Transcript Consulting Budget Calculator walkthrough:

We’re going to walk through the consulting budget calculator. The first thing that you will notice is that there are three worksheets. The first worksheet is the how to use spreadsheet and this will walk you through step by step into how to fill in sheet 2. You can do that in your own time. The second worksheet is the budget input. This is the only place where you are going to enter any data. When you’re finished with that, you will notice that automatically, the third sheet is populated and that is for Internal Allocations LTU. This sheet shows you exactly what revenue goes where across the university at the end of the project. So let’s do a quick walk through on the Budget Input sheet. So the first thing is the title. So in this case it is a pesticide review is what we are going to do and John Smith is going to lead from Life Sciences. You’ll notice from this drop down box that you should be able to find any department of the university and select the one that is appropriate to you. John’s customer, in this case, is Pesticides Limited and here is the date format that we want you to enter. On the right, you will see three boxes. We’ll come back to those. They’re to do with surplus and profits. On row 16, you’ll notice that there are letters that are gold a, b, c and so on. If you think of this as following the yellow brick road, you won’t come unstuck. So this is where we add staff. So John is going to do some of the work and Sara Singh is going to do some of the work. John happens to be an academic and he’s also a Senior Lecturer. Now we think that John is probably going to put in the most work on this project which is two days. Sarah is professional rather than academic. Now if we try to put in a classification level you’ll notice that nothing happens. The reason for that is that we haven’t first done the professional or academic classification. Now that we’ve chosen professional, you’ll see that we’re presented with some different results to those above and Sarah is a Higher Education Officer Level 6. Sarah’s going to do less time on this project than John so she’ll do four hours and you notice that you’re getting a running total here in terms of the cost to client. Moving on to the second section so we have Peter Roberts and Renee Tranzilla. Again, we need to choose what status the person is and Peter happens to be the Chief of Everything and Renee’s academic and she’s a Research Executive. Now, we’re not going to take up too much of Peter’s time. He’s quite expensive so an hourly rate for Peter is five hundred dollars. And it’s going to be two hundred dollars an hour for Renee Tranzilla in this scenario. Now the number of units. Well let’s say that we’re just going to do two hours of Peter and we might do the same of Renee and you really just need to determine for yourself how much time you think these people are going to need to do whatever it is they need to do to deliver the work. The last section here is casuals. Again you are going to choose professional or academic. So let’s say that this is a Research Assistant. Now, with casuals, the example of when you might use them is that you might need to do some statistics or something like that and you want to give that opportunity to a Higher Degree Research student. Students won’t be covered under insurance so they do need to be made casual or in some way have an employment contract to do that work with La Trobe University. And we’re just going to put ‘Other academic activities’ in this case. And we think that this might take…oooh…about ten hours. Moving on to the last section now this is to do with other direct and indirect costs so if we look at travel I’ve added flight, car hire, a hotel and some catering and you’ll see that these drop down lists provide all sorts of options of things that you might need to add to make that project cost accurate. So our flight is only going to be for John. Nobody else needs to do that flight so that’ll be three hundred dollars. Now how do I know that? Well perhaps I’ve gone over here and I’ve clicked on this link for staff travel, hotel and car hire and so I know that it’s going to be three hundred dollars and there’s only going to be one of those flights. The car hire’s fifty dollars and I need that for two days. And that might be for some trips that I’m going to do related to the project and then it’s going to be a hundred and fifty dollars for a hotel and I need that only for one night. Catering might be two hundred and fifty dollars and that’s really just for a simple..uh..snacks and tea and coffee for..for a meeting that I might be doing and that’s going to be a one off. Now when we get quotes for..uh..flights often they are already including GST so rather than add GST again down here we can actually remove it from above and that way you won’t have the result of adding GST to the quote we’ve been given for the flight and then adding it again to the client at the end so we’ve only charged it one time. So we’re getting a nice running total now. The total cost to client is six thousand three hundred and twenty eight dollars and that’s with GST. There is an opportunity here, let’s say we wanted to – to share the profit of this project with a contributing partner and let’s say that QANTAS was doing this work with us and we agreed to do a profit share of fifteen per cent. The result of that would be that La Trobe project staff gets 85% of the profit of the project. But in this case, John’s not partnering with anybody and so the La Trobe project staff are going to get all of that money. Now the last thing to do on this page you might remember is marking things up. So you can mark-up casuals and you can mark-up staff and you can mark-up other costs. And it’s up to you to discover what you think the client will bear but it’s not uncommon to charge two to three thousand dollars per day. So let’s mark-up our staff rate to forty per cent which is about average of the industry and you’ll notice that, for John, his rate just went up so now it’ll be two thousand seven hundred which is still not bad for two whole days of him. And we’re not going to mark-up these other costs for now. Now what’s the result of this? If we go over to the Internal Allocations LTU sheet you’ll notice that we can’t type in this sheet but we do get a full breakdown of what we have typed and we can go back and change and edit this…this budget as much as we’d like to but you’ll see what happens below so we’ve got our staff there and we’ve got our other personnel and then we’ve got our casual and we’ve got all our extras for travel and so on and then you can see here in section five, the recovery revenue breakdown. So the project gets this amount, Central gets this amount, uh, the School has a smaller recovery fee and then the casual fees go entirely to the School because they have to pay them on to the casual and then..uh..non-salary items also go to the School because they have to pay that straight out. You’ll see that we have no partners in this case so there’s nothing going to them but if there were a profit share scenario then this is where that would show up and breaking things down by staff down below, you’ll see that John and Sarah, they will have a certain amount now that amount there, because we marked things up, you’ll see these are the salary mark-ups..uh…that adds to the direct recovery of what we’re going to give them anyway and in total this is what would go to their Outside Earnings Account or into their salary if they wish but of course they pay tax on that and the same is true of these ESMC positions for Peter Roberts and Renee Tranzilla. Now you might be wondering what happened to poor old …let’s have a look…Rebecca. Rebecca Gomez, here she is. She’s brought in all this money but she doesn’t seem to have got anything over here and the reason is that Rebecca is a casual and at this point casuals are not eligible for Outside Earnings Accounts. So the..the money for casuals goes directly to the Schools to pay directly to Rebecca the work that she’s done. Any surplus that you do apply to casuals ..uh..goes to the bottom line for DVC (Research) Uniwide to be used for strategic investment into research equipment primarily. So hopefully that’s given you a good idea of how to use the budget calculator and if you have any questions of course always contact consulting@latrobe.edu.au. Enjoy!