

Understanding corporate & project finances

The basics

Notes:

The author is not a lawyer, and this should not be considered legal advice. The author is also not a CPA or tax professional, and this should not be considered financial advice. Nothing in this document constitutes legal, tax, accounting, investment or other professional advice. You should seek appropriate counsel for your own situation. The author will not be liable for any errors or omissions in this information and will not be liable for any losses, injuries, or damages from the use of this information.

Overview

You need to understand the finances of a company or project, in order to maximize your impact.

Leadership requires financial acumen

- Design is a business, and our work—no matter how service- or user- centered—is in supportive of the larger organization
- If you can't "speak the language of the business" you and your team will be marginalized
- You don't need to be an expert, but you need to know enough to participate in the conversation

Finances directly impact your resourcing

- The financial stability of your organization or project is significantly tied to the amount of resources you have to work with

The basics

The most basic of basics is profit & loss.

P&L will drive the majority of the financial discussions you are a part of.

Revenue is the amount of money coming in

Expenses (or “cost of sale”) are the amount of money going out

Earnings (or “profit”) are the difference between the two, indicating profit or loss

Margin is the percentage difference between the two

The basics

The most basic of basics is profit & loss.

P&L will drive the majority of the financial discussions you are a part of.

Revenue is the amount of money coming in

Expenses (or “cost of sale”) are the amount of money going out

Earnings (or “profit”) are the difference between the two, indicating profit or loss

Margin is the percentage difference between the two

For example, selling shoes on eBay

Revenues	\$12,606
Cost of sales	\$6,972
Profit	\$5,634
Margin	45%

We listed and sold a total of \$12,606 in shoes on eBay. These are our revenues.

It cost us \$6,972 to buy the shoes, before we could sell them. These are our expenses.

We made \$5,634 in profit.

That’s a 45% profit. 🥳

The basics

How to read a full profit and loss sheet

Each quarter, a public company publishes their financials, including P&L.



(In millions)	Three months ended			Twelve months ended		
	5/31/2024	5/31/2023	Change	5/31/2024	5/31/2023	Change
Revenues	\$12,606	\$12,825	-2%	\$51,362	\$51,217	0%
Cost of sales	\$6,972	\$7,230	-4%	\$28,475	\$28,925	-2%
Gross profit	\$5,634	\$5,595	1%	\$22,887	\$22,292	3%
Gross margin	45%	44%		45%	44%	
Demand creation expense	\$1,091	\$1,092	0%	\$ 4,285	\$ 4,060	6%
Operating overhead expense	\$2,997	\$3,282	-9%	\$12,291	\$12,317	0%
Total selling and administrative expense	\$4,088	\$4,374	-7%	\$16,576	\$16,377	1%
% of revenues	32%	34%		32%	32%	
Interest expense (income), net	\$ (53)	\$ (28)	—	\$ (161)	\$ (6)	—
Other (income) expense, net	\$ (127)	\$ 3	—	\$ (228)	\$ (280)	—
Income before income taxes	\$1,726	\$1,246	39%	\$ 6,700	\$ 6,201	8%
Income tax expense	\$ 226	\$ 215	5%	\$ 1,000	\$ 1,131	-12%
Effective tax rate	13%	17%		15%	18%	
NET INCOME	\$1,500	\$1,031	45%	\$ 5,700	\$ 5,070	12%

The basics

How to read a full profit and loss sheet

- The numbers presented are in millions
- **Three months ended** compares Mar 1, 2024 - May 31, 2024, to Mar 1, 2023 - May 31, 2023 (*how did we do last quarter?*)
- **Twelve months ended** compares Jun 1, 2023 - May 31, 2024, to Jun 1, 2022 - May 31, 2023 (*how did we do last year?*)



(In millions)	Three months ended			Twelve months ended		
	5/31/2024	5/31/2023	Change	5/31/2024	5/31/2023	Change
Revenues	\$12,606	\$12,825	-2%	\$51,362	\$51,217	0%
Cost of sales	\$6,972	\$7,230	-4%	\$28,475	\$28,925	-2%
Gross profit	\$5,634	\$5,595	1%	\$22,887	\$22,292	3%
Gross margin	45%	44%		45%	44%	
Demand creation expense	\$1,091	\$1,092	0%	\$ 4,285	\$ 4,060	6%
Operating overhead expense	\$2,997	\$3,282	-9%	\$12,291	\$12,317	0%
Total selling and administrative expense	\$4,088	\$4,374	-7%	\$16,576	\$16,377	1%
% of revenues	32%	34%		32%	32%	
Interest expense (income), net	\$ (53)	\$ (28)	—	\$ (161)	\$ (6)	—
Other (income) expense, net	\$ (127)	\$ 3	—	\$ (228)	\$ (280)	—
Income before income taxes	\$1,726	\$1,246	39%	\$ 6,700	\$ 6,201	8%
Income tax expense	\$ 226	\$ 215	5%	\$ 1,000	\$ 1,131	-12%
Effective tax rate	13%	17%		15%	18%	
NET INCOME	\$1,500	\$1,031	45%	\$ 5,700	\$ 5,070	12%

The basics

How to read a full profit and loss sheet

- Fourth quarter **revenues** were \$12.6 billion, down 2 percent from the same time last year
- **Cost of sale**—including things like raw materials, and manufacturing costs—was \$6.9 billion, down 4 percent from the same time last year
- **Profit** was \$5.6 billion
- The **margin** was 45%



(In millions)	Three months ended			Twelve months ended		
	5/31/2024	5/31/2023	Change	5/31/2024	5/31/2023	Change
Revenues	\$12,606	\$12,825	-2%	\$51,362	\$51,217	0%
Cost of sales	\$6,972	\$7,230	-4%	\$28,475	\$28,925	-2%
Gross profit	\$5,634	\$5,595	1%	\$22,887	\$22,292	3%
Gross margin	45%	44%		45%	44%	
Demand creation expense	\$1,091	\$1,092	0%	\$ 4,285	\$ 4,060	6%
Operating overhead expense	\$2,997	\$3,282	-9%	\$12,291	\$12,317	0%
Total selling and administrative expense	\$4,088	\$4,374	-7%	\$16,576	\$16,377	1%
% of revenues	32%	34%		32%	32%	
Interest expense (income), net	\$ (53)	\$ (28)	—	\$ (161)	\$ (6)	—
Other (income) expense, net	\$ (127)	\$ 3	—	\$ (228)	\$ (280)	—
Income before income taxes	\$1,726	\$1,246	39%	\$ 6,700	\$ 6,201	8%
Income tax expense	\$ 226	\$ 215	5%	\$ 1,000	\$ 1,131	-12%
Effective tax rate	13%	17%		15%	18%	
NET INCOME	\$1,500	\$1,031	45%	\$ 5,700	\$ 5,070	12%

The basics

How to read a full profit and loss sheet

- About 1B was spent on **demand creation** (marketing) in the quarter, which was similar to last year
- **Overhead costs** related to salaries, rent, and offices decreased by about 9%
- **Administrative expenses** related to retail stores, distribution, and management salaries decreased by 7%



(In millions)	Three months ended			Twelve months ended		
	5/31/2024	5/31/2023	Change	5/31/2024	5/31/2023	Change
Revenues	\$12,606	\$12,825	-2%	\$51,362	\$51,217	0%
Cost of sales	\$6,972	\$7,230	-4%	\$28,475	\$28,925	-2%
Gross profit	\$5,634	\$5,595	1%	\$22,887	\$22,292	3%
Gross margin	45%	44%		45%	44%	
Demand creation expense	\$1,091	\$1,092	0%	\$ 4,285	\$ 4,060	6%
Operating overhead expense	\$2,997	\$3,282	-9%	\$12,291	\$12,317	0%
Total selling and administrative expense	\$4,088	\$4,374	-7%	\$16,576	\$16,377	1%
% of revenues	32%	34%		32%	32%	
Interest expense (income), net	\$ (53)	\$ (28)	—	\$ (161)	\$ (6)	—
Other (income) expense, net	\$ (127)	\$ 3	—	\$ (228)	\$ (280)	—
Income before income taxes	\$1,726	\$1,246	39%	\$ 6,700	\$ 6,201	8%
Income tax expense	\$ 226	\$ 215	5%	\$ 1,000	\$ 1,131	-12%
Effective tax rate	13%	17%		15%	18%	
NET INCOME	\$1,500	\$1,031	45%	\$ 5,700	\$ 5,070	12%

The basics

How to read a full profit and loss sheet

Complex and creative accounting that's probably over our heads



(In millions)	Three months ended			Twelve months ended		
	5/31/2024	5/31/2023	Change	5/31/2024	5/31/2023	Change
Revenues	\$12,606	\$12,825	-2%	\$51,362	\$51,217	0%
Cost of sales	\$6,972	\$7,230	-4%	\$28,475	\$28,925	-2%
Gross profit	\$5,634	\$5,595	1%	\$22,887	\$22,292	3%
Gross margin	45%	44%		45%	44%	
Demand creation expense	\$1,091	\$1,092	0%	\$ 4,285	\$ 4,060	6%
Operating overhead expense	\$2,997	\$3,282	-9%	\$12,291	\$12,317	0%
Total selling and administrative expense	\$4,088	\$4,374	-7%	\$16,576	\$16,377	1%
% of revenues	32%	34%		32%	32%	
Interest expense (income), net	\$ (53)	\$ (28)	—	\$ (161)	\$ (6)	—
Other (income) expense, net	\$ (127)	\$ 3	—	\$ (228)	\$ (280)	—
Income before income taxes	\$1,726	\$1,246	39%	\$ 6,700	\$ 6,201	8%
Income tax expense	\$ 226	\$ 215	5%	\$ 1,000	\$ 1,131	-12%
Effective tax rate	13%	17%		15%	18%	
NET INCOME	\$1,500	\$1,031	45%	\$ 5,700	\$ 5,070	12%

The basics

How to read a full profit and loss sheet

Nike made 1.5B in **profit** in Q4.



(In millions)	Three months ended			Twelve months ended		
	5/31/2024	5/31/2023	Change	5/31/2024	5/31/2023	Change
Revenues	\$12,606	\$12,825	-2%	\$51,362	\$51,217	0%
Cost of sales	\$6,972	\$7,230	-4%	\$28,475	\$28,925	-2%
Gross profit	\$5,634	\$5,595	1%	\$22,887	\$22,292	3%
Gross margin	45%	44%		45%	44%	
Demand creation expense	\$1,091	\$1,092	0%	\$ 4,285	\$ 4,060	6%
Operating overhead expense	\$2,997	\$3,282	-9%	\$12,291	\$12,317	0%
Total selling and administrative expense	\$4,088	\$4,374	-7%	\$16,576	\$16,377	1%
% of revenues	32%	34%		32%	32%	
Interest expense (income), net	\$ (53)	\$ (28)	—	\$ (161)	\$ (6)	—
Other (income) expense, net	\$ (127)	\$ 3	—	\$ (228)	\$ (280)	—
Income before income taxes	\$1,726	\$1,246	39%	\$ 6,700	\$ 6,201	8%
Income tax expense	\$ 226	\$ 215	5%	\$ 1,000	\$ 1,131	-12%
Effective tax rate	13%	17%		15%	18%	
NET INCOME	\$1,500	\$1,031	45%	\$ 5,700	\$ 5,070	12%

<https://investors.nike.com/investors/news-events-and-reports/investor-news/investor-news-details/2024/NIKE-Inc.-Reports-Fiscal-2024-Fourth-Quarter-and-Full-Year-Results/default.aspx>



The basics

Why do you care?

One really big reason:

Nike can improve income by increasing revenue, or by **cutting expenses** (layoffs).

(In millions)	Three months ended			Twelve months ended		
	5/31/2024	5/31/2023	Change	5/31/2024	5/31/2023	Change
Revenues	\$12,606	\$12,825	-2%	\$51,362	\$51,217	0%
Cost of sales	\$6,972	\$7,230	-4%	\$28,475	\$28,925	-2%
Gross profit	\$5,634	\$5,595	1%	\$22,887	\$22,292	3%
Gross margin	45%	44%		45%	44%	
Demand creation expense	\$1,091	\$1,092	0%	\$ 4,285	\$ 4,060	6%
Operating overhead expense	\$2,997	\$3,282	-9%	\$12,291	\$12,317	0%
Total selling and administrative expense	\$4,088	\$4,374	-7%	\$16,576	\$16,377	1%
% of revenues	32%	34%		32%	32%	
Interest expense (income), net	\$ (53)	\$ (28)	—	\$ (161)	\$ (6)	—
Other (income) expense, net	\$ (127)	\$ 3	—	\$ (228)	\$ (280)	—
Income before income taxes	\$1,726	\$1,246	39%	\$ 6,700	\$ 6,201	8%
Income tax expense	\$ 226	\$ 215	5%	\$ 1,000	\$ 1,131	-12%
Effective tax rate	13%	17%		15%	18%	
NET INCOME	\$1,500	\$1,031	45%	\$ 5,700	\$ 5,070	12%

<https://investors.nike.com/investors/news-events-and-reports/investor-news/investor-news-details/2024/NIKE-Inc.-Reports-Fiscal-2024-Fourth-Quarter-and-Full-Year-Results/default.aspx>

The basics

There's other phrases you will read and hear about.

The most common:

- Generally accepted accounting principles (**GAAP**), or a standard way of reporting finances.
- Operating costs (**OPEX**), including executive salaries, rent, supplies, insurance, software costs
- Cost of goods sold (**COGS**), including materials, hosting fees, APIs, design, engineering, and product salaries
- Earnings, before interest, taxes, depreciation and amortization (**EBITDA**)
- Mergers and acquisitions (**M&A**)

Corporate finances, and how they impact design

Financial reporting

Publicly-traded companies report their financial progress through *earnings calls*.

Investor information is valuable to you as a design leader

The contents of these calls provides hints at strategic and tactical changes that are coming:

- New products or product lines
- Reorganizations and layoffs
- Changes in management and leadership
- Budgets

Example earnings report content



Q4, 2024 Earnings Call Transcript

"Our second priority is that we'll continue simplifying and strengthening our core business, while delivering greater operating efficiency.

This means doing fewer things better and improving mission-critical features and functionality rather than pursuing inefficient or subscale growth.

For our team's products, we'll optimize core invite flows and internal and external sharing motions.

While our retention rates remain strong, we see an opportunity to reduce churn by enhancing the usability of the most critical product capabilities and refining key user workflows.

So with that, let me briefly touch on the progress we made against our main objectives last year.

As a reminder, we had two primary business objectives in 2024.

The first was to improve the collaborative user experience of our teams product.

We upgraded sharing and invitation functionality, which removed friction for both end users and IT admins.

This led to improvements in key funnel metrics, including team invites, new team creations, teams' trial conversion rate, and teams' activations, all of which were up double-digit percent year-over-year."

Example earnings report content



Q3, 2024 Earnings Call Transcript

"In our ad stack, we continue to focus on, number one, driving performance of our ad solutions across the funnel; two, improving usability for our advertisers and productivity for our sales force; and three, offering our advertisers Reddit-unique solutions and creatives...

We remain focused on making Reddit the best place on the Internet for conversations and community, which means, quite simply, we are continuously improving the user experience by making discovery easier, making the platform faster and smarter, enabling seamless contribution and simplifying moderation.

A few highlights from the quarter include: our conversation page views exceeded 90 billion, growing 40% year-over-year in Q3 as users are getting into the conversations faster and more often; we refreshed the Ask Me Anything, or AMA, product which led to a fivefold increase in the number of AMAs created in the new format; and we launched better tools for posting that have both increased posts and reduced moderator removals, which makes a better experience for everybody."

Example earnings report content

Snap Inc.

Q3, 2024 Earnings Call Transcript

'We're getting much better at content sharing recommendations because content can be a really important stepping stone to starting conversations.

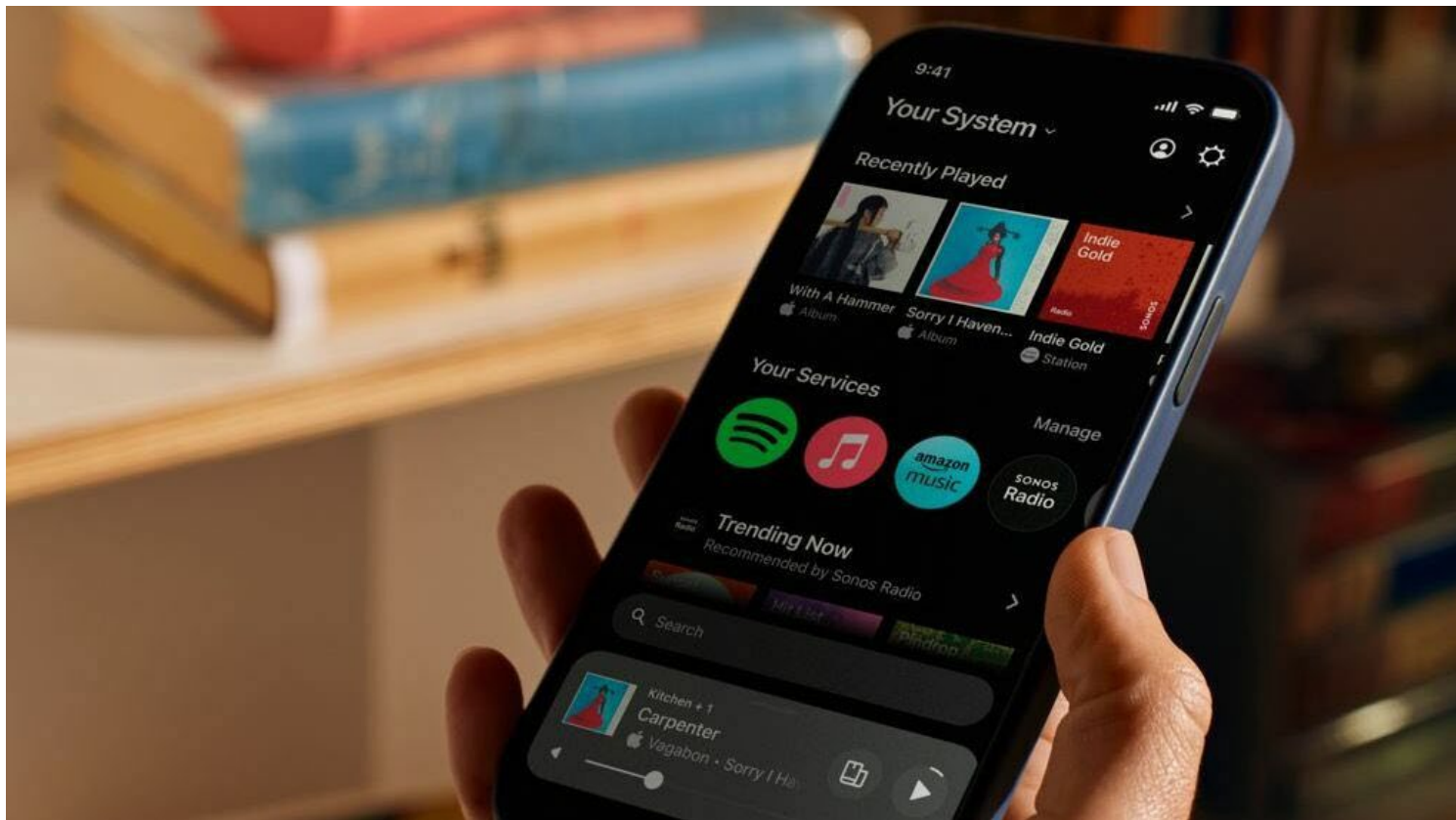
There's also been a lot of improvements in story reply optimizations in terms of making it easier to reply from with lenses, which also is a great way to start conversations with folks.

So, really a lot of focus around those core user experiences and helping drive visual communication with close friends and family.

And if we keep powering on that, we feel like that is the most important way to drive sustained growth and retention in the community."

Example earnings report content

SONOS



“Sonos CEO calls it quits after unsuccessful app launch.

The change takes place after Sonos experienced a fiasco when launching an app update back in May. Users reported that the app was lagging and crashing, so they were unable to use their devices.

One solution to this problem was to return the old version of the app. However, it was soon discovered that Sonos was unable to do that.

Despite Sonos's CEO being open about the recurring problems, the situation didn't improve, with the audio manufacturer having to even delay the release of its latest products.

It's been reported that Sonos' revenue fell 16% in the fiscal fourth quarter, and its stock price has fallen about 13% since the launch of the app. The company also had to fire around 100 employees in August.”

Example earnings report content

SONOS

Q4, 2024 Earnings Call Transcript

"Please note that our adjusted EBITDA guidance has been reduced by \$5 million to \$10 million of app recovery investments we expect to make in the quarter.

Our guidance assumes Q1 non-GAAP adjusted operating expenses to be approximately \$182 million, which includes our app recovery investments.

As Patrick mentioned, we continue to expect to invest \$20 million to \$30 million in our app recovery efforts.

Inclusive of \$7 million reincurred in Q4 and \$5 million to \$10 million reoutlined in Q1, we expect the remainder to be incurred during the rest of the fiscal 2025."

Q1, 2025 Earnings Predictions

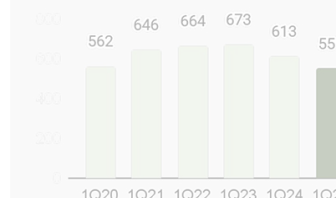
"Sonos announced the financial results for its first quarter of Fiscal 2025, the 90-day period that ended on December 28, 2024.

It was sobering news – Revenues declined over 10%, Operating Income collapsed almost 40%(!), and Net Income slid 38%.

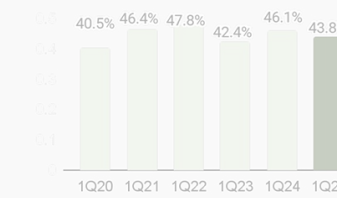
These poor results show that Sonos is starting out 2025, not as bad as 2024... it's starting out worse."

Fiscal Q1 Financial Summary

NET REVENUE



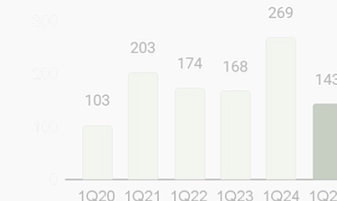
GAAP GROSS MARGIN



ADJUSTED EBITDA



FREE CASH FLOW



Example earnings report content

SONOS

Q4, 2024 Earnings Call Transcript

"Please note that our adjusted EBITDA guidance has been reduced by \$5 million to \$10 million of app recovery investments we expect to make in the quarter.

Our guidance assumes Q1 non-GAAP adjusted operating expenses to be approximately \$182 million, which includes our app recovery investments.

As Patrick mentioned, we continue to expect to invest \$20 million to \$30 million in our app recovery efforts.

Inclusive of \$7 million reincurred in Q4 and \$5 million to \$10 million reoutlined in Q1, we expect the remainder to be incurred during the rest of the fiscal 2025."

Q1, 2025 Earnings Predictions

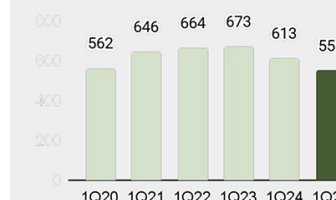
"Sonos announced the financial results for its first quarter of Fiscal 2025, the 90-day period that ended on December 28, 2024.

It was sobering news – Revenues declined over 10%, Operating Income collapsed almost 40%(!), and Net Income slid 38%.

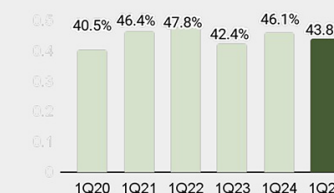
These poor results show that Sonos is starting out 2025, not as bad as 2024... it's starting out worse."

Fiscal Q1 Financial Summary

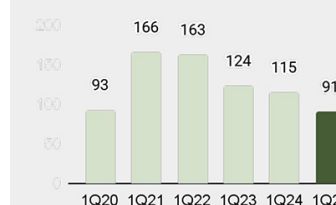
NET REVENUE



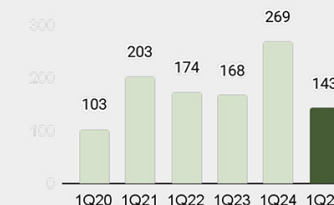
GAAP GROSS MARGIN



ADJUSTED EBITDA



FREE CASH FLOW



Managing headcount and budgets

Managing headcount and budgets

Your team costs money. You need to know exactly how much of a **cost center** you are.

There are several ways to describe the cost of your team.

- Your team **directly generates revenue**: you can identify how much money each member of your team returns to the organization
- Your team **indirectly generates revenue**: there is a clear relationship between your work and positive financial impact, but the link is not *causal or quantifiable*
- Your team is **strategic**: you help the company behave differently (and act as an amplifier)
- Your team is a **cost center**: you only lose money for the company (you are a *necessary evil*)

Managing headcount and budgets

Track your headcount in a spreadsheet.

Employee	Salary	Salary Band	Title	Start Date	Tenure at Company
Name	\$100,000	\$90,000 - \$120,000	Designer	1/1/2024	< 1 year
Name	\$110,000	\$90,000 - \$120,000	Designer	6/1/2023	1-2 years
Name	\$135,000	\$120,000 - \$150,000	Senior Designer	1/1/2021	3-4 years
Name	\$185,000	\$180,000 - \$220,000	Director	3/1/2022	1-2 years
Name	\$180,000	\$180,000 - \$220,000	Director	6/1/2023	1-2 years
	\$710,000				

Managing headcount and budgets

But this is not the real cost to the company...

Employee	Salary
Name	\$100,000
Name	\$110,000
Name	\$135,000
Name	\$185,000
Name	\$180,000
	\$710,000

Managing headcount and budgets

But this is not the real cost to the company...

Employee	Salary
Name	\$100,000
Name	\$110,000
Name	\$135,000
Name	\$185,000
Name	\$180,000
	\$710,000

Employer Payroll Taxes
Social Security (6.2%) \$6,200
Medicare (1.45%) \$1,450
State Unemployment Tax \$500-\$3,000
Workers' Compensation Insurance \$500-\$5,000
Total \$8,500-\$15,000

Employee Benefits
Health Insurance \$7,500-\$15,000
Dental & Vision Insurance \$500-\$1,500
401k Employer Match \$3,000-\$6,000
Life & Disability Insurance \$500-\$2,000
Total \$11,500-\$24,500

Additional Costs
Office Space, Equipment, Supplies \$2,000-\$10,000
Training & Development \$1,000-\$3,000
Recruiting & Onboarding \$3,000-\$7,000
Total \$6,000-\$20,000

Managing headcount and budgets

This is the real cost to the company:

Employee	Salary	Cost, All-In	Salary Band	Title	Start Date	Tenure at Company
Name	\$100,000	\$130,000	\$90,000 - \$120,000	Designer	1/1/2024	< 1 year
Name	\$110,000	\$143,000	\$90,000 - \$120,000	Designer	6/1/2023	1-2 years
Name	\$135,000	\$175,000	\$120,000 - \$150,000	Senior Designer	1/1/2021	3-4 years
Name	\$185,000	\$240,500	\$180,000 - \$220,000	Director	3/1/2022	1-2 years
Name	\$180,000	\$234,000	\$180,000 - \$220,000	Director	6/1/2023	1-2 years
	\$710,000	\$922,500				

Managing headcount and budgets

Companies expect a 2x-3x cost-to-revenue return.

Employee	Salary	Cost, All-In	Revenue Expectation
Name	\$100,000	\$130,000	\$325,000
Name	\$110,000	\$143,000	\$357,500
Name	\$135,000	\$175,000	\$437,500
Name	\$185,000	\$240,500	\$601,250
Name	\$180,000	\$234,000	\$585,000
	\$710,000	\$922,500	\$2,305,250

A reasonable expectation is that you can tie \$2.3M in revenue to the existence of this five-person team!

What about consulting?

A consultancy directly ties salary and level to *billable rate*.

Employee	Salary	Cost, All-In	Revenue Expectation	Utilization	Billable Rate
Name	\$100,000	\$130,000	\$325,000	80% (1664 hours)	\$195
Name	\$110,000	\$143,000	\$357,500	80% (1664 hours)	\$214
Name	\$135,000	\$175,000	\$437,500	80% (1664 hours)	\$262
Name	\$185,000	\$240,500	\$601,250	80% (1664 hours)	\$361
Name	\$180,000	\$234,000	\$585,000	80% (1664 hours)	\$351
	\$710,000	\$922,500	\$2,305,250		

You can begin to answer questions like:

“Can we hire a new designer?”

Employee	Salary	Cost, All-In	Revenue Expectation	Utilization	Billable Rate
Name	\$100,000	\$130,000	\$325,000	80% (1664 hours)	\$195
Name	\$110,000	\$143,000	\$357,500	80% (1664 hours)	\$214
Name	\$135,000	\$175,000	\$437,500	80% (1664 hours)	\$262
Name	\$185,000	\$240,500	\$601,250	80% (1664 hours)	\$361
Name	\$180,000	\$234,000	\$585,000	80% (1664 hours)	\$351
	\$710,000	\$922,500	\$2,305,250		

You can begin to answer questions like:

“How much should I charge for this project?”

Employee	Salary	Cost, All-In	Revenue Expectation	Utilization	Billable Rate
Name	\$100,000	\$130,000	\$325,000	80% (1664 hours)	\$195
Name	\$110,000	\$143,000	\$357,500	80% (1664 hours)	\$214
Name	\$135,000	\$175,000	\$437,500	80% (1664 hours)	\$262
Name	\$185,000	\$240,500	\$601,250	80% (1664 hours)	\$361
Name	\$180,000	\$234,000	\$585,000	80% (1664 hours)	\$351
	\$710,000	\$922,500	\$2,305,250		

You can begin to answer questions like:

“Can I promote a team member (and give them a raise)?”

Employee	Salary	Cost, All-In	Revenue Expectation	Utilization	Billable Rate
Name	\$100,000	\$130,000	\$325,000	80% (1664 hours)	\$195
Name	\$110,000	\$143,000	\$357,500	80% (1664 hours)	\$214
Name	\$135,000	\$175,000	\$437,500	80% (1664 hours)	\$262
Name	\$185,000	\$240,500	\$601,250	80% (1664 hours)	\$361
Name	\$180,000	\$234,000	\$585,000	80% (1664 hours)	\$351
	\$710,000	\$922,500	\$2,305,250		

You can begin to answer questions like:

“Are we going to need to have layoffs?”

Employee	Salary	Cost, All-In	Revenue Expectation	Utilization	Billable Rate
Name	\$100,000	\$130,000	\$325,000	80% (1664 hours)	\$195
Name	\$110,000	\$143,000	\$357,500	80% (1664 hours)	\$214
Name	\$135,000	\$175,000	\$437,500	80% (1664 hours)	\$262
Name	\$185,000	\$240,500	\$601,250	80% (1664 hours)	\$361
Name	\$180,000	\$234,000	\$585,000	80% (1664 hours)	\$351
	\$710,000	\$922,500	\$2,305,250		

Takeaways

Takeaways

If you understand corporate and project finances, you can increase your *impact, value, and autonomy*.

Key points to remember:

- Ask executive-leadership for details, not generalities; show interest and curiosity
- Track the basics, and lean into public earnings statements
- Keep records of your team's negative financial impact, and consider how you can rationalize their spend
- Share financial details with your own team members and direct reports, so they can also understand the context of design in the business

Thank you!

jkolko@wonderfulnarrative.com