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Seven Ways to Reduce the Time You Spend on Budgeting without Spreadsheets

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Biography

Daniel Mason is Managing Director at Prophix (www.prophix.com) and is responsible for the UK operations, including sales, marketing and professional services. As the UK business continues to experience high growth so does its importance as a region to the overall growth plans of Prophix Software.

Working directly with finance and operational teams in medium to large enterprises, Daniel is laser-focused on helping businesses with their Corporate Performance Management challenges. A virtual veteran in the CPM industry, Daniel started in CPM over 14 years ago, combined with his over 20 years of Sales & Marketing experience.

Daniel plays the long game, as an avid marathon runner.

Keywords Future, Finance, Budgeting, Forecasting, Reporting, Analysis, Consolidations
Paper type Research

Abstract

The paper outlines the practical budgeting best practices to assist financial professionals to better establish and hone budgets and related procedures. The result: financial professionals can devote time to those activities that enrich their business and personal lives. Because you could do so much more if you reduce the time spent you spend on budgeting.

Introduction

The greatest challenge that companies face to reduce the time spent on budgeting is the existence of well-entrenched and well-meaning budgeting processes that are out-of-step with the needs of a growing business.

Specifically, companies rely heavily on spreadsheets to create their budgets as well as build budgeting processes around the functionalities of spreadsheets. However, because spreadsheets were designed to help businesses organize and adjust data, they are limited when it comes to accommodating growing amounts of increasingly complex data. Furthermore, they serve as an 'island' – separate from rigorous workflow processes that meet growing companies' needs for data security, data accuracy, cross-functional integration of data, and remaining nimble in the face of rapid change.

The actions identified in this best practices whitepaper help you address this challenge head-on.

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1. Define your budgeting process

A well-defied budgeting process allows professionals in finance departments to make better and more informed business decisions because it produces financial documents that accurately capture the complete costs of producing their products and services.

At the same time, a budgeting process that is managed efficiently frees up time so that financial professionals can conduct meaningful analyses, improve the ability to forecast, respond quickly to changing needs, and devote time to important non-work related priorities.

Actions:

- Identify everyone in your department who is involved in your budgeting processes;
- Identify everyone outside of your department who contributes to your budgets;
- Conduct a workflow review to see how/when information and data critical to your budget is being gathered, stored, modified, and/or analyzed.

2. Identify the infrastructure that supports your budgeting process

A well-honed budgeting process is the outcome of optimizing four key components regardless of the size of your business, the nature of your business, or the industry in which your business operates. These components are: employees, financial and project management skills, processes, and technology.

Actions:

- Document your current budgeting procedures;
- Asses the skill levels of all those involved in the budgeting process;
- Identify the financial and project planning tools used throughout the budgeting process;
- Identify any gaps in required skills and resources to produce efficient budgets.

3. Define your budget parameters

Effective budgets provide enough detail to make long-term resourcing decisions while still providing enough flexibility to modify day-to-day finances as needs change.

Defining your budget parameters reduces the time spent on budgeting and reviewing items/activities that have a limited impact on your business.

Actions:

Define the degree of detail required to make your budget practical (for instance, actionable);

Document these requirements in order to focus data collection, review, and analysis on your current budgeting procedures.

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4. Define relevant performance metrics for your budget

By defining Key Performance Indicators (KPIs) at the onset of your budgeting, the resulting budget, and related processes, will remain focused on your company's most important business drivers. This will be a unique combination of measurements that are common to your specific industry as well as those used to determine the financial health of organizations across industries such as revenue growth, earnings growth, debt reduction, and EBITDA margin.

Actions:

- Review peer companies and/or industry analysts' reports to confirm KPIs that are relevant for your industry;
- Identify KPIs that are unique to your specific business – given the nature of the business and its stage of evolution;
- Establish KPIs for your organization to serve as benchmarks against which you will measure future improvements.

To explore the full seven ways in which you can reduce the time you spend on spreadsheets and budgeting download the full whitepaper at **https://www.prophix.com/resource/7-ways-reduce-time-spend-budgeting-without-spreadsheets/**