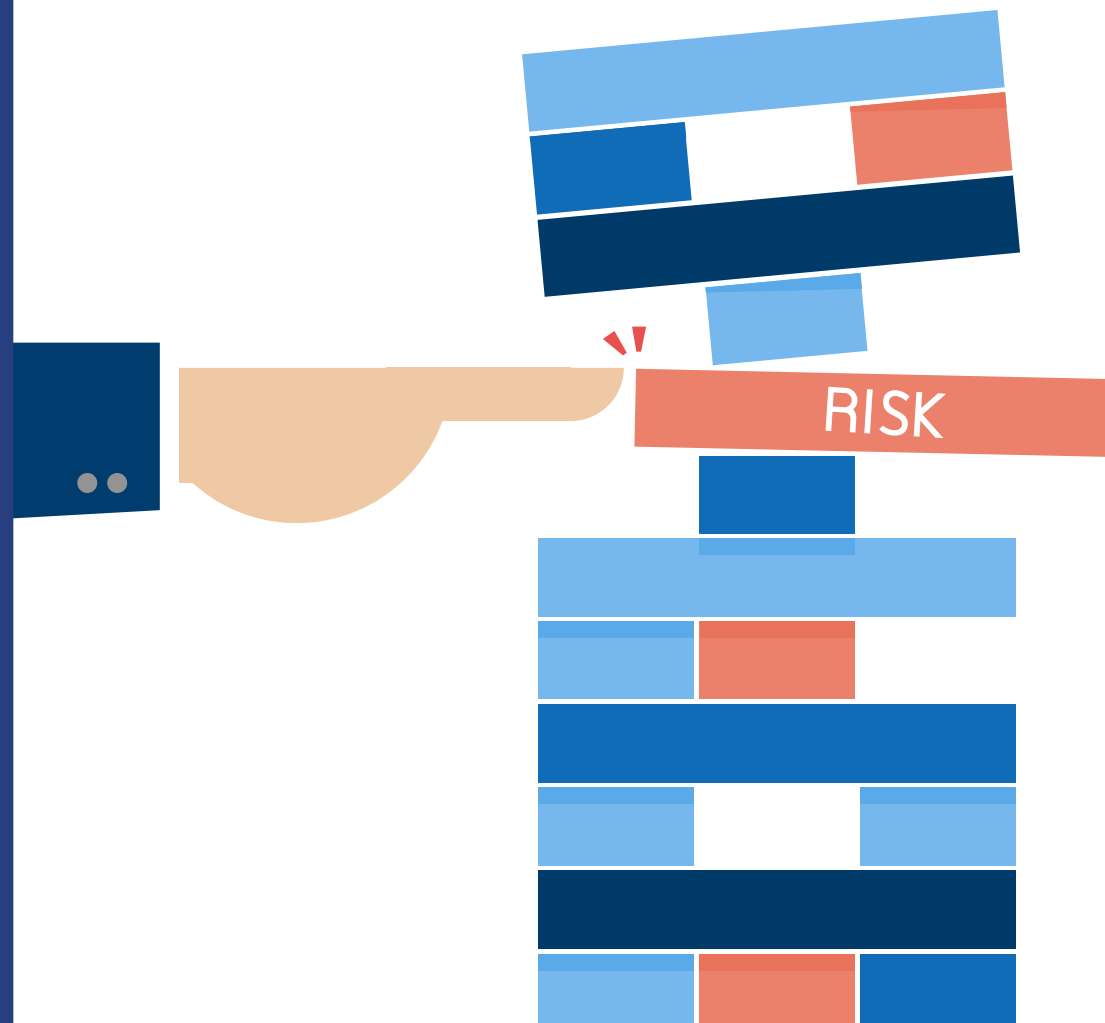


# 21 Ways Your Budgeting Process Puts Your Business at Risk



How the most popular application in your company may be undermining your planning and forecasting...  
*and what you can do about it.*

# Welcome

As your organization grows, the planning, budgeting and forecasting process naturally becomes more complex. More contributors and more reviewers lead to increased opportunities for duplication, errors and missed deadlines. There is much more at risk and at the same time, you've got more riding on getting the business plans right.

## Excel is not the problem...

Most businesses start out by using Excel for all their planning, budgeting and forecasting needs. Alongside Microsoft Word, Excel is probably the most popular application in your company. People are familiar with Excel and feel comfortable using it to track everything from their remaining vacation days to complex depreciation schedules. Managing budgets through Excel is cost effective and doesn't require in-depth training.

## Control is the problem

Without centralized management of the data, managing spreadsheets and processes across multiple locations, departments and levels of management is impossible during the forecast and budgeting cycle. As you read this eBook, you will likely see the issues that you are currently facing and realize the risks are real.

### Data errors

1. [Errors from manual entry points](#)
2. [Disconnected linked spreadsheets](#)
3. [Lost and corrupt spreadsheets](#)
4. [Outdated information](#)
5. [Merge errors](#)
6. [Confusing input templates](#)

### Unsecured data and spreadsheets

7. [Data getting into the wrong hands](#)
8. [Employees seeing data that they shouldn't](#)
9. [Lack of audit](#)
10. [No version control](#)

### Compromised data foundation

11. [No centralized data](#)
12. [No review accountability](#)
13. [Missing comments](#)
14. [Divide by 12 mentality](#)
15. [No build up detail](#)
16. [Limited roll ups](#)

### Uncontrolled processes

17. [Too many spreadsheets](#)
18. [Lack of control over data entry](#)
19. [Missing reviews](#)
20. [Unexplained values](#)
21. [No contributor collaboration](#)

The great news is that you can still use Excel for budgeting by putting the right controls in place. [Let us show you how.](#)

# Data Errors

## #1 Errors from manual entry points

Every company has experienced the pain of finding that an entire set of values has to be re-entered because the wrong row was populated, incorrect data was posted or a line item was missed. Perhaps the most dangerous errors are those that go undetected, forcing managers to make decisions with an unknown margin of error.

The most efficient way to avoid errors that occur during manual entry is to link your spreadsheets to one another or directly to a data source. With the integration tools available through Excel today, linking to applications and other sources of data has become a common business practice.

## #2 Disconnected linked spreadsheets

As your company grows, so do the budgeting spreadsheets. Spreadsheets linked together reflect the interdependencies of the departments, locations and functions. But when linked spreadsheets are disconnected, either through incorrect linking or a misplaced source spreadsheet, tracking down the error takes valuable time.

To avoid the frustrations and errors with spreadsheets, the organization needs to make a commitment to creating centralized database storage with systematic management and backups. The responsibility usually falls to the IT team who are often already overburdened.

## #3 Lost or corrupted spreadsheets

When spreadsheets with data vital to the budgeting process are lost or corrupted, the challenge begins. Is there a backup of the spreadsheet and when was the last time it was updated? Is it the most recent version, and if not, what has changed?

Without an automated process to save the most recent versions of spreadsheets, the organization is destined to spend more time recreating spreadsheets than reviewing them.

## #4 Outdated information

During the forecasting and budgeting process, the intent is for the company to take the time to look forward. If the data that your contributors are using to plan the year ahead is not the most up-to-date information available, they can miss key trends, evolving opportunities or growing risks.

Through direct integration with the source data, forecasting and budgeting spreadsheets can reflect the most current information available. Managers will have more confidence in the numbers they commit to when they have numbers they know reflect current conditions.

### #5 Merge errors

Merging multiple workbooks into a single comprehensive workbook provides management with a more complete view of the business. The effects of changing values in one department/location can be seen in context within the whole organization.

If rows or columns are added, moved or missing in the source spreadsheets, this could cause the merged spreadsheet to have errors causing a whole cycle of problem tracking. Even worse is when there are incorrect formulas in the lower-level budgets so that upper management are making decisions based on incorrect assumptions.

### #6 Confusing input templates

Most of the people that participate in the budgeting process are not accountants. They are also likely to be rushed and not delighted to be spending time on budgets instead of "real work." If the input templates that they are asked to fill out are complex or confusing, instead of asking for clarification they will make a guess and move on.

Input templates should be carefully planned and evaluated by people who understand how the front-line managers work. Otherwise, the old adage will hold – "garbage in, garbage out."

## Unsecured data and spreadsheets

### #7 Data getting into the wrong hands

Laptops and mobile devices have become a way of life for most businesses. The benefits in delivering information to workers in the field are clear, but the risks are significant. When data resides on laptops and mobile devices, either saved to the local hard drive or sent via email, the risk of theft, loss or unintended distribution is high.

With consistent access to the internet available in most places, mobile devices and laptops should be used to access information, not store it. With a centralized budgeting process, and a secure data source, you can include employees, no matter where they work, without risking your data.

### #8 Employees seeing data that they shouldn't

Every time a spreadsheet with confidential information is sent via email, your company runs the risk of that information accidentally getting into the wrong hands. Budgets contain sensitive information like payroll costs. Even the most honest employee is likely to look at information not intended for their eyes, given the opportunity.

Using the protect function of Excel is the first step in securing your data, but how often does the password accompany the spreadsheet in the email? Centralized budgets with careful security management is the only way to truly ensure information is only seen by the intended audience.

### #9 Lack of audit

Tracking the “what, who and why” of changes made during the budget and forecasting process are critically important to the accountability of your managers. For contributors or approvers to commit to numbers, they need to have confidence that they won’t be faced with surprises when the final budgets are released.

If reviewers have the ability to change the numbers, as opposed to just reviewing, then it is absolutely critical that those who are being held accountable to the budget know what, who and why the changes were made. Full audit trails should be a required function of your budgeting solution.

### #10 No version control

Without central control, keeping track of versions is a never-ending battle. The potential for errors grows proportionally with the number of contributors and reviewers. Two people making changes to the same version at the same time. A reviewer looking at v1 of a template, when they should be using v2.

Version control through a check in/check out system will prevent multiple copies of the same workbook being edited at the same time. Through a budgeting or document management solution you will save a lot of re-entry effort and ensure that your team is working with only one version of the truth.

## Compromised data foundation

### #11 No centralized data

When the data your organization depends on for future planning, budgeting and forecasting is stored in multiple locations without centralized storage, the risks of the data not being backed up increases. Without a single location that has regular backups and a system of accountability users are basing their decisions on unreliable data...and they know it.

Through standard Excel functionality, you can connect to many types of data – including SQL Server, Access, text files, XML and even web pages. By ensuring that the underlying data in all of your budget and forecasting spreadsheets is coming from source programs, your managers will have more confidence in the planning process.

### #12 No review accountability

As your organization grows, keeping the budget process moving forward becomes more complicated. Tracking which contributors and reviewers have returned their budget, following up with the laggards and providing support to those having trouble can be a full time job – requiring its own set of spreadsheets.

No one likes doing budgets. Most individuals will put them at the bottom of the task list and need reminders to help motivate completion. A systematic process that provides automated reminders and tracks responses will ensure a smoother, less intrusive and time consuming budget cycle.

### #13 Missing comments

Forecasts and budgets reflect the combined knowledge and collaboration of all contributors in the budgeting cycle as well as their unique understanding of the challenges and dependencies of their departments. When notes and comments that provide background for the numbers in a budget are lost, important corporate knowledge is compromised.

When values are linked to workbooks that roll up data from multiple spreadsheets, those comments are not included. Upper management, reviewing the higher level numbers don't get the insight behind the numbers without contacting the contributors.

### #14 Divide by 12 mentality

When the budget and forecasting process is cumbersome and time consuming, contributors are likely to use straight line assumptions rather than thoughtful analysis. "Add 10% to last year's number and divide by 12 for monthly figures." This type of thinking is not necessarily accurate for most businesses.

However, when managers and contributors are actively engaged with the budgeting process and are provided with templates that allow them to focus on the business drivers, they will spend more time thinking about the numbers than filling out forms.

### #15 No build up detail

Managers and contributors think in detail about the processes and functions of their department. They manage the components of the process to get to the final desired outcome. Most budget processes don't support the way the contributors think – instead asking for high level numbers without the detailed cost breakdown. This process is challenging for managers and contributors alike, and is likely to result in even more disconnected spreadsheets used to come up with the high level numbers.

By providing templates that allow decision makers to build up their budget numbers, they can better visualize the processes and think through the meaning of the final numbers. This also provides them with the ability to work on the detail behind the numbers and provide better estimates and more accurate forecasts.

### #16 Limited roll ups

As the organization grows, the number of business units, divisions, locations and specialized groups increases. To accurately reflect the budgets and forecasts for each group, a unique template for each scenario should capture the information and be rolled up to the company workbook.

Each business unit sees the world from their perspective. To enable more accurate budget numbers from each group, the template should be customized and meaningful to that division or location. Manually developing and maintaining individual templates can be a full time job for IT teams without a formal planning, budgeting and forecasting solution.

## Uncontrolled process

### #17 Too many spreadsheets

As your company grows, the number of separate workbooks or worksheets for each combination of location, department and function becomes unwieldy to manage. Merging the information into consolidated budgets for a larger view of business units, departments or the business as a whole is error-prone and time-consuming.

Automation of the collection and roll up process allows you to set standard parameters and tweak them as needed over time. Data shared across entities can automatically populate in real-time, on-demand or on a scheduled basis

### #18 Lack of control over data entry

Incorrect data formats, like dates in number fields, wreak havoc with a consolidated budget. With the rushed schedules of most people in your organization, attention to detail during the budgeting process is not a priority. They may be cutting and pasting from their own spreadsheets, which doesn't match the format of the budget template. An example would be users entering text where a number is expected or entering a number where a date is expected.

Through a controlled budget process, contributors should be guided through the entries with alerts that ensure values match the field attributes.

### #19 Missing reviews

Ensuring that all reviews are complete is critical to an effective budgeting process. When there is no structured approval process with predefined approval steps or automatic enforcement of due dates, the process drags on forever.

Workflow approval processes ensure that the right people review the budgets. Combined with full access to notes and the ability to provide recommendations, the review process can and should be a simple, time-effective process.

### #20 Unexplained values

You've hired good people to manage your cost centers, departments and locations. No one understands their operations and budget like they do. During the budgeting process, they have good reasons behind the assumptions and estimates they make.

Justifying numbers should be easy, not a separate step that takes extra time during the already unwelcome task of budgeting. When you provide managers with an easy way to explain their thinking, they make the budget more meaningful which provides more value to the organization.

### #21 Lack of collaboration

Lack of collaboration during the budgeting process creates distrust and fear. When managers have to make decisions in a vacuum they are likely to defend their territory and not take a holistic view of the process.

Managing a company, and all the departments and locations, requires a give and take mentality. Balancing resources across the organization to optimize operations should be the goal of the budgeting and forecasting process. When managers can collaborate to understand one another's challenges and constraints, the outcomes are more likely to be embraced and supported.

# Choose the right budgeting solution

As your organization grows, adding more layers of complexity to the forecasting and budgeting process, the time comes when Excel alone becomes too unwieldy to manage. Your top priority should be finding a solution that empowers your management team, giving them real-time visibility into the planning, budgeting and forecasting processes.

To give managers more time for the analysis and strategy necessary to drive your business forward, look for a solution that delivers:

- Simplicity in the end-user interface
- Increased validation
- Capture of detailed data and notes
- Direct integration with source data
- Designs that facilitate “what if” type modeling

Keep in mind that Excel is not the problem in itself. Control is the root of the problem. Your managers will be most comfortable using the application that they have always used. A solution with great functionality that managers won't use is no solution at all.

The solution that meets all of these criteria will help users and the organization alike with:

- Increased control
- Reduced administration
- Faster turnaround
- Greater accuracy
- More time to think

When you can simplify the forecasting and budgeting process, it's easier for contributors and reviewers to focus on outcomes. More thoughtful engagement from contributors and reviewers will pay off for the future of the business.



## Why True Sky?

True Sky is a Corporate Performance Management (CPM) solution that dramatically reduces the time spent on the creation, input, data merging and review processes traditionally involved with planning, budgeting and forecasting. With True Sky you will have more time to spend on the vital tasks of analysis and strategy in order to drive your business forward.



True Sky will help your organization manage and streamline the planning, budgeting and forecasting process by allowing you to:

- Dramatically minimize training as end-users and administrators can leverage their current knowledge of Excel
- Enable your organization to switch the focus of the planning process from data capture to that of information analysis and performance management that can be used to move your business forward
- Deploy with minimal involvement of expensive IT resources and being maintainable by the business groups within your organization
- Reduce the effort required to manage your process through the use of centralized control, reusable content and dynamic security models
- Encourage accountability throughout your organization by easily providing users access to data input forms and analytical reporting
- Facilitate driver based budgeting that allow your organization to capture critical data that if often overlooked but can have a material effect on your margins or bottom line
- Promote a shift from once a year budgeting, to rolling forecasts and provide more accurate and up-to-date business decision making in-formation
- Capture numbers as well as the thought processes behind the numbers to help ensure that your data makes business sense

Let us show you how to transform your planning, budgeting and forecasting process. Give us a call Toll-free at 1-855-TrueSky (878-3759) or email [info@truesky.com](mailto:info@truesky.com) or visit [www.TrueSky.com](http://www.TrueSky.com).

True Sky Inc. is a software development company that specializes in building a world class planning, budgeting and forecasting solution.