

# Welcome to

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# Financial Literacy for Bookstores

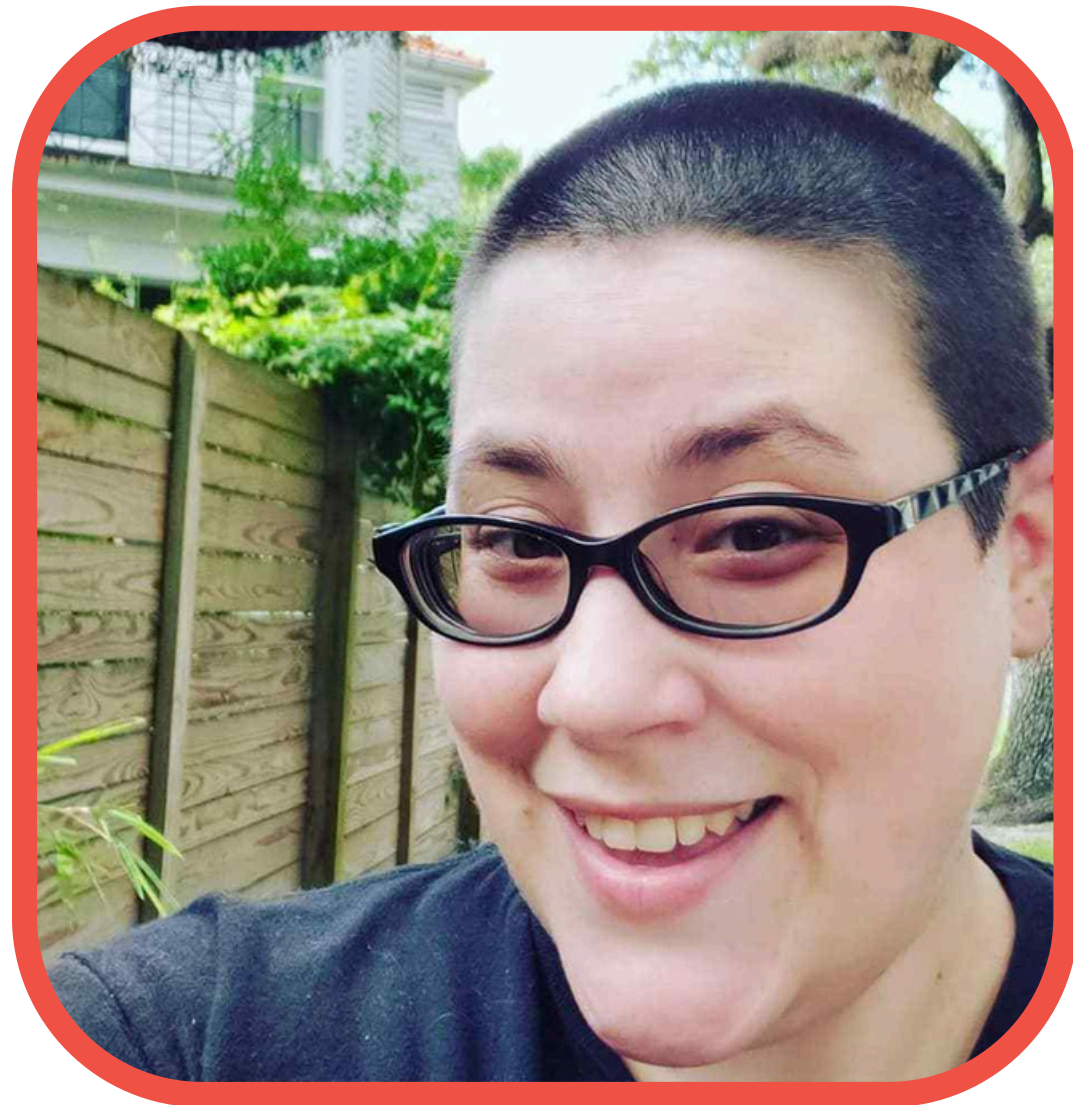


# Meet Your Instructor

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Candice Huber (they/them) is the owner of Tubby & Co's Traveling Book Shop, a queer, feminist, decentralized indie bookstore focused on underrepresented voices and engaging queer community. They've been bookselling for 10 years, and they are also a small publisher and author. Candice is the Membership & Social Media Coordinator for SIBA and an instructor for Store & Operations and Event Management. Their favorite genre is fantasy, especially queer fantasy, and they're an expert in queer sci-fi and fantasy. They love cozy things, video games, board games, hanging out with their partner and cats, and creating spreadsheets and databases.



<https://professionalbooksellers.com>

# Disclaimer

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This session is intended for educational purposes only. Financial information is NOT the same as professional financial advice. I am not your accountant or financial advisor. I am only here to present information to you. This session is not intended to create a financial advisor relationship between student and instructor. All of your situations are unique, so please consult with an accountant and/or financial advisor to obtain advice about how to handle your specific questions/situation.

# Financial Literacy for Bookstores

## Budgeting for Booksellers



# Goals of This Session

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## What I Hope to Accomplish

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- Provide practical tips on budgeting
- Present financial information at a high level
- Present examples and action steps you can take today
- Help to spot issues

## What I Cannot Accomplish

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- I can't cover specifics
- I can't cover every single business model or situation
- I do not have time to cover every item that may impact your store
- I cannot provide official financial advice
- Please seek the advice of an accountant or financial advisor if you have specific questions or concerns!

# Why Budget?

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Decision Making

Know *What* to Spend  
AND *When* to Spend

Helps You Meet  
Financial Goals

Forward-Looking





# Determine Financial Goals & Values

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- Understanding goals means a better spending plan
- Understanding values means knowing how to best spend your money
- Identifying goals and values requires introspection and collaboration
- Invest in expenses that will benefit you most
- Your spending should be a reflection of your goals and values
- Make a list of values and goals, then map goals to at least one value



# Wants vs Needs

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## Wants

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- Not required to survive
- If cut, it will not hurt your business
- It's easy for wants to creep into needs budget
- Your brain will trick you into making a want into a need
- Don't avoid wants altogether! Figure out what you REALLY WANT to help avoid impulse purchases

## Needs

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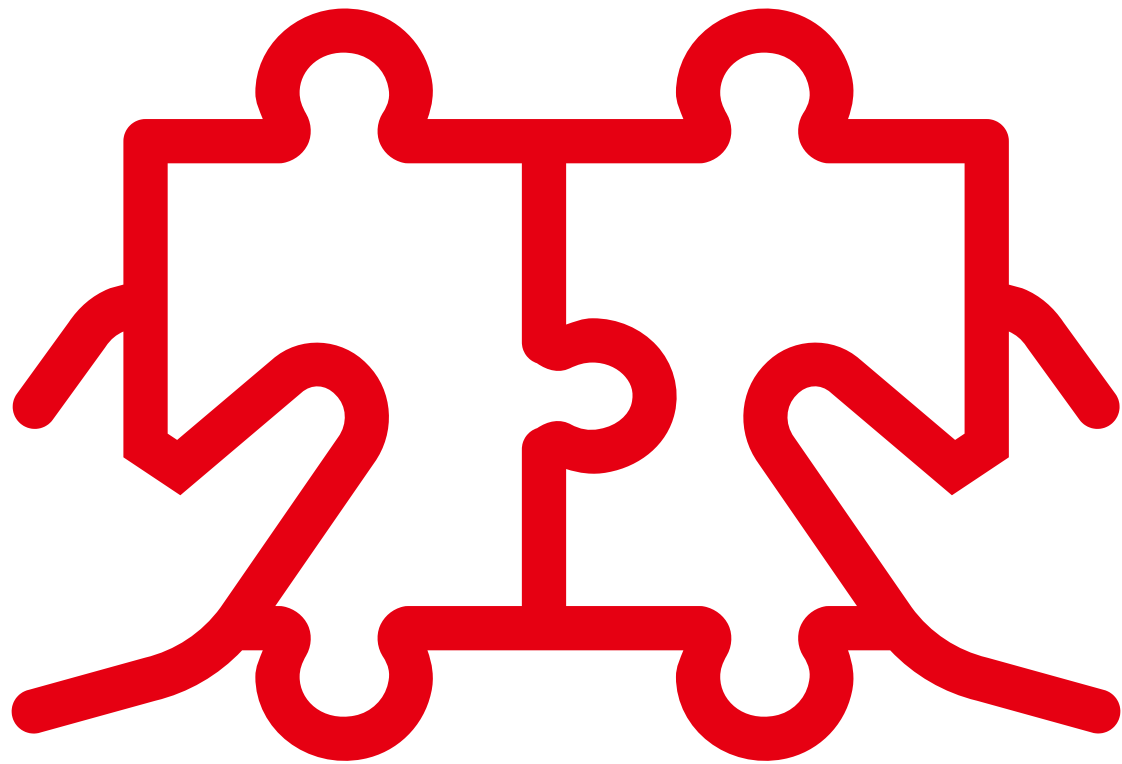
- Something you require to survive
  - If cut, it will hurt your business
  - Savings and paying yourself are NEEDS
- Identifying the difference between wants and needs is the cornerstone of money management and enables you to prioritize expenses
  - Categorize expenses into wants and needs to take a closer look

# Align Expenses

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- Go through expenses to see what aligns or not
- Cut anything wildly off from your goals and values
- Look for expenses to cut that would be painless
- Go through wants and needs and prioritize spending
- Look more closely at things that feel like a sacrifice if they don't align last
- Key is to center spending around what you most value and realizing your hopes and dreams
- Where your money goes should reflect your values

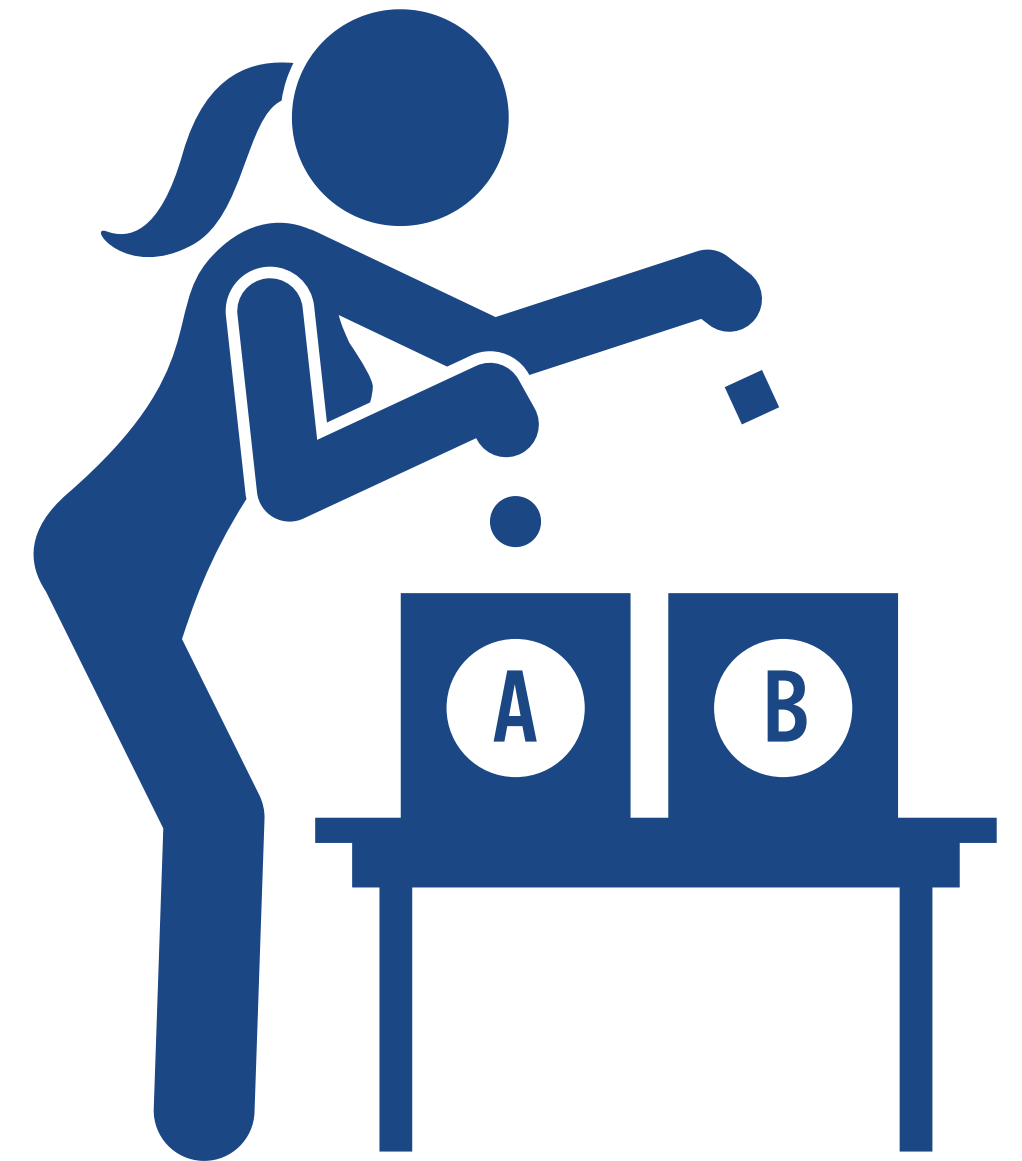
# Categorize Expenses

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- Place expenses into buckets, then calculate total as a percentage of sales
- Recommended categories: COGS, Payroll, Occupancy, Operations to align with ABACUS
- Could add categories based on wants, needs, goals, values
- Could break out revenue categories if it makes sense
- Use your Profit & Loss Statement and Chart of Accounts
- The categories you add are the expenses you want to track
- Get as nitty gritty or stay as big picture as you want



# Create Your Spending Plan

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- Choose a tool that fits your needs and makes you comfortable
- Fill in expense and revenue categories you determined
- Set your time period and determine projected revenue
- List your planned spending in each category
- Use historical data and Profit & Loss Statement
- Use a tool that allows you to automate formulas

# Set Realistic Spending & Revenue Goals

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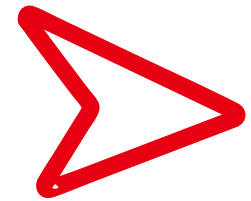
- Set maximum spending amounts for each category for the time period.
- Go back through your needs in each category and determine how much you NEED to spend.
- Go back through your REALLY WANTS as well.
- Use “backwards budgeting” for bigger picture goals.
- Set realistic sales goals, and be conservative.
- Every category in your spending plan should have a corresponding goal, whether a solid number or percentage of sales. List the goals in your plan.
- When you look at categories, you’ll be able to see right away where you are in relation to your goals.

# Planned vs Actual

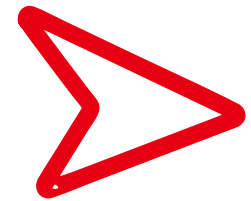
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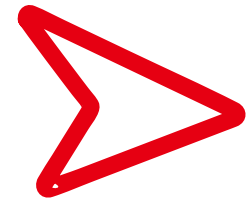
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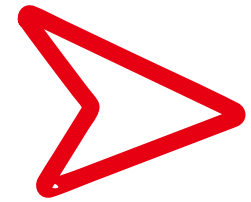
Regularly check in with your plan and adjust as needed



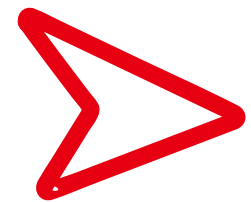
Add a column for actual expenses and revenue so you can compare



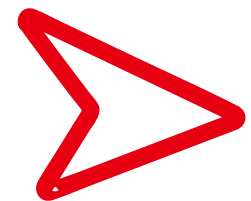
Run a Profit & Loss Statement to get actual numbers



Compare actual revenue to planned revenue



Compare actual expenses to planned expenses



If anything is off, investigate why



# Set Actions Based on Deviations



	Jan Plan	Jan Actual	Jan Actions
<b>Total Sales</b>	15000	14000	On Strategy
Inventory/COGS (55%)	8250	8000	On Strategy
Refunds & Discounts (3%)	450	600	Rethink Discount Strategy
<b>Total Variable Expenses (60%)</b>	8700	8600	
<b>Gross Margin</b>	6300	5400	
<b>Total Expenses</b>	5550	5500	On Strategy
Operations (to include taxes & credit card fees) (12%)	1800	2000	Dig into specific categories
Payroll (15%)	2250	2000	On Strategy
Occupancy (10%)	1500	1500	On Strategy
<b>End of Month Profit</b>	750	-100	

- Decide what deviation from your plan is acceptable, something to carefully investigate, or a red flag that needs immediate action
- Determine the action to take for each type of deviation
- Looking at deviations offers a starting point to dig deeper



# Analyze & Adjust

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- Make necessary adjustments!
- Look toward regular “wants” first for cuts, then REALLY WANTS, then needs last
- Analyze deviations to diagnose issues
- Not every deviation warrants a plan change or even taking action

# Potential Actions to Take

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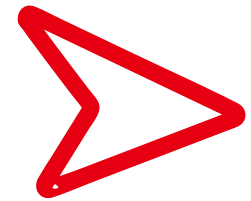
- If there are deviations across the board, increase or decrease overall planned spending.
- If you're spending less than planned in one category and more than planned in another, reroute the planned amount from the positive category to the negative one.
- Try to increase revenue to cover increased expenses.
- Assess how to reduce the cost of the expense.
- Adjust tactics and adapt to new information.
- Manage your expectations.
- Adjust as necessary, but don't adjust if you don't need to.
- Last step: set the next planning cycle! Remember to make changes for the next cycle based on your analysis.

# Budgeting Tips & Tricks

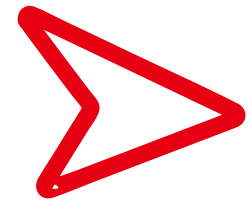
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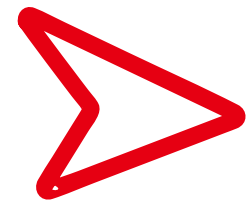
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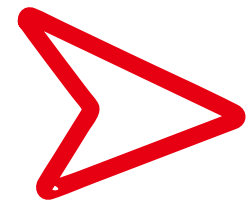
Know how seasons affect your business.



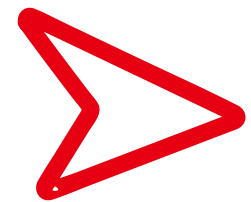
Different business models will have different plans.



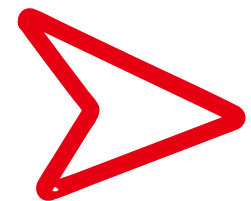
Use historical data for forecasting.



ABACUS can be a big help, especially for newer stores!



Don't be overly optimistic.



Overestimate your expenses.

# Budgeting Tips & Tricks

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- Factor in some slack.
- Note changing costs; make sure expenses are always accurate.
- Spend within your means. Use loans and credit wisely.
- Create a review schedule (monthly recommended)
- Explore a variety of solutions.
- Examine successful areas too!



# In Review

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1. Determine your financial goals and values.
2. Identify your needs, wants, and REALLY WANTS.
3. Review your spending and cut anything that doesn't align with your goals and values.
4. Categorize your expenses and revenue.
5. Create your intentional spending plan.
6. Set realistic spending and revenue goals.
7. Set actions based on deviations from your plan.
8. Review planned vs actual spending and revenue and follow your action plan.
9. Analyze and adjust.
10. Set the next planning cycle.
11. Rinse, wash, repeat!

# Questions and Answers





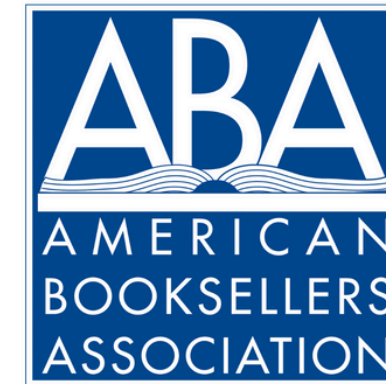
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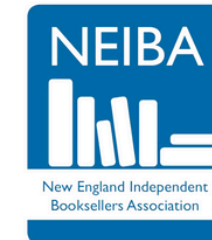
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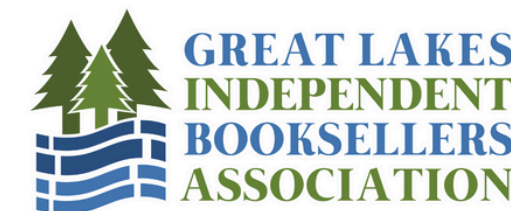
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