

# ChiBizHub Monthly Profit Video Script

Hi, my name is Katie Smith, and I manage ChiBizHub. As you may already know, ChiBizHub helps Chicagoland entrepreneurs start and grow their business.

In this video, we will take you through how to calculate the monthly profit from your business.

If you need help at any time, feel free to reach out to us via the ChiBizHub website. To do this you can click the "contact us" link at the bottom of the home page or any page on the site.

First, you're going to want to open the template that we'll review in this video. This can be found on the Monthly Profit page under item #1, "Access the Budget Template."

This Excel template has two tabs labeled – "A – Product-Based Business Example."

And then the second is labeled "B-Service-Based Business example." We'll review the examples first, then tabs C and D are blank, so you can fill them out for your own business.

Let's determine what type of business you own.

## What type of business do you own?

### **Do you own a product-based business?**

Product-based businesses sell something that you can touch. An example is a catering business. Product-based businesses receive the bulk of their revenue from the profits made from a product minus the costs to provide this product.

### **Do you own a service-based business?**

Service-based businesses sell something you can't hold in your hand. An example is a daycare business, which we'll explore later. Service-based businesses receive revenue from the profits made from the services offered minus the costs to provide this service and operate the business.

## A. Product-based business

First we're going to outline how you calculate your monthly profit from a product-based business. To follow along, you're going to start on "Tab A - Product Based Business."

### **What is the income from my product?**

We're going to calculate how much income you bring in each month from your product.

Here is an example of a monthly profit projection for a product-based business, which is a catering business serving tacos.

Under the income section, list your product price. In this example, the business charges \$2.75 per taco.

Then, list the number of tacos sold.

Then you will multiply the price by the number of tacos sold to get the total income from tacos this month.

### **What are my monthly expenses?**

First, list the expenses for ingredients for your taco.

Then list the cost of each ingredient.

Then, add up the costs of all the items needed to make the taco

Once you add up all the costs you are left with your product cost or how much it costs you to make each item that you sell. In this example, each taco costs \$0.87 to make.

Then multiply the number of items (tacos) sold this month by the cost per taco.

In addition to the costs to make each taco, you also have other costs needed to run your business. These include costs like staff, and non-staff expenses like vehicles, space, subscriptions, and supplies.

List the first staff position in your business.

List the number of people in that position.

List the hourly rate for that position.

Then list the hours per month that position requires.

Then you will multiply the number of people times the hourly rate time the hours per month to get the total amount of salary expense for that position per month. In this example there is one chef, but you would follow the same process in a business with multiple employees.

For each staff position in your business, list the position, the number of people in the position, the hourly rate, the hours per month, and the costs per staff member.

Multiply the number of people by hours per month and then by costs per staff member get the cost per staff member position.

Then you will add up the totals for each position to get total staff member costs.

Next you will list the cost per month of all expenses other than product costs and staff costs.

Then you will add up ALL your expenses. This includes both staff and non-staff.

### **What is my monthly profit?**

For the final line (monthly income, highlighted in blue), take your total profit from your product minus total expenses to get the total monthly profit from your business.

## **B. Service-based business**

Now we're going to outline how to calculate your monthly profit for a service-based business.

To follow along click "Tab B- Service-Based Business at the bottom of the Excel document.

### **What is the income from my service?**

First, we're going to calculate how much income you bring in each month from your service.

Here is an example of a monthly profit projection for a daycare business.

First, list the cost per hour of the service you provide. In this example, daycare is \$10 dollars per hour.

Then, list the total time to provide your service. In this instance a child at daycare enrolls for 8 hours per day, 5 days per week, 4 weeks per month at 160 hours per month.

Then you will list the total number of children enrolled in daycare. In this case there are 25 children.

Then, multiply the cost per hour times the total time per client to provide your service by total number of clients.

If you have additional income to your business, like grants, you will enter this here.  
When you add all your income sources, you get total monthly income.

### **What are my monthly expenses?**

After you calculate how much monthly profit you make from your service-based business, you need to calculate the cost of expenses for your business. This includes staff and items like a vehicle, space, monthly utilities, and supplies.

Here you will list the first staff position in your business.

Then list the number of people in that position.

Now list the hourly rate for that position.

List the hours per month that position requires.

Then you will multiply the hourly rate by the hours per month to get the total amount of salary expense for that position.

Now, you will multiply the number of people in the position by the cost per staff member to get the total staff cost.

Then you will list all non-staff costs per month to run your business. This example includes things like insurance, the cost of your space and vehicle, utilities like wi-fi, food, and supplies.

Then you will add up the total for non-staff expenses.

Finally, you will add your total staff expenses plus your total non-staff expenses to get the total expenses. And the total monthly business expenses are displayed here.

### **What is my monthly profit?**

For the final line, take your total profit from service minus total monthly expenses to get the total monthly profit from your business.

## How can you make more money?

After completing this exercise, you may realize that you are not making as much money per month as you would like. So how could you increase your monthly profit?

You could increase monthly profit by raising the cost of your product/service, selling more of your product/service, or trying to cut business expenses.

## How can you use this template?

If you have a business that is in operation already, take the receipts from last month to figure out a projection for this month.

If you have not yet started your business, take the best guess based on research, but know that this will change.

## Further Support

If you'd like further support, you can visit our "Create Financial Forecast" section to meet with someone to help.

Or you're welcome to reach out to us anytime!

Thanks for watching!

*[ChiBizHub.com/create-forecast](https://ChiBizHub.com/create-forecast)*

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