

## **Increasing Operational Profits through Budget Preparation Training for MSMEs in Cisantana, Kuningan District**

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### **Abstract**

This article is the result of community service activities that the author carried out in Cisantana village, Kuningan Regency. The focus of this service activity is MSME actors. Financial issues are often a big problem for MSME players. Doing business is not only a matter of getting money, but also controlling and spending it. The methods used in implementing the service are socialization, mentoring with an individual approach, training and evaluation regarding mastery of digitalization of financial information systems. Meanwhile, the service implementation will be carried out in September 2023. The aim of this service activity is to implement good financial management in order to be able to manage finances well and to review sources of income and expenditure in the business. MSME actors must have financial literacy regarding budgets in order to help MSMEs manage financial funding sources well. Financial literacy regarding budgets is a must for MSMEs to be able to manage finances well and healthily so that long-term business sustainability can be felt and can reduce the impact of conditions such as during the last pandemic. Therefore, the solution offered to solve this problem is training on how to make a budget. Cisantana village was chosen as a place for budget training because Cisantana village has a relatively large number of MSMEs.

**Keyword :** Operational Profit, Budget, MSMEs

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### **Introduction**

The high number of Covid 19 cases in Indonesia has an impact on various sectors, from health to the economy. In the economic sector, one sector that needs attention is MSMEs. One of the problems that is quite difficult for MSMEs during the pandemic is financial problems. During the pandemic, MSMEs experienced quite serious financial problems, due to a decrease in income (Setiawan and Hartono, 2022). The decline in income causes MSMEs to experience difficulties in managing finances. MSMEs must continue to incur operational costs to continue producing amidst declining business revenues. This financial problem is one of the problems that needs to be addressed so that it does not spread to other problems. Business actors must have the ability to manage finances well, as well as separate business assets from personal assets, plan, manage costs, and evaluate the costs that have been incurred (Abdullah and Manan, 2021).

In the current post-pandemic era, MSMEs need to implement financial management, so as not to fall into the mistakes that are generally made by micro and small businesses in managing their business finances. Financial management is very important for a business, to maintain financial conditions and performance so that it continues to survive in all changing economic situations (Widyaningrum, 2020). Financial management is needed, as a tool for managing finances, especially for businesses that are on a micro, small and medium scale.

One of the business goals is to obtain profits according to what has been planned. This planning includes how the business carries out financial management, the business has a going concern. One way that can be done to maintain the survival of a business is by carrying out effective management functions for all aspects of business activities so that good and maximum results are obtained in accordance with business planning (Anggadwita, 2019). Management functions that also have an important role in the business continuity process are the planning function and control function. This is because the planning function concerns the starting point for whatever plan the company wants to carry out, while the control function plays a very important role in preventing the process of implementing the plan from deviating from previously established procedures. The planning and controlling functions are two functions that are

interconnected with each other. The basis of the control process is what is planned, so that effective control will only be achieved if the planning process is well structured and mature (Kusuma and Suparman, 2021).

This planning is outlined in the form of a budget or better known as a budget. A budget is a written plan regarding the activities of an organization which is expressed quantitatively for a certain period of time and is generally expressed in units of money but can also be expressed in units of goods or services (Nanda and Khanna, 2020). From the definition above it can be concluded that a budget is a long-term plan for an organization so that activities within the organization are directed and have goals that must be achieved within a certain time period.

The budget is considered to be a system that is effective enough to be used as a tool for evaluating business activities, and is prepared to estimate events that will occur in the future, or is a future projection described in the form of numbers. The most important process in preparing a budget is making sales forecasts and preparing a sales budget (Hidayat and Susilo, 2019). The sales budget is considered the most important because other budgets cannot be prepared without a sales budget. The importance of the sales budget as a guide for other budgets, therefore the sales budget must be prepared as carefully and as well as possible, before preparing the sales budget, an accurate sales budget estimate must first be calculated, because if there is a large difference in sales realization against the sales budget then there will also be many differences in the realization of other budgets. This shows that the evaluation carried out by management is ineffective and can reduce business performance. The use of a sales budget in estimating income is very much needed by the home industry, because it can help home industry management in increasing income and overcoming or minimizing losses (Gunawan, 2013).

Financial issues are often a big problem for MSME players. Doing business is not only a matter of getting money, but also controlling and spending it. MSMEs must be smart in case an economic crisis attacks the world of MSMEs. Budget systems are not only made by large companies, but MSMEs also need to make budgets (Tambunan, 2019). The budget is prepared so that management obtains information about business liquidity in the coming period because the budget provides information about the estimated amount of revenue and expenditure in the coming period. MSMEs must be able to manage money carefully, both in managing income and expenses, making production budgets and sales. Meanwhile, according to Murdayanti (2019), the main problem for MSMEs in Indonesia lies in poor governance. Poor MSME governance is caused by the low education that MSME players generally have so they do not understand how to manage a company, especially financial management. This causes only a few MSMEs to survive the competition, most MSMEs in Indonesia only have a short life. According to Munandar (2015) in the business world, forecasting results are able to provide an overview of the future of the business which allows management to make plans, create business opportunities, and regulate their investment patterns. Based on the results of initial observations in the Cisantana village area, it was found that there are still many MSME actors who have difficulty in preparing budgets.

Based on the existing problems, the aim of this service activity is to implement good financial management in order to be able to manage finances well and to review sources of income and expenditure in the business. MSME actors must have financial literacy regarding budgets in order to help MSMEs manage financial funding sources well (Yunus and Abdullah, 2022). Financial literacy regarding budgets is a must for MSMEs to be able to manage finances well and healthily so that long-term business sustainability can be felt and can reduce the impact of conditions such as during the last pandemic.

## Method

The methods that will be applied in community service this time are literature study, counseling, training and evaluation. In the first stage, training will be provided on how to make a budget. In this activity, participants will be given examples of sales budgets, production budgets, raw materials budgets, direct labor budgets, factory overhead budgets, and cost of goods sold budgets. In the second stage, participants will be given training to separate personal and business finances. In this activity, MSME players learn to keep records by separating records between personal and business finances so that MSME players can more easily manage their business. The third stage will provide training to develop optimal marketing strategies. In this activity, participants will be given a clear picture of who the target market is and how to sell it later. The next method, participants will learn how to make bookkeeping. After these four methods have been carried out, the final method is evaluating the activities of organizing

community service in Cisantana village. Evaluation is the final stage carried out so that the service team can obtain feedback from participants regarding the Budget Preparation Training Program. The final evaluation also includes an assessment of participants' abilities in preparing a budget plan and family financial logbook.

Finally, the service team will also evaluate the level of effectiveness of this program. This activity was carried out with an open mind and an active learning spirit by all levels participating, especially participants from the Cisantana village community who were partners in this activity. That way, the service team will get an in-depth assessment of the sustainability of this program.

## Results

It is hoped that the results of this activity can provide understanding, knowledge and insight to the people of Cisantana Village, Kuningan Regency, so that people's thinking becomes broader in the field of entrepreneurial MSMEs and can create jobs so that they can help improve the economy of Cisantana Village, Kuningan Regency.



Figure 1. Explanation of MSME Budget Planning

The focus of this service activity is MSMEs actors. Financial issues are often a big problem for MSME players. Doing business is not only a matter of getting money, but also controlling and spending it. MSMEs must be smart in case an economic crisis attacks the world of MSMEs. Budget systems are not only made by large companies, but MSMEs also need to make budgets. The budget is prepared so that management obtains information about business liquidity in the coming period because the budget provides information about the estimated amount of revenue and expenditure in the coming period. MSMEs must be able to manage money carefully, both in managing income and expenses, making production budgets and sales. Each MSME is formed to achieve certain goals and targets. Various efforts have been made by MSMEs to achieve these planned goals. One of the goals of MSMEs is to maximize profits which are used for the survival of MSMEs.

MSMEs goals can be achieved by increasing the effectiveness and efficiency of MSME performance. The budget is an important element in planning and controlling company finances. Budget preparation is a necessity in operational planning. This is because in their operational activities, MSMEs receive income and expenses which become the benchmark for calculating profit or loss. Budgeting as a planning function is divided into 4, namely participation, budget planning process, communication of plans, and use of plans and standards. Participation in planning is very important, because planning requires individuals to be involved and have an influence on the preparation of future targets.

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Figure 2. Participant Discussion

All types of businesses must have experienced financial problems, including MSME businesses. Even though it is small in scale, this business is not free from the problems usually faced by large businesses (Santos, 2020). This community service activity is related to increasing operational profits through budget preparation training for MSMEs in Cisantana Village. There are several solutions that can be provided as follows:

1. Explain and provide training on how to make a budget.

A common problem for MSMEs is the lack of a budget plan. In fact, a budget plan is very important for businesses, whether small, medium or large scale businesses. The absence of a budget plan can make business people experience difficulties in managing cash flow. A number of points must be included in the budget plan, for example business capital, operational costs, promotional costs and other costs according to business needs. Try to make a regular budget plan, either every month, every semester or every year, according to the type of business of the MSMEs.

2. Provides an understanding of separating personal and business finances

MSME players often do not separate personal and business finances. In fact, that is the wrong thing. By separating records between personal and business finances, MSMEs can more easily manage their business. Mixed cash flows between personal and business finances can make it difficult for MSMEs to determine company operations. One step that can be taken to overcome this is that business owners can 'pay' themselves, so that personal needs are recorded from the salary post.

3. Provide assistance in developing optimal marketing strategies

Marketing strategy plays an important role for a business, and can even be considered the spearhead of the business process. No matter how good the quality of the product or service you offer, if you don't do your marketing properly, potential consumers won't be able to know about the existence of your business. For

this reason, it is very important to develop a good marketing strategy, even before starting the business. This is done to provide a clear picture of who the intended target is, and how to sell the product later. This will help MSME players to sell products to the right consumers.

#### 4. Provide assistance regarding bookkeeping.

The next problem that is often encountered in running MSMEs is bookkeeping. Messy bookkeeping can pose a risk for the company, because it can make MSMEs not know the amount of turnover and net profit earned each month, as well as other matters related to finances. Good and neatly arranged bookkeeping can provide a valid picture of your business activities related to finance. If your bookkeeping is neat, you can know what next steps you can take to determine the direction of your business. This is because bookkeeping can influence taking and evaluating business performance.

### Conclusion

Based on the solutions offered, it is hoped that MSME players will be able to be more aware of the importance of the budget, as well as motivate the public to understand the importance of the budget. So that at this stage, public awareness, motivation and understanding of the budget is built.

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