

## 24 Ways to Avoid Buying a Forecasting Solution That Will Lead to Embarrassing Errors, Mire You in a Task That Never Ends...and NOT Do What You Need

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**D**oes this sound familiar? You need to produce a financial forecast, but you have several sets of numbers—particularly if you have to break figures down into divisional or other operational units. You have the original budget, but things change rapidly in today’s business environment, so you’ve got a revised budget as well. Well, maybe more than one. Maintaining different sets of financials by hand is complex and frustrating. Maybe you’ve created your own budgeting program in Excel only to find that the job never ends—something always needs to be added. While fashioning the “profit & loss” side may not be too formidable (depending on the number of profit centres, divisions and related companies), integrating it all with cash flows and balance sheets requires advanced spreadsheet skills you don’t have. You’ve got a ton of broken links that are next to impossible to trace. Or embarrassing errors have been found in your formulas. Perhaps you’ve spent money on software that has such a steep learning curve, it’s still sitting on the shelf ...or you’re only able to partially use its features because going any further is just too time-consuming or costly. Here are twenty-four tips and must-do’s that will ensure you choose the best solution to integrate your budgeting into your long-term plan seamlessly, easily and professionally.

1. Time-saving is the name of the game when you’re preparing financial forecasts, especially when many are needed. Consider the money spent creating budgets and focus on how the process can be improved not just by saving cash, but even more importantly, saving time.
2. Calculate what forecasting is costing your organization today? Based on your gross hourly rate, what is the fully-loaded cost to your organization to have you do the forecasting exercise? You may be surprised to discover that the real cost is more than you imagined.
3. Now consider what forecasting is worth to your organization, and set a realistic budget. Budgeting software packages clock in at \$1,000 at the low end but can run to more than \$100,000 at the high end
4. Contact each vendor in a price range you consider appropriate for your company and ask for some straight talk on what the product will do and how easy it is to learn. Get the lowdown on costs related to installation, training and ongoing support.
5. Choose an affordable model that will reduce the time spent on number-crunching.

**Think Long Term**

The annual budget process is one phase in the evolution of your long-term goals. This is more than just number-crunching; it should also provide the strategic outlook for your company.

6. Where do you want to be in five years?
7. Who are the recipients of your forecasts and what is their relationship with the company?
8. Do they require summarized data, full details, or something in between? *continued...*

**How Many Bells And Whistles Do You Really Need?**With the huge variance in functionality and pricing, it pays to shop around, so you'll need to know in advance what features and functions you need, and which are "nice to have". Based on your budget and your users, you'll want to look at a number of issues before you look at alternative solutions. Use items 9 through 25 to create a checklist you can take to vendors before you buy.

9. Can each profit-centre manager prepare his or her own budget onscreen and then feed it into the overall plan?
10. Can they include details for sales and expenses, and requests for capital purchases?
11. Can you make revisions instantly once the model has been built?
12. Is there a seamless tie-in between operational plans and your financial plan? (Not all solutions incorporate cash flows and balance sheets with income projections.)
13. Will it handle your subsidiaries? You'll need to consolidate budgets, currency conversions and eliminations.
14. Is the package flexible enough to be adapted to your company (rather than the other way around) ?
- 15a. Can the model handle rolling budgets or is it restricted to the current fiscal year?
- 15b. Does the model include business planning?
16. If you allocate administrative overheads to your operating departments, can the model handle non-cash charges and the related offset?
17. Is capital expense budgeting included, along with calculations for long-term loans (payable, and, if applicable, receivable) ?
18. Is there full integration with balance sheets and cash flows?
19. Can you input data for multi-year plans and summarize long-term plans—single company as well as consolidated numbers?
20. How much staff training is required?
21. How much effort is it to enter multi-year data, what staff training is required, and what can you expect to get out of the model?
22. Can you quickly and easily create high quality presentations?
23. To what extent will senior executives have to become involved in the program?
24. Will the budget process fit your corporate culture or create a bureaucratic nightmare?

**Do you have questions?** We'd be pleased to talk with you! To speak with us in person call us at: 800 567 4500

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