

# BUDGETING, FORECASTING & DATA ANALYTICS

Increasing Agility through Technology



# RSM Overview

*First-choice advisor to middle market leaders, globally*

- **Largest firm world-wide focused on serving the middle market**
- **Fifth largest audit, tax and consulting firm in the U.S.**
  - Over \$1.8 billion in revenue
  - 86 cities and more than 9,000 employees in the United States
- **Sixth largest independent network of audit, tax and consulting firms globally\***
  - Presence in more than 120 countries
  - More than 41,000 people in over 800 offices
  - \$4.8 billion (U.S.) in worldwide revenues



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# Introductions



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# CURRENT STATE OF THE FINANCE FUNCTION

# Poll #1 - People

## Where does budget/forecasting fall short?

1. People – Do you have the right people involved?
  - a. Are the right skills in place?
  - b. How many people are involved? Is there accountability?
  - c. Is there collaboration between each other?

# The way finance operates is changing

## New expectations

Partner  
with  
business  
leaders

Drive  
internal  
strategy

Satisfy  
external  
customers

Plan for  
future  
growth

*Align departmental actions  
with company-wide mission*

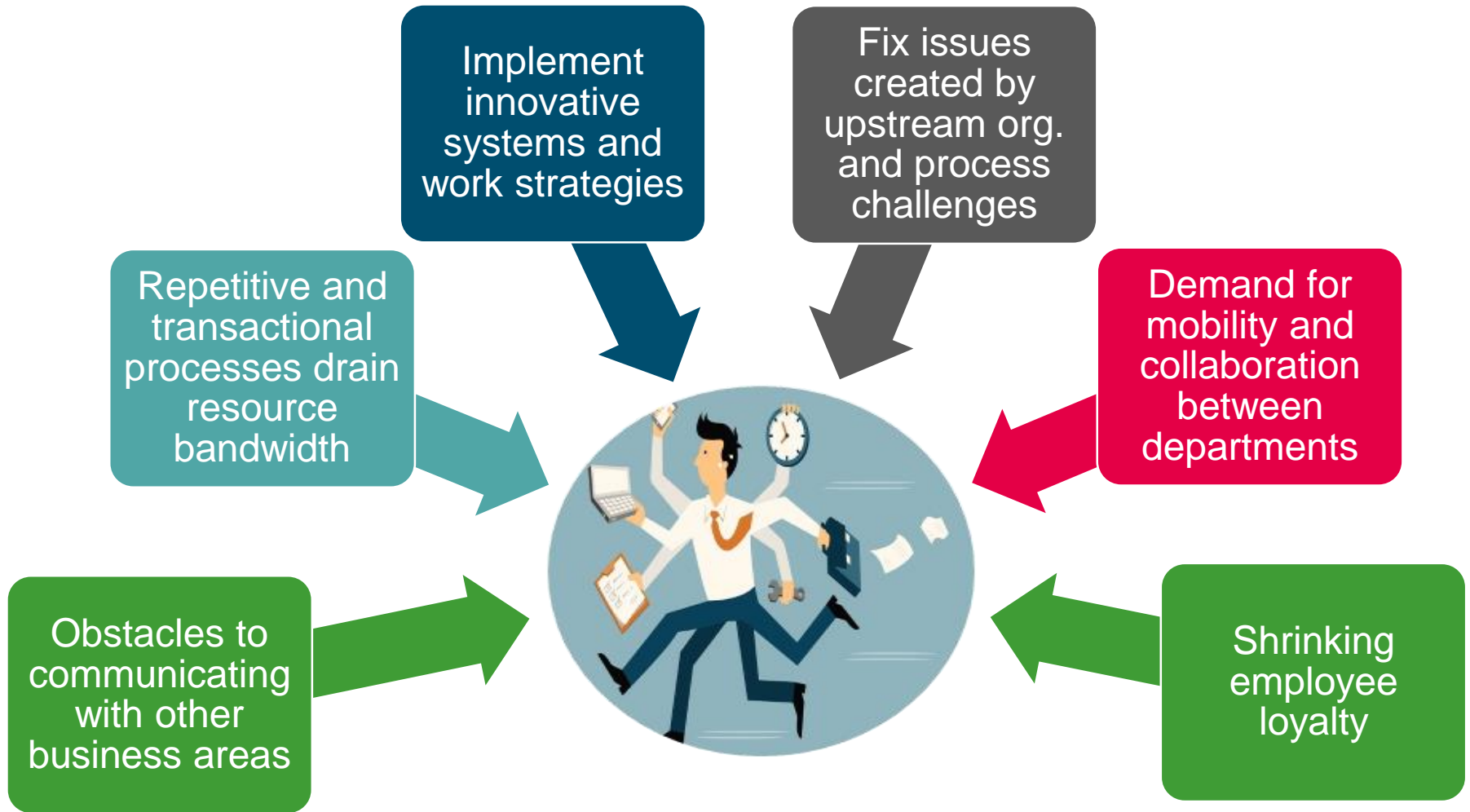
*Collaborate to strengthen  
ongoing initiatives*

*Manage finance technology*

*Provide meaningful insights  
into performance*

*Make informed decisions  
using real-time data*

# Traditional internal finance challenges still exist, but are further compounded by new challenges



# Rapidly changing external factors require expanded capabilities and greater agility

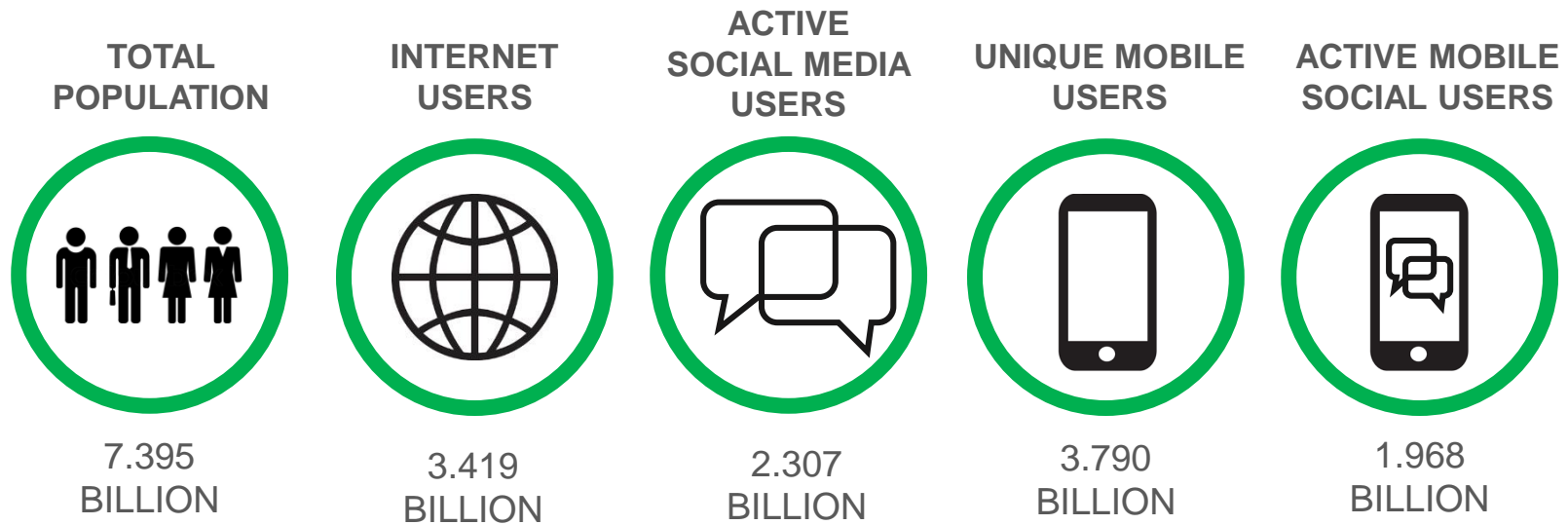
- Social media and other news platforms reach large user bases within minutes of breaking news
- Customers demanding more transparency and quicker response time to inquiries
- Uncertain economic conditions and scarcity of quality resources
- Reduced technology development lifecycles minimize time between upgrades and new system purchases
- Compliance requirements are increasing in scope and complexity and creating a greater administrative burden
- Regulatory changes are reshaping the business landscape for certain industries





# LEADING TRENDS

# Today's working world is tech savvy and deeply immersed in technology



➔ Over 200 million cell phone users in the US alone in 2016

➔ 76% of U.S. Americans have a social media profile

➔ Median employee tenure is down to four years

➔ 79% of employees say they have worked from home

Leading agile finance functions are high-speed, efficient and responsive to internal and external trends

# Technology forward

High-speed, data backed  
decision making

Cost efficient

People are  
prioritized

24/7 support  
capabilities and  
rapid turnaround

Streamlined  
organizational  
structure



# MAKING IT RELEVANT FOR THE MIDDLE MARKET

# Key technology investments are critical to the evolution of middle-market finance functions

Today's technology is widely available and more affordable. Middle market firms should consider these investments at a minimum to optimize their finance function.

Unified business applications

Analytical tools

Corporate performance management

Financial close automation

Communication and collaboration tools

Remote accessibility



Cloud technology plays a critical role in making these investments a reality.

# Enable middle-market organizations to focus on making data-driven decisions to improve organizational performance



- Organizations are utilizing tools to harness both internal and external data to drive real-time decision-making and improve performance
- Several data analytics platforms have been developed for middle-market organizations and are designed to be easily supported by internal resources

# DRIVING AGILITY IN PLANNING

## Poll # 2 – Process

### Where does budget/forecasting fall short?

1. Process – Do you have the right processes in place?
  - a. Is there consistency?
  - b. Is there a workflow in place?
  - c. Is there a standard COA?
  - d. Forecasting? How often?
  - e. Scenario planning?



# Budget process: today



- The budgeting process can be viewed as 5 key phases
- Phases in the budget process are ongoing throughout the entire year
- Companies get stuck in preparing, approving, and executing the budget, and often neglect taking the time to evaluate their overall process
  - Failure to capitalize on opportunities to improve the process are often the result of time and resource constraints

# Budget process: Phase 1 – Set Goals and Objectives



## Key Tasks:

- Define corporate and operational goals
- Define KPI's and link to incentives
- Set budget objectives & priorities
- Communication objectives
- Obtain organizational input & buy-in
- Identify required resources

# Budget process: phase 2 – Planning and Prep



## Key Tasks:

- Communicate planning process to company
- Ensure assigned resources have adequate bandwidth, training, and tools to prepare budget
- Determine timing for budgeting activities and build schedule
- Create assumptions & obtain feedback

# Budget process: phase 3 – First budget pass & iterations



## Key Tasks:

- Build budget model
- Input data
- Data manipulation
- Submit information for consolidation
- Create reports for comparison & variance analysis
- Review reports, data & apply changes
- Accept submission & consolidate
- Complete first pass of budget

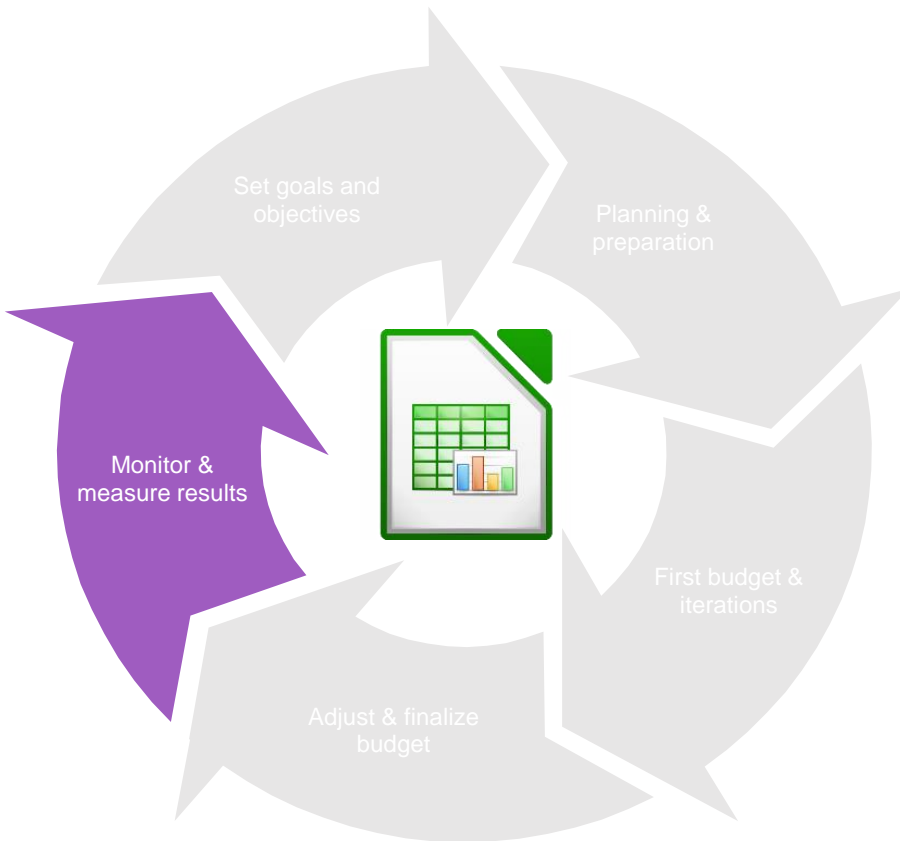
# Budget process: phase 4 – Adjust & finalize the budget



## Key Tasks:

- Complete second pass of budget
- What-if analysis
- Forecast & reforecast
- Evaluate budget areas with variances
- Review overall process performance and align with business strategy
- Make changes on an ongoing basis to improve process

# Budget process: phase 5 – Share finalized budget



## Key Tasks:

- Finalize budget
- Communicate final budget to departments
- Review overall process performance and align with business strategy
- Make changes on an ongoing basis to improve process

# Budget process: challenges

***Analyzing, monitoring, measuring results, and improving upon the process are the biggest challenges facing companies during the budget process... but why?***

Preparation, supporting business units, pestering business units, pestering them some more, rushing to consolidate budget templates, executive management makes a change, revisit the process again, rush to finalize the presentation, review and finalize, getting ready for the next reforecast.



# 5 best practices for driving agility in planning

Optimize your budget process by applying these 5 best practices in conjunction with industry-leading technology:

1. Reduce number of cycles per process

2. Simplify as much as possible

3. Continuously evaluate past performance

4. Refine frequency and level of detail

5. Drive accountability through accessibility



Corporate Performance Management Technology enables companies to execute on these best practices.



# Best Practice #1 – Reducing the # of cycles

- Preparation is key
  - Prepare & communicate early and often
  - Set clear process guidelines, goals and targets
  - Evaluate budget end user competencies & identify those needing more assistance than others
- Manage the process like any other project
  - Implement a formal project management structure
  - Constantly evaluate project issues, risks and open items
  - Manage to a project plan / schedule
  - Leverage process workflow

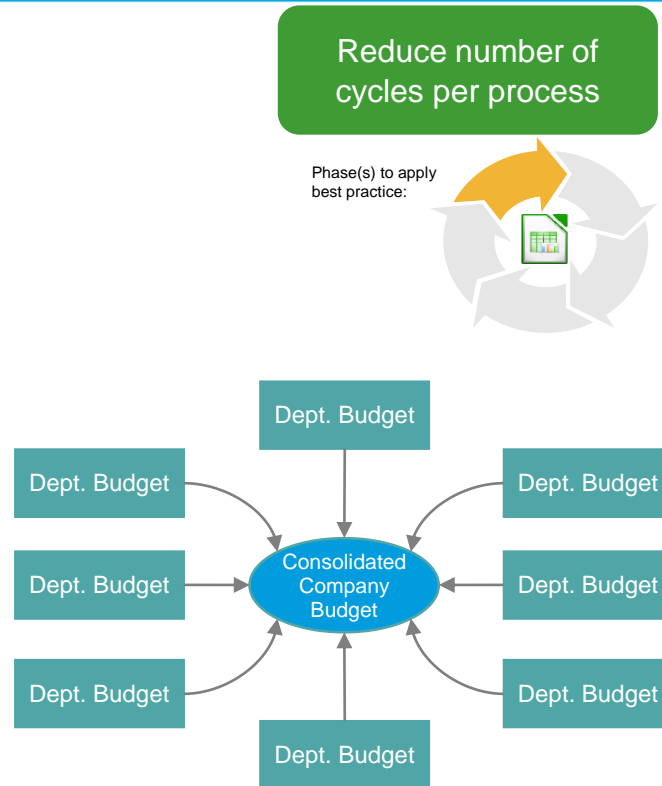
Reduce number of cycles per process

Phase(s) to apply best practice:



# Best Practice #1 – Reducing the number of cycles cont.

- Enhance communication between departments
- Departments should align their goals and communicate frequently to identify synergies and cost savings
- Overall business strategy, internal, and external forces should all be considered at the department and aggregate level



# Best Practice #2 – Simplify as much as possible

- Prior to diving into the process, evaluate the process for opportunities to streamline and simplify for end users
- Questions to Ask:
  - Do we have the right people involved?
  - Can we eliminate any unnecessary or redundant steps?
  - Is our technology optimal?
  - Is data entry and aggregation automated?
  - Are we using global drivers and formulas?

Simplify as much as possible

Phase(s) to apply best practice:



# Best Practice #3 – Evaluate past performance

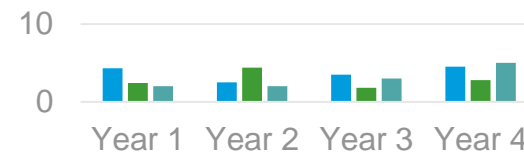
- Evaluate department/business unit past performance to budget
  - Review historical data during every iteration
  - Review accuracy of numbers in key areas – why did we budget incorrectly?
  - Where do we need greater assistance?
- Use quarterly close processes to keep managers on track
  - Involve resources across the organization

Continuously evaluate past performance

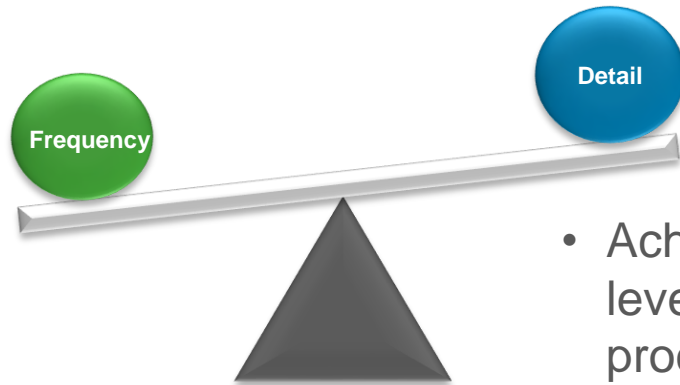
Phase(s) to apply best practice:



## Historical Trend Analysis



# Best Practice #4



Refine frequency and level of detail

Phase(s) to apply best practice:



- Achieving a balance between frequency and level of detail is critical to a successful budget process
- Use the 80/20 pareto principle to focus on GL accounts representing 80% of your business

## Factors impacting detailed analysis:

- Market & industry volatility
- Resource availability
- Technology
- Scope
- Organizational strategy
- Key decision points
- Timing
- Drill-down levels

# Best Practice #4 – Rolling forecasts

## Using Rolling Forecasts

- Rolling forecasts acknowledge that a company functions as an ongoing operation by:
  - Reducing or eliminating the traditional approach of the previous period plus an uplift
  - Helping to eliminate the annual mind-set and focus on the current year
  - Providing a continual business outlook at all times
  - Reducing or potentially eliminating the annual budgeting process
  - Continually emphasizes focus on GL accounts that are the greatest reflection of the performance of the business throughout the year

Refine frequency and level of detail

Phase(s) to apply best practice:



# Poll # 3 – Technology

## Where does budget/forecasting fall short?

1. Technology – What technology are you using?
  - a. Excel?
  - b. What other technologies have you used in the past or heard of?

# Best Practice #5

- Establish a self-serve finance function
- Self-service finance functions reduce the burden on finance team members
  - Provide budget managers with access to financial data and ability to analyze data through technology
  - Enables finance to hold budget managers accountable for their performance to budget since they have access to relevant data at all times
- Encourage access to financial and operational data during the month instead of only after close
- Help departments identify relevant KPIs and reporting requirements so they can effectively manage the business
- Develop dashboards and reports specific to departmental needs

Drive accountability through accessibility

Phase(s) to apply best practice:





# Best Practice #5 – Technology

- Enterprise Performance Management solutions create visibility into financial and operational data to allow quick decision-making
  - Departments and business units can monitor budgets an ongoing basis & align with business objectives
  - Quicker response to business needs

Drive accountability through accessibility

Phase(s) to apply best practice:




Examples of how to use a EPM system as part of the budget process:



Budget Process Activity	CPM System Feature
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<ul style="list-style-type: none"> <li>Planning &amp; forecasting</li> <li>Financial &amp; mgmt. reporting</li> <li>Financial consolidation</li> <li>Profitability Models</li> <li>LT Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Budgeting, rolling forecasts, historical tracking</li> <li>Customizable report books</li> <li>Inter-company and multi-currency</li> <li>Allocations, cost analysis by product/customer/service line</li> <li>Scorecards, dashboards, KPI's</li> </ul>

# Benefits of adopting these best practices

- Automation and reduction in errors
- Ownership and accountability brought back to the process
- Control over the information processes
- Faster and more reliable monthly closes and consolidations
- Better communication throughout the company
- Increased satisfaction from upper management with positive financial outcomes
- Detailed, advanced analysis in a user friendly end-to-end package
- Strategy alignment within departments and company as a whole

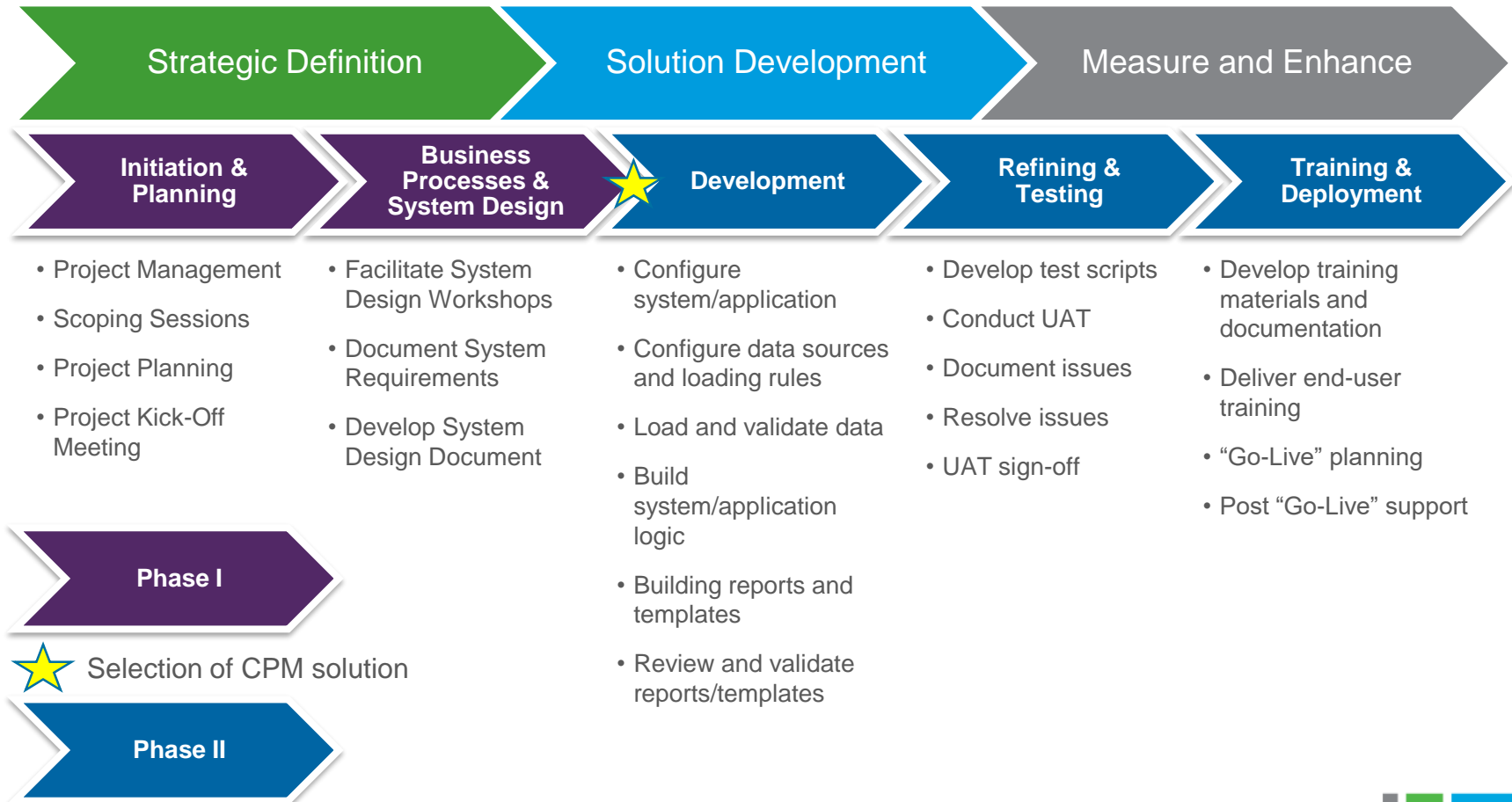


# QUESTIONS AND ANSWERS

# APPENDIX

# Implementation Methodology

RSM's standard implementation methodology is presented below:



# Clients we've helped...

## Reporting: Enhancing information through consistency

Big 10 University

### Business Need

Reporting across the finance organization was primarily a manual process and did not provide the appropriate information to management in a timely manner.

Manual intervention within the reporting processes caused control issues and resulted in inaccuracy of results.

### Result

- Designed and implemented an enterprise reporting solution to optimize performance within the finance organization
- Provided real time financial visibility into department and project performance
- Improved operational reporting to support faster, more effective decision making

## Improving Budgeting/Forecasting

Large Community College

### Business Need

Budgeting, reporting, and consolidation processes were complicated and inefficient.

Information was sourced from a number of different locations across the college network and a significant amount of manual intervention and effort was involved in developing recurring reporting.

### Result

- Developed a reporting process to improve close cycle and accuracy of information
- Decreased hours spent on the budgeting cycle by over 50%
- Delivered a budgeting solution to analyze scenarios including possible grant additions, new projects, and country office openings, all while aligning forecasts with organization strategy.

## Program Budgeting/Forecasting

Community College

### Business Need

Budgeting, forecasting and reporting actual was not done based on seasonality.

Many man hours were being spent post budget process explaining various variances.

### Result

- Enable budgeting / forecasting at the month level
- Enable inputting budget / forecasts based on seasonality
- Cross functional collaboration
- Provided a centralized location for all data, streamlining and integrating personnel figures with other elements related to the financial budget.



# OTHER SERVICES OFFERED

# Technology and Management Consulting

We offer a comprehensive scope of technology services, covering IT strategy, application and systems integration, infrastructure and outsourcing.

Advise

Deliver

Manage

I M P R O V E   A N D   I N N O V A T E

## Management consulting

Plan, implement, optimize

- *Rapid Assessment*<sup>®</sup> strategy and improvement
  - Finance and accounting
  - Technology and digital
  - Operations and supply chain
- Mergers, acquisitions and due diligence
- Software selection and optimization
- Project, program and change management
- Performance management and analytics

## Business applications

Design, build, implement

- ERP – Enterprise resource planning
- CRM – Customer relationship management
- BI – Business intelligence
- Application development and system integration

## Technology and infrastructure

Design, build, implement

- Network/data center
- LAN/WAN/wireless
- Server virtualization
- Storage and recovery
- Desktop and application delivery
- Enterprise content management
- Telecommunications
- Unified communications
- Mobile computing

## Managed services and support

Outsourcing, co-sourcing

- Managed services
  - Infrastructure
  - Applications
  - Help desk
- Finance and accounting outsourcing
- IT outsourcing
- CIO outsourcing
- Hosting

## Digital strategy and solutions

Design, migrate and manage  
Public, private or hybrid cloud, data, mobile and social

## Security, privacy and enterprise risk management



# Business intelligence (BI)

RSM'S BUSINESS INTELLIGENCE (BI) SERVICES EMPOWERS ORGANIZATIONS TO TRULY LEVERAGE THEIR DATA TO FOSTER INNOVATION, DRIVE ORGANIZATIONAL EXCELLENCE AND CREATE MARKET ADVANTAGE

## Traditional BI

- Focused data marts
- Enterprise analytic platforms
- Rapid Assessments ®
- Data/BI strategy
- Data governance
- Data quality assessments
- Reporting/analytics/dashboards
- Advanced analytics
- Big data
- Internet of things (IoT)

## Specialty data services

- SQL Server optimization
- Data integration/migration
- DBA as a service
- BI support as a service
- Data analysis/forensic support
- Audit data support
- Tax data support
- RAS data support

## Technologies



# Enterprise resource planning (ERP)

## IDENTIFY AND IMPLEMENT THE CORRECT ERP AND BUSINESS PROCESS SOFTWARE SOLUTIONS FOR YOUR BUSINESS NEEDS.

Our consultants go beyond implementing new software—we offer a broader business perspective to ensure your technology investment is wisely spent.

- Centralizing your organization's data
- Automating operational processes
- Streamlining complex reporting
- Integration with suppliers and customers

The objective is overall performance improvement so you can compete in today's local, national and global marketplace.



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