


WHITEPAPER

# Best Practices

Planning, Budgeting, and Forecasting

 +61 1300 00 7256

 [sales@acterys.com](mailto:sales@acterys.com)

## Table of Contents

<b>Introduction</b>	03
<b>Best Practices for Planning, Budgeting &amp; Forecasting (PB&amp;F)</b>	04
1. Move Past the Manual Excel-Based Processes	04
2. Introduce High Flexibility for Continuous Budgeting and Forecasting	05
3. Make PB&F a Collaborative Process Across the Organization	07
4. Include Driver-Based Planning into the Mix	08
5. Choose the Right CPM Technology for PB&F Success	08
<b>Conclusion</b>	11

# Introduction

If the pandemic has taught us anything, it is that change is inevitable, erratic, and those who respond to it with agility can survive its implications and triumph the landscape. Due to this, businesses can no longer lock budgets and forecasts for the next 6 months or a year ahead and follow them, expecting the circumstances to remain the same throughout the financial period.

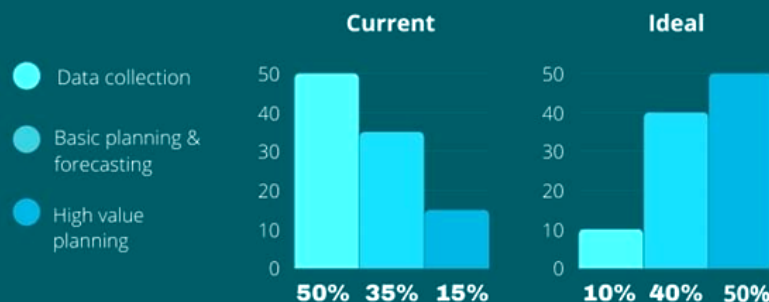
With manual spreadsheet-based processes still being used predominantly, it has become nearly impossible to respond to this need for speed with accuracy and consistency. Organizations looking to empower their financial and operational functions to do more with less and produce accurate budgets and forecasts must incorporate modern CPM tools

into their FP&A ecosystem. Such solutions serve as a unified platform that automates the consolidation of enterprise data, performs PB&F processes with agility, and populates reports and dashboards with ease, delivering powerful analytics at the speed of business.

Couple the technology with proven best practices, and you have the perfect recipe for planning, budgeting, and forecasting transformation that takes your business to the next level. In this white paper, we have shared 5 best practices to help your business teams improve and streamline its PB&F efforts.

## More Time for High Value Planning

A centralized platform with prebuilt integrations and analytics allows firms to have more time for high-value planning activities such as modeling what-if scenarios, contingency planning, and cross-functional collaboration compared to when using legacy systems.



*Importance of CPM solutions for integrated planning*

# Best Practices for Planning, Budgeting & Forecasting (PB&F)

## 1. Move Past the Manual Excel-Based Processes

Excel is perhaps the best tool for quickly manipulating data and creating reports for individual analysis. . But it was never designed to meet extensive data storage and collaborative enterprise-wide planning and analytics needs.

With its 35 years old deep roots in accounting and finance departments, companies are still using it for budgeting and forecasting. It generally requires spending weeks and months on gathering planning and forecasting data from a variety of functional (e.g., Sales /manufacturing/ IT) and regional business units (e.g., European, APAC subsidiaries). This data then needs to be (mostly manually) aggregated, cleansed and compiled into digestible reports only to be given revisions based on CFO's and other reviewers' comments. And the vicious cycle repeats multiple times.

The result? By the time you've actionable insights for PB&F ready for use, they nearly become irrelevant because they are based on outdated data from weeks or months ago.

Unless you opt for an add-in that extends Excel's capabilities and provides a centralized server with data entry, workflow and reporting automation capabilities, modern corporate performance



### Excel Limitations for PB&F

- Lack of a centralized storage for consolidating data from multiple sources
- Extensive spreadsheet maintenance, which is labor-intensive
- Low security and no governance measures available
- Collaboration becomes difficult when there are multiple versions of spreadsheets
- No support for automated workflows for regular data refresh

management (CPM) solutions are your best bet. These platforms automate the data collection process and bring siloed data from various financial and non-financial sources into a single data model.

From there, you can create reports and populate dashboards based on multidimensional datasets with ease. These platforms allow comparing actuals with forecasted data and simulating unlimited scenarios without switching between files and applications while giving you the ability to edit values right in your preferred analysis solution like Power BI.

All of this spikes up the productivity of all teams involved in the PB&F process and provides more time to better analyse market conditions and pro-actively leverage new opportunities or react to potential threats.

## 2. Introduce High Flexibility for Continuous Budgeting & Forecasting

The high volatility of today's markets has been forcing teams responsible for planning to produce more versions of forecasts and plan for more scenarios to ensure unexpected variances don't catch them by surprise.

Developing a culture for continuous budgeting and forecasting helps decision-makers evaluate how the company or a department is doing against the existing plan and how they can adapt if, for example, new business drivers have emerged or economic conditions have changed. When you have already accounted for any unforeseen event, you can quickly enforce the respective plan to overcome the situation within hours or days instead of waiting for weeks or months.

### Continuous PB&F is on the Rise

Research indicates that 73% percent of organizations have reported a move to a culture of continuous planning, budgeting, and forecasting over the last 3 years<sup>1</sup>.

<sup>1</sup>The Future of Planning, Budgeting, and Forecasting, Survey 2016, FSN

Introducing flexibility to your PB&F process ensures that your plans and business processes adapt rapidly at the speed of change. A few key approaches that can instill flexibility in your budgeting and forecasting projects include:

### Scenario Planning

Having insights into how different business situations will pan out gives organizations the ability to calculate potential contingencies and prepare plans to counter its effects. Scenario planning allows teams to predict the worst case, best case and most likely case based on the changing variables and create different plans to handle those scenarios beforehand<sup>1</sup>.

For example:

- What steps would the production department take if they fell short on labor or raw materials?
- What would record-breaking sales vs. all-time low sales mean for the business's growth and market value?
- What if allocating key resources to a new project yields negative results?

However, preparing answers for such questions while working with spreadsheets and legacy systems can turn it into a time-consuming, unfruitful activity. You need an integrated xP&A platform that provides write-back and AI-enhanced planning capabilities and supports multidimensional scenario planning, enabling analysts to see the impact of multiple changing variables in real-time.

## Monthly Reforecasting

Department managers should always be prepared to calibrate budgets by regularly reviewing internal and external changes and revising forecasts whenever significant deviation is seen in the projected revenues and expenses. Remember, reforecasting should be done when an unforeseen event arises that can throw the business off its course and requires an immediate re-evaluation of the existing budget. On the other hand, your budget should be flexible enough to accommodate any predicted changes that would impact your business's profitability.

However, reforecasting generally mandates fast response times from all stakeholders involved in the PB&F process. It is essential to have an automated approach in place, allowing your team to collect data and analyze projected numbers, factor in the changed circumstances, and make adjustments accordingly to move your business forward successfully.

## Rolling Forecasts

Rolling forecasts are like a living document that builds a future snapshot of your business's financial and operational performance beyond the fiscal year. It considers the current consumer trends, changes in the industry, and new regulations and helps continuously post updated forecasts that prepare your business for potential turns and twists. In addition, this approach facilitates driver-based planning where you can base your forecasts on key metrics, like human capital, sales, market share, production rates, and others, instead of past results.

Original 12 periods (e.g. months) forecast												Rolling forecast maintains 12 periods		
Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
1	2	3	4	5	6	7	8	9	10	11	12			
	1	2	3	4	5	6	7	8	9	10	11	12		
		1	2	3	4	5	6	7	8	9	10	11	12	
			1	2	3	4	5	6	7	8	9	10	11	12

*62% of organizations are using a rolling forecast, of which 14% has replaced the annual budget approach with it.*

### 3. Make PB&F a Collaborative Process Across the Organization

Whether you are taking the bottom-up or top-down approach, PB&F should always be a collaborative effort of department managers from across the organization. Yet Finance is expected to do most of the work, make assumptions on behalf of other departments and present it to stakeholders when the responsibility should be shared for it to be a true, credible reflection of the business.

For example, if one of your new products is seeing an incredible increase in demand, manufacturing and procurement would need to account for the increased production and additional raw material, while warehouse and distribution would need to allocate storage capacity and decide on the delivery routes. Marketing would need to ramp up the advertising efforts, and sales would need to add more personnel to close deals promptly. In all of this, Finance sits at the center to allocate budget, coordinate plans across departments, and make sure operational plans are in line with the target set across the organization.

Working in a collaborative manner allows for greater accountability and ensures better implementation of the business's overall strategy. Department managers need to have a better line of communication with other departments to ensure that their efforts are aligned with achieving the organization's strategic goals.



#### Finance is important but...

it doesn't run the company; it doesn't generate new customers, create products, or enter new markets. Instead, it offers supplementary services to help business leaders drive the company. Finance leaders should focus on developing the right trust and relationships with key business players and work closely to gather information about their functional area and its goals. Then combine the business and financial knowledge to create a story in which every department plays its planned role to reach the predicted conclusion

Unfortunately, with data trapped inside hundreds of spreadsheets and workbooks shared via email, collaboration with effective communication becomes extremely difficult. Consolidating data and compiling feedback on reports, not to mention the back and forth in making adjustments leading to multiple versions of a single workbook, create spreadsheet chaos and rarely a complete report is presented to the management.

**The solution:** A unified software that brings all users, from C-level execs to functional managers, onto a single platform to consolidate, plan, report, visualize, and analyze data. Acterys allows users to utilize a centralized data model that serves as a single source of truth with its instant connectivity

to any financial and non-financial source. Users at any level (with authorization) access reports, add comments, make adjustments in real-time and create different versions while keeping audit trails. As opposed to yet another stand-alone application Acterys' approach to leverage your productivity tools like Microsoft Office, Power BI and Teams users work directly in their favorite day-to-day applications.

#### **4. Include Driver-Based Planning into the Mix**

Driver-based planning has been steadily gaining traction among the FP&A teams over traditional annual or bi-annual planning and budgeting processes, and that too for good reasons.

This approach allows you to plan, budget, and forecast based on what really matters: the critical business levers or value drivers that directly impact your business's growth. Once identified, you can build elaborate financial models that establish links between key financial and operational drivers, answer complex questions in real-time, and gear your team up in advance to take action for calculated point-of-impact results.

In essence, it helps align Finance with other departments and creates a collaborative framework that breaks information silos, ensures accountability, and delivers a solid plan to predict the impact of different variables on your business's journey to meet its strategic goals.

As pointed out before, it can become difficult to bring everyone on the same page for this collaborative effort without the key piece of the puzzle: an integrated planning platform. Modern CPM solutions allow consolidating data from all financial and operational sources into a single data model that supplies data to simulate different scenarios and business driver changes like introducing new products, changes in organizational structures, or price and currency effects.

#### **5. Choose the Right CPM Technology for PB&F Success**

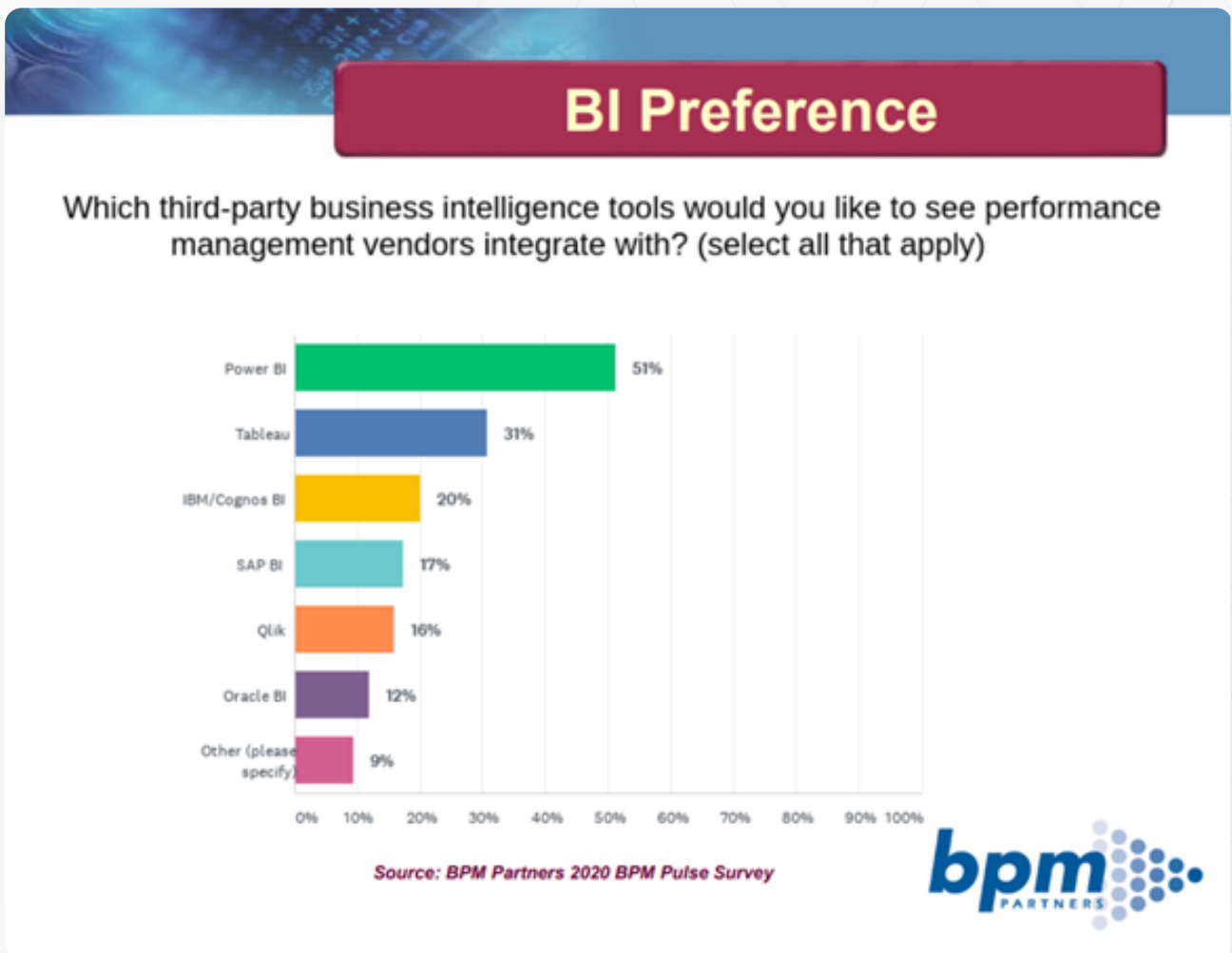
Increasingly, forward-thinking organizations are investing in CPM solutions that enable flexible, end-user-driven planning, budgeting, and forecasting capabilities and foster seamless collaboration between Finance and operations. While spreadsheets are likely to stay relevant for individual reporting and quick ad hoc computations, having a CPM platform powering your PB&F projects automates a lot of manual processes.

To further simplify the process for users, businesses should consider investing in a unified platform that caters to the entire financial planning lifecycle. Acterys provides a single integrated environment that weaves consolidation, planning, reporting, and simulation capabilities together to facilitate financial transformation and helps close the gap between performance management and business intelligence.



Since Acterys integrates into existing corporate standards, like Power BI, Excel, Azure and SQL-Server, it saves users from having to build knowledge in new proprietary front-end solutions, which require expensive consultants and specific training.

PB&F processes are directly integrated into these environments and users profit from the unparalleled visualization features in Power BI and the flexibility of Excel. But all data and interaction happen on a single version of the truth data model, which supports comprehensive governance and audit trails.



## Some of the key features Acterys offers include:

**All-in-one Solution:** A single unified platform to consolidate data, transform it into interactive reports, and manipulate it in real-time for planning and forecasting with market-leading SQL Server technologies (Azure & on-premise)

**Instant Connectivity:** Get started in minutes with one-click ERP/accounting software connectors or use our proprietary Instant Link technology for easy integration with all your source systems.

**Smart Data Warehouse:** Dedicated SQL-based data warehouses containing all the clients' accounting data from linked Xero, Workflow Max, or MYOB entities, which can be scheduled for real-time data using Acterys Power Sync.

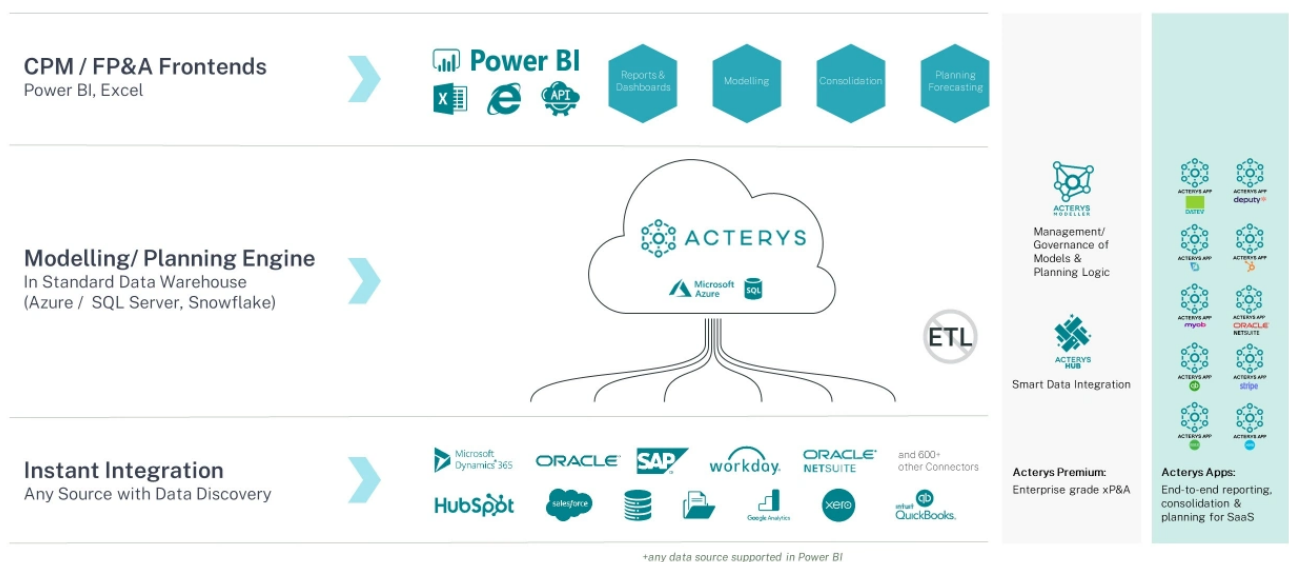
**Write-enabled Planning:** Power BI Apps and Custom

Visuals focused on write-back and planning, a two-way (read/write) Excel integration and best practice process templates.

**Built-in Workflows:** Easy to use, automated workflows for cost center, HR, CAPEX, cash flow budgeting and forecasting as well as legal consolidation.

**Ready-to-Use Templates:** Use fully editable Power BI financial reporting templates, as well as Power BI custom visuals that enable comprehensive planning features and editing directly on your Power BI report.

**Fluid Collaboration between Teams:** Enjoy an integrated ecosystem of the latest Microsoft technologies like Teams, PowerApps and Flow that allow you to set up real-time collaboration, powerful workflows and tailored mobile/web analytical applications.



## Acterys Solutions Overview

End to End Corporate Performance Management & Planning For    

## Conclusion

The purpose of conducting regular PB&F is to evaluate and ensure the business's capability to stay on track and meet its objectives, despite the evolving business landscape. Even though the disruption can come from a functional area or due to any external market force, it is seen that Finance is expected to factor in those changes without active participation from respective departments to assess the cause, impact, and other inputs.

To ensure right and timely actions are taken, it is essential to bring operational business units and the finance function closer together through an integrated planning process. With an all-encompassing performance management framework in place, all business functions gain visibility of the activities that must be performed to ensure growth and enables them to contribute to allocating budget and resources for meeting the strategic goals. In addition, this approach helps develop effective contingency plans for stormy situations and quickly make reallocations to help your business stay afloat until the sky clears up.

Try out the Acterys platform today to see how its well-rounded functionality can automate and accelerate your planning, budgeting, and forecasting projects.

[Get Your Free Trial](#)



## About Acterys

Acterys enables instant clarity for present & future through end-to-end analytics & planning solutions for major ERP and SaaS solutions. On top of the single version of the truth data model, the solution offers out of the box templates for all performance management aspects that can be easily customized by

business users in their familiar environments like Power BI & Excel. This typically guarantees significant cost savings as multiple disparate CPM solutions e.g., separate applications for data analytics, consolidation, and planning, are consolidated on a single platform based on Microsoft standard technologies.



## Our Global Presence



Germany +49 800 001 02 33  
Asia Pacific +61 1300 00 7256

America +1 888 48 48 821  
United Kingdom +44 0330 0948046