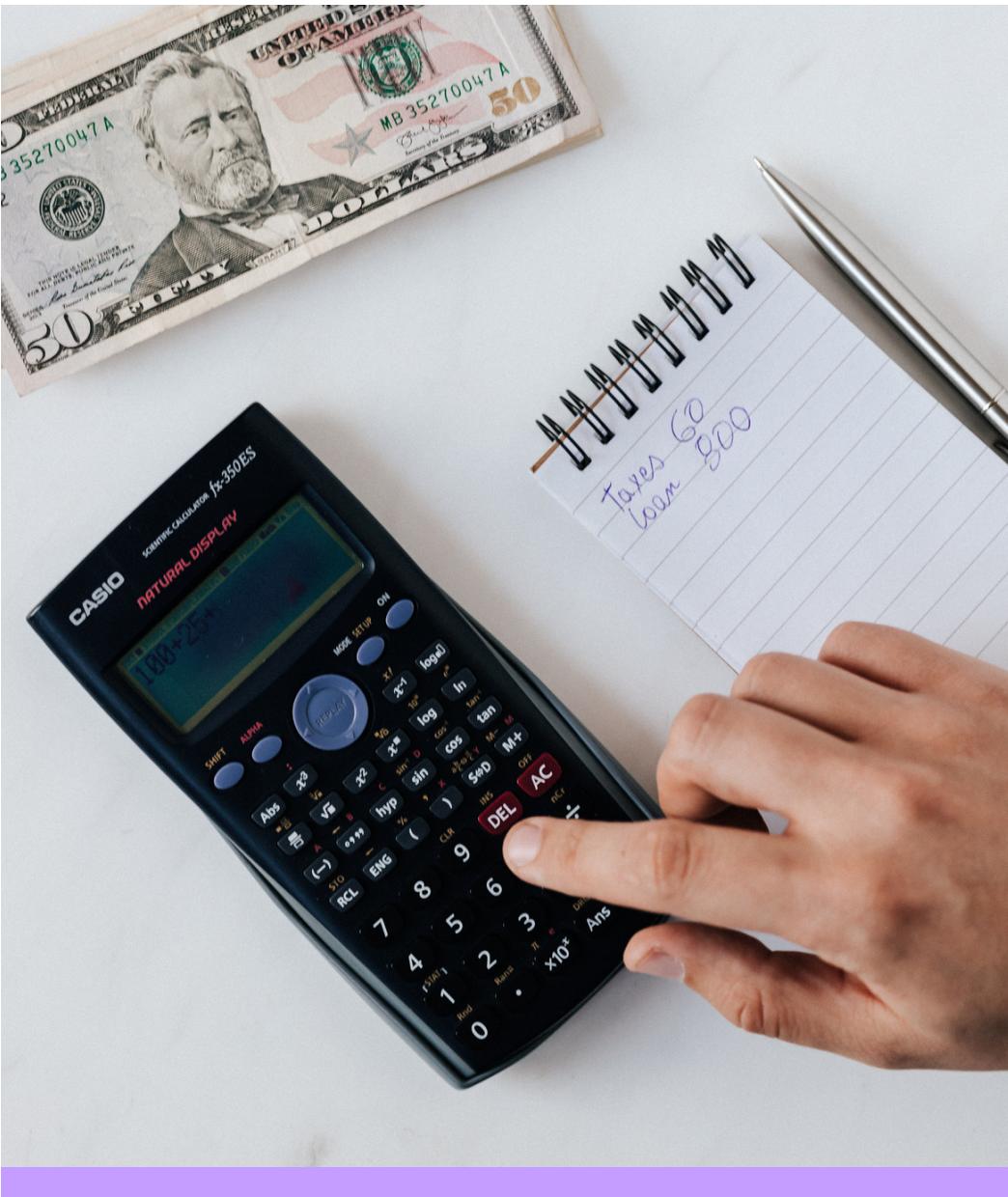
Cost control focuses on analyzing the costs of services, labor, and other fixed costs. It allows to improve efficiency and creates space for needed changes to become more profitable.

One of the significant advantages of a properly prepared costing system is the reliability in the eyes of a customer, as it may decrease their concerns and encourage them to make good decisions.

To refresh your memory, what do you remember about long-term and short-term planning?



# Budgeting



A budget is an estimated analysis of upcoming revenue and expenses. It is usually prepared over a chosen period in the future, commonly a calendar year. Simply said, it is a financial plan for a specific period.

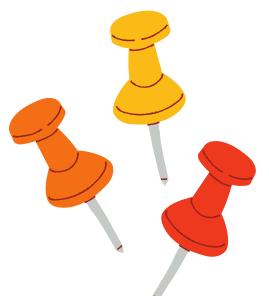
It is vital to understand budgeting, as it helps to establish a vision and objectives that will be transformed into specific targets. Simultaneously, it allows you to analyze the current situation compared to where you would like to be and decide what the next steps should be considered.

## Budgeting and budgetary controls

Why is budgeting so important, you may ask? It boosts your motivation to perform better and improves your financial efficiency, and enhances you to think and act. Budgeting also identifies short-term issues and helps resolve them.

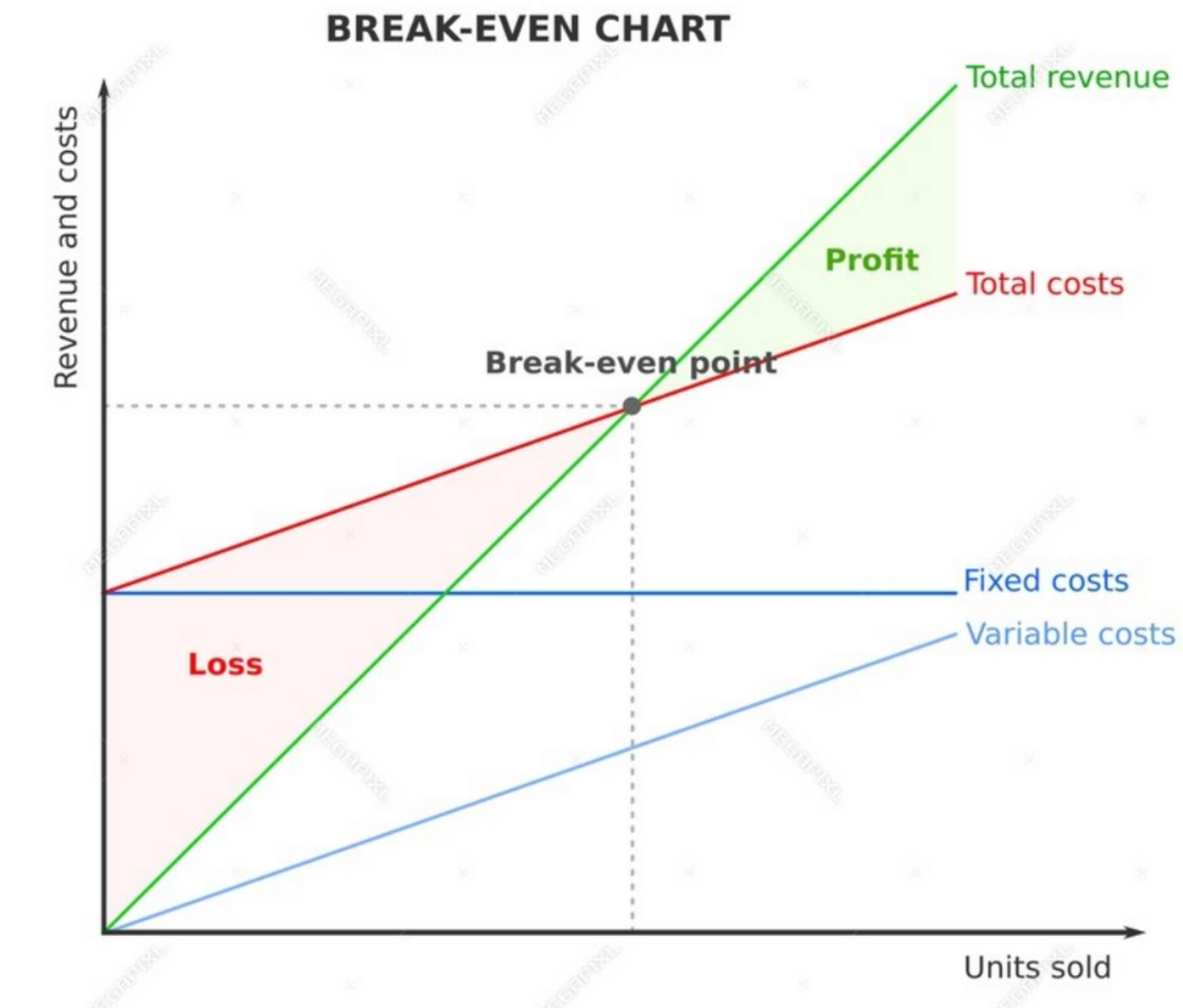
We would also like to introduce budgetary control, which describes a constant comparison between an actual situation and what was initially planned. As a freelancer, it is your responsibility to monitor, correct and approve the changes needed to improve your financial situation.

Do you still remember, what is the definition of costing and why is it important for you?



## Break-even point of turnover

It indicates the number of goods/services that need to be sold to equal the costs. Simply said, it means how much do we need to sell to be in a situation where neither profit nor loss occurs. To better visualize, we provided a break-even chart.



# What does it mean?

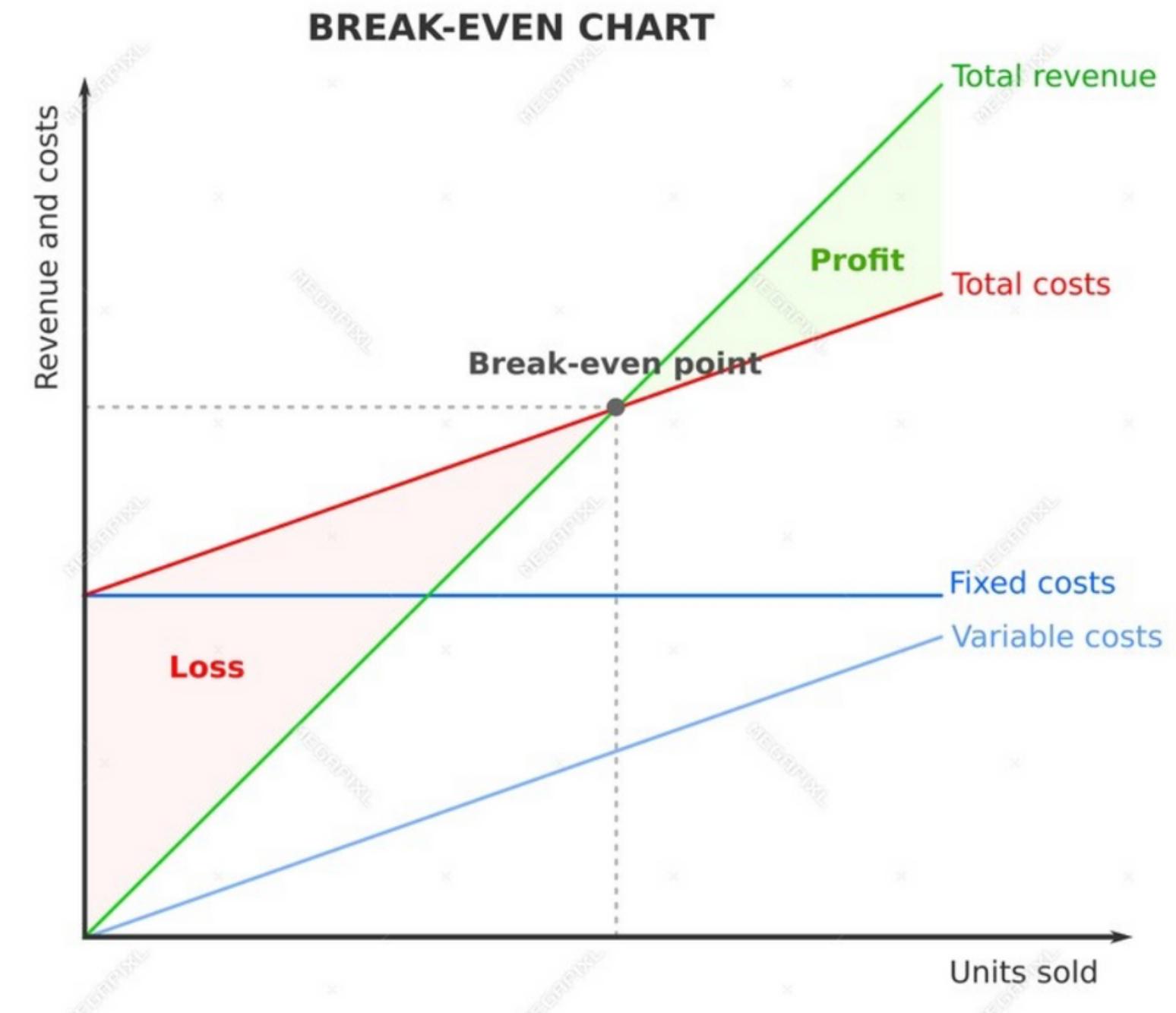
To define this chart, we used a simple formula:

$$\text{Quantity to be sold} = \frac{\text{Fixed costs}}{\text{Contribution margin}}$$

Fixed costs = Costs that do not change (rent)  
 Contribution margin = Selling price per unit minus the variable cost per unit.

This was later altered into a new formula:

$$\text{Quantity to be sold} = \frac{\text{Fixed costs}}{\text{Sales price per service} - \text{Variable cost per service}}$$



## Confused? Let's see a simplified example

Let's assume that your only service is creating databases. Your activity's fixed costs consist of taxes, rent, and payments, which sum up to \$5000. The variable cost of producing such a database is \$1500. One finished project of database costs \$2500. Thereby Quantity to be sold (QTBS) equals:

$$QTBS = \frac{\$5000}{\$2500 - \$1500} = 5$$

This means that you need to sell five services of providing databases per month to be even.

## Profit and loss budget

A profit and loss budget (P&L) is a financial plan containing data about what is going to be sold, how much money will be earned, and how much will be the costs (fixed and variable), including taxes.

To create a profit and loss budget, you need to use all the tools provided in this course. In our exemplary budget prepared, we included five different services with prices fixed on a daily based method. The fixed and variable costs cover rent, internet fees, insurance payments, as well as software costs, utilities, and marketing. The number of working days during a month varies, which shows the fluctuating nature of a financial budget.

All the prices were made up for the purpose of the budget.  
Let's take a look!

Service	Price per day (P)	Costs	Cost											
Wordpress-based website	\$ 500,00	Rent	\$ 1 250,00											
Creating Database	\$ 500,00	Internet fee	\$ 200,00											
Website graphic design	\$ 550,00	Insurance	\$ 400,00											
Payment integration	\$ 400,00													
Social media intergration	\$ 400,00	Software cost	\$ 150,00											
		Utilities	\$ 300,00											
		Marketing	\$ 400,00											

#### Days quantity (Q) of rendering a service

Service	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Wordpress-based website	4	3	4	3	3	3	3	0	3	3	3	4
Creating Database	3	1	5	2	6	2	1	2	2	2	3	3
Website graphic design	2	3	7	4	3	3	1	3	3	3	8	5
Payment integration	4	6	2	2	6	6	2	6	1	6	6	4
Social media intergration	5	4	4	4	2	4	2	4	5	4	4	5
<b>Total</b>	<b>18</b>	<b>17</b>	<b>22</b>	<b>15</b>	<b>20</b>	<b>18</b>	<b>6</b>	<b>18</b>	<b>14</b>	<b>24</b>	<b>18</b>	<b>21</b>

#### Monthly cost

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Fixed</b>												
Rent	\$ 1 250,00	\$ 1 250,00	\$ 1 250,00	\$ 1 250,00	\$ 1 250,00	\$ 1 250,00	\$ 1 250,00	\$ 1 250,00	\$ 1 250,00	\$ 1 250,00	\$ 1 250,00	\$ 1 250,00
Internet fee	\$ 200,00	\$ 200,00	\$ 200,00	\$ 200,00	\$ 200,00	\$ 200,00	\$ 200,00	\$ 200,00	\$ 200,00	\$ 200,00	\$ 200,00	\$ 200,00
Insurance	\$ 400,00	\$ 400,00	\$ 400,00	\$ 400,00	\$ 400,00	\$ 400,00	\$ 400,00	\$ 400,00	\$ 400,00	\$ 400,00	\$ 400,00	\$ 400,00
<b>Variable</b>												
Software cost	\$ 150,00	\$ 100,00	\$ 125,00	\$ 150,00	\$ 100,00	\$ 125,00	\$ 150,00	\$ 100,00	\$ 125,00	\$ 150,00	\$ 100,00	\$ 125,00
Utilities	\$ 300,00	\$ 450,00	\$ 150,00	\$ 100,00	\$ 150,00	\$ 100,00	\$ 450,00	\$ 300,00	\$ 300,00	\$ 450,00	\$ 150,00	\$ 100,00
Marketing	\$ 400,00	\$ 300,00	\$ 300,00	\$ 450,00	\$ 300,00	\$ 450,00	\$ 300,00	\$ 250,00	\$ 400,00	\$ 300,00	\$ 300,00	\$ 450,00
<b>Total</b>	<b>\$ 2 700,00</b>	<b>\$ 2 700,00</b>	<b>\$ 2 425,00</b>	<b>\$ 2 550,00</b>	<b>\$ 2 400,00</b>	<b>\$ 2 525,00</b>	<b>\$ 2 750,00</b>	<b>\$ 2 500,00</b>	<b>\$ 2 675,00</b>	<b>\$ 2 750,00</b>	<b>\$ 2 400,00</b>	<b>\$ 2 525,00</b>

#### Monthly revenue (Q\*P)

Service	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Wordpress-based website	\$ 2 000,00	\$ 1 500,00	\$ 2 000,00	\$ 1 500,00	\$ 1 500,00	\$ 1 500,00	\$ 1 500,00	\$ -	\$ 1 500,00	\$ 1 500,00	\$ 1 500,00	\$ 2 000,00
Creating Database	\$ 1 500,00	\$ 500,00	\$ 2 500,00	\$ 1 000,00	\$ 3 000,00	\$ 1 000,00	\$ 500,00	\$ 1 000,00	\$ 1 000,00	\$ 1 000,00	\$ 1 500,00	\$ 1 000,00
Website graphic design	\$ 1 100,00	\$ 1 650,00	\$ 3 850,00	\$ 2 200,00	\$ 1 650,00	\$ 1 650,00	\$ 550,00	\$ 1 650,00	\$ 1 650,00	\$ 4 400,00	\$ 1 650,00	\$ 2 750,00
Payment integration	\$ 1 600,00	\$ 2 400,00	\$ 800,00	\$ 800,00	\$ 2 400,00	\$ 2 400,00	\$ 800,00	\$ 2 400,00	\$ 2 400,00	\$ 2 400,00	\$ 2 400,00	\$ 1 600,00
Social media intergration	\$ 2 000,00	\$ 1 600,00	\$ 1 600,00	\$ 1 600,00	\$ 800,00	\$ 1 600,00	\$ 800,00	\$ 1 600,00	\$ 1 600,00	\$ 2 000,00	\$ 1 600,00	\$ 2 000,00
<b>Total</b>	<b>\$ 8 200,00</b>	<b>\$ 7 650,00</b>	<b>\$ 10 750,00</b>	<b>\$ 7 100,00</b>	<b>\$ 9 350,00</b>	<b>\$ 8 150,00</b>	<b>\$ 2 650,00</b>	<b>\$ 8 150,00</b>	<b>\$ 6 550,00</b>	<b>\$ 11 400,00</b>	<b>\$ 8 150,00</b>	<b>\$ 9 850,00</b>

Fixed budget

	USD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Budget All year
P&L														
	Servies sold	8 200,0	7 650,0	10 750,0	7 100,0	9 350,0	8 150,0	2 650,0	8 150,0	6 550,0	11 400,0	8 150,0	9 850,0	97 950
Revenue		8 200	7 650	10 750	7 100	9 350	8 150	2 650	8 150	6 550	11 400	8 150	9 850	97 950
	Rent	-1 250	-1 250	-1 250	-1 250	-1 250	-1 250	-1 250	-1 250	-1 250	-1 250	-1 250	-1 250	-15 000
	Internet fee	-200	-200	-200	-200	-200	-200	-200	-200	-200	-200	-200	-200	-2 400
	Insurance	-400	-400	-400	-400	-400	-400	-400	-400	-400	-400	-400	-400	-4 800
Total fixed cost		-1 850	-1 850	-1 850	-1 850	-1 850	-1 850	-1 850	-1 850	-1 850	-1 850	-1 850	-1 850	-22 200
	Software cost	-150	-100	-125	-150	-100	-125	-150	-100	-125	-150	-100	-125	-1 500
	Utilities	-300	-450	-150	-100	-150	-100	-450	-300	-300	-450	-150	-100	-3 000
	Marketing	-400	-300	-300	-450	-300	-450	-300	-250	-400	-300	-300	-450	-4 200
Total variable cost		-850	-850	-575	-700	-550	-675	-900	-650	-825	-900	-550	-675	-8 700
Total cost		-2 700	-2 700	-2 425	-2 550	-2 400	-2 525	-2 750	-2 500	-2 675	-2 750	-2 400	-2 525	-30 900
Profit before tax		5 500	4 950	8 325	4 550	6 950	5 625	-100	5 650	3 875	8 650	5 750	7 325	67 050
Tax		-2 035	-1 832	-3 080	-1 684	-2 572	-2 081	37	-2 091	-1 434	-3 201	-2 128	-2 710	-24 809
Profit		3 465	3 119	5 245	2 867	4 379	3 544	-63	3 560	2 441	5 450	3 623	4 615	42 242

## Profit and loss budget



COFFEE  
PLEASE

Let's take a break and then continue with  
Project Management and the power of negotiation.



# Project Management

Project management is a process of planning, organizing, and dividing tasks to complete a given assignment successfully. Regardless of the industry, the main idea of project management is essentially the same: to help identify the project's goals and determine when and by whom the different project elements will be accomplished. A basic project management lifecycle includes four stages: Initiation, Planning, Executing, and Closure. Frequently, projects involve many stakeholders, and each person has to comprehend how the project is evolving. Therefore it is essential to understand that Project management is important and should be used along with various tools available. The best way how to track your progress is to use Gantt Charts. It is a type of bar chart that depicts a project schedule and various tasks people have, and it is named after its creator, Henry Gantt.



## Scoping and planning

When planning a project, there are a few questions that clients want to hear:

When is the project going to be delivered?

How much will it cost?

How will it be delivered?

These questions are crucial and need to be planned ahead. A great tool to plan this is by using the previously mentioned Gantt chart. By illustrating your progress and plans, a client has a better idea of what to expect, and you do not get lost in the process. It is always better to visualize what you are about to do.



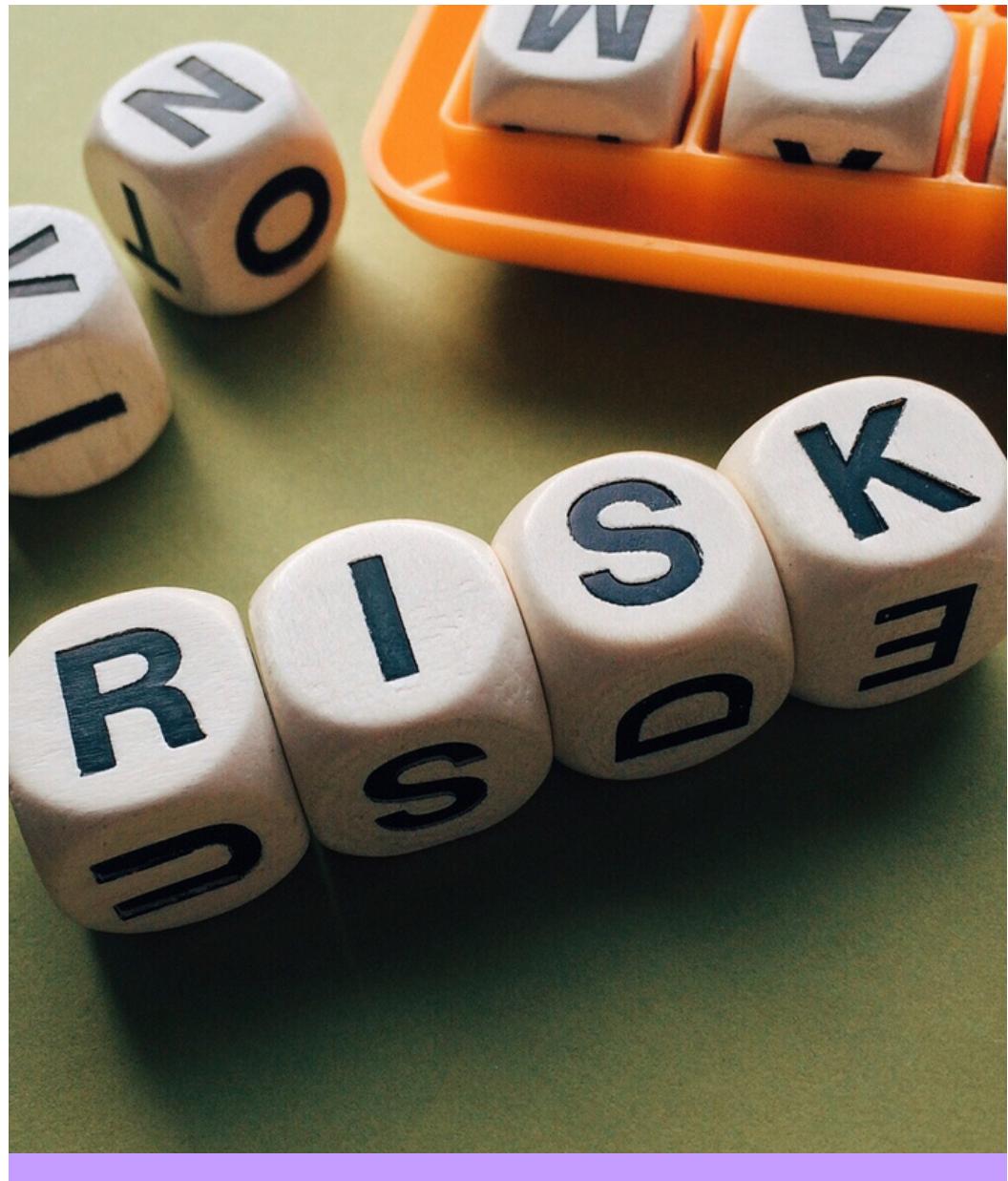
## What is project scope?

Well-planned project scope is a necessary element, and without it, you won't be able to succeed. The project scope includes a list of all the required steps needed to be achieved in order to complete the project. It is important to determine the project scope early in the lifecycle of the project as it can have a significant impact on the entire work.

Some elements must be defined, such as:

- Project objectives = What you plan to achieve by this project?
- Budget = How many available funds do you have for this project?
- Schedule = How much time are you able to spend on this project?
- Individual tasks = How will the tasks be divided?

# Risk Management



As with everything in life, projects sometimes come with risks. It is decisive to understand risk management, meaning what can go wrong and what to do when the problem occurs before the project starts. Each thread can cost money; therefore, understanding how to minimize the risk and extra costs before they happen is crucial. By understanding risk management, you secure yourself a safe environment and stability to operate more efficiently. Therefore, create a list and identify all the errors and threads that may occur during your project. After analyzing and determining the odds of all the possible risks, make sure you take every step possible to avoid the most probable thread. Furthermore, all stakeholders, clients, and people included in your project need to be aware of the potential risks. However, from time to time, you are not able to avoid all the risks. Hence you need a plan to know what to do if this error occurs. In this case, proper research and communication are the keys.

# Project charter



A project charter is a written, usually brief document that outlines the project in detail, including the goals, how it will be carried out, and who the stakeholders are. It is an essential component of project development, and it is used in the project lifecycle. The project charter usually involves some of these things:

- Why is this project been executed?
- What are the project objectives? What do you want to achieve with this project?
- Who are the main stakeholders?
- Risks that may occur during the project
- The budget of this project
- Resources available for this project

# How to create a project charter?



To create a project charter, you should first start by comprehending the basics. It is crucial to start the charter by understanding the objectives and goals of this project. Then, we move on to writing down a list of essential roles and who the stakeholders are. Mark important milestones, deadlines, and create a timeline. As we mentioned before, projects also come with significant risks, as with everything in life. Therefore, you need to include potential risks that may occur during your project and inform everyone involved about these threads. Lastly, add budget available, e.g., "This project should not exceed 10,000 Danish Kroner."

## Closing the project



Closing a project is an integral part of Project Management. It means that you take all the tasks performed and conclude all activities to finish the project formally. In other words, you make sure all the tasks have been completed and checked, assure that each job has been done as agreed upon, and each person who was included in the project confirms the completion. It is decisive to acknowledge that it also must be done administratively and formally, as both parties need to agree that the project is officially finished. To perform more thoroughly in the future, make sure to review project management practices and document lessons you have learned during this project, such as What was done well and could be used as an example for future purposes? What could have been done better? What did we lack during this process?



## Quick memory refreshment



Try and answer following questions:

1. What is project management, and why is it essential for a freelancer?
2. What is risk management, and how do you minimize the risk?
3. What is profit and loss budget?

## The power of negotiation

Now when our project is closed, reviewed, and accepted by the client, we can move on to negotiation. Negotiation is a powerful tool, and when it is done the right way, it can bring positive changes regarding your salary or work environment. It is considered a strategic discussion when both parties find an acceptable agreement, in other words, compromise. The most controversial part of working as a freelancer is determining how much you can charge. Therefore, it is exceedingly vital to learn negotiation skills, and if you do not, you may lose your potential revenue and fail to land new clients. There are many different types of techniques and tips to use while negotiating.

There are few things to remember when negotiating. As a negotiator, you should always be willing to compromise yet keeping your confidence and head high. Start by identifying your goals, what is it you want to achieve. Without a compromise, it is tough to reach an agreement; therefore, the goal you wish to achieve may be 10,000 Danish Kroner, but your willingness to compromise gets you 8,000 Danish Kroner. Furthermore, understand your weaknesses and do not take "no" personally.



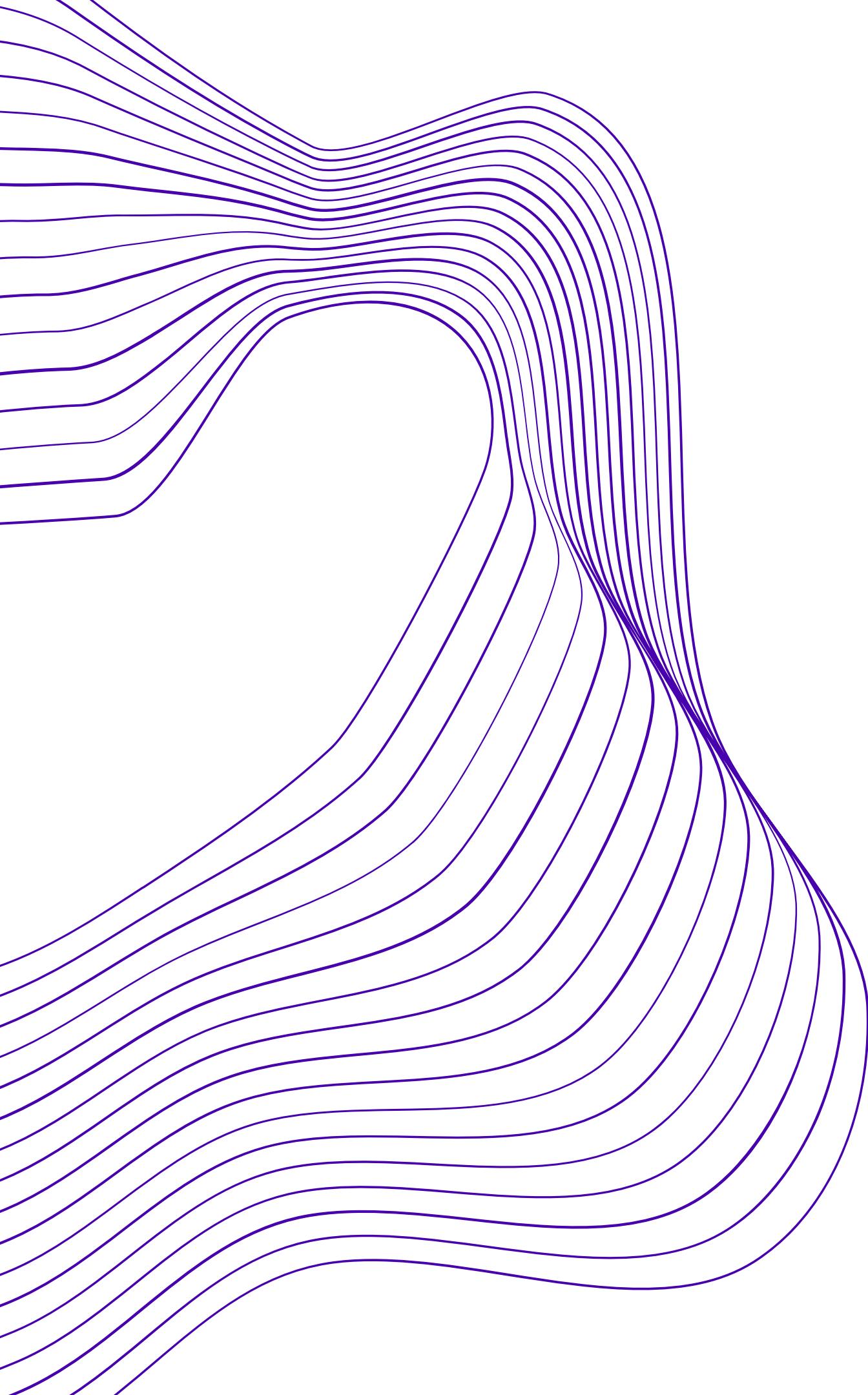
## Build a personal rapport

It is important to build a personal rapport with your potential client. As a freelancer, you stand on your own, and it is necessary to realize that relationships drive businesses. Finding common ground, explaining and describing your values and reasons that drive you forward is crucial in negotiation if you want to get personal, along with pointing out what led you to this moment. Simply said, building a good relationship can not only help you in the future, but it is your business, and it shows your ability to sell yourself.

## Negotiating the right price



Sometimes, it can get hard to price yourself and your work. Naturally, operating in the global freelance economy means that you work against people where living costs and standards may be much lower; therefore, their prices are set at a lower level as well. It is hard to set up the price at a level where everyone is happy, but you should consider three factors that should influence your pricing model: your budget, how much time you have spent on this project, and how good you actually are. At the same time, while negotiating a price with your potential client, start high. If your work is worth 500 Danish Kroner, you will most likely end up at a price of around 450. Therefore, it is better to start higher, e.g., 600 Danish Kroner, and finish your negotiation with 500, as you wished for at the beginning. This is called a "win-win" negotiation, as both parties end up satisfied.



You've made  
it!

Do not forget to practice!

## FOR INQUIRIES AND CONCERNS

### Address

Trommesalen 5, 5th Floor, DK-1614  
Copenhagen V., Denmark

### Email Address

[academy@coderstrust.com](mailto:academy@coderstrust.com)

### Phone Number

+45 20720722

## Contact us