

LOVE YOUR

# Baking Business

How to:  
Get Registered and  
Understand Cashflow Basics

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## How to: Get Registered

You know it's time to get registered when...

- We have the intention of making a profit from our baked goods
- We calculate prices including labour and profit (over & above ingredient costs)
- We begin using very specific business type language, including:
  - My cakes are priced at
  - I charge \$\$ per cupcake
  - We're frequently 'booked' with orders
- We begin ordering commercial volumes of product and packaging

### 4 Steps to registering your baking business

**1) Register for an ABN** with the Australian Business Register

<https://www.abr.gov.au/>

**2) Register a business name** - this will be the name your business trades as

<https://register.business.gov.au/>

**3) Register a food business with your local council or shire**

You will require a food safety inspection with an environmental health officer and may be required to undertake food safety handling training.

**4) Register for insurance**

Contact your home insurer and ask if your home is covered when conducting a food business on your premises. You will also require cover for product and public liability. Enquire if this covers you for all of the ways you wish to trade - if you decide to hold classes? When people collect from your home? If you choose to wholesale or supply other businesses? If you choose to attend markets to sell your products.

Registering your food business requires all of the above steps to be completed.

#### **Additional steps:**

1) Register social media accounts (Facebook & Instagram) for your business - these accounts should be business accounts separate from your personal profile.

2) Register a website domain name

3) Register a business email address to keep all business correspondence in one place

4) Register a business bank account to keep business finances separate and make managing business cashflow easy

## How to: Understand Basic Cash Flow in Business

Money will flow in and out of your business on a daily / weekly and monthly basis in the form of sales and expenses. It's important to remember that not all sales coming into the business equal profit. There are costs associated with running a product based business that must be covered first before a positive cash balance can be achieved.

Money comes into my business through:

Money comes into my business through - the sale of products and services.

List all of the products and services your business provides to give you an idea of where and how money comes in to your business.

Money goes out of my business through:

Money goes out of my business through - Expenses - outgoing and overheads

List all of the expenses required to be paid in order to run your business.

Leave out costs like ingredients, boxes, piping bags etc. These are usually dependant on orders. Keep this list just to those expenses that need to be paid in order for you to run your business, before you're able to take any orders.

# Baking Business

Becoming confident in understanding the cash flow in our business can only happen by being aware of our numbers, most specifically;

- 1 ) Cost Of Doing Business **(CODB)**
- 2 ) Minimum Viable Turnover **(MVT)**

## Today we'll Calculate your CODB and MVT

Just remember that it can take time for a business to run in a positive cash balance, in most cases we'll invest money into our businesses before we can begin making sales. This is completely normal.

Running costs / overheads (not including stock on hand)	Cost per annum
Business name registration	
Domain name	
Website / hosting	
Business loans / repayments	
Council registration	
Insurance	
Rent	
Electricity	
Power	
Gas	
Cleaning equipment / supplies	
<b>Total cost per annum</b>	
/12 = monthly	
(OR) /52 = weekly	

Calculate your CODB and MVT in 3 easy steps

- 1) list all of the expenses that are required to run your business, including the value, per year. For those like electricity and gas I recommend allowing a small amount for the first year until you start seeing some pattern to your usage.
- 2) Add the entire amount together - this is your CODB - the minimum amount of money that it costs to run your business in one year. If you were not to bring in this amount in sales per annum your business will be running at a loss.
- 3) Divide this number by 12 for a monthly amount or 52 to gain a weekly amount, this becomes the MVT - the minimum viable turnover your business is required to make to cover the running costs for a year.

I recommend transferring this amount into a separate bank account on a regular basis to have the funds available when the expenses come up throughout the year.

**This page is for additional notes or questions that came up for you during this class.**