Key considerations for improving the budgeting process while engaging stakeholders along the way.

THE FIFTEEN THINGS THAT YOU CAN'T DO IN EXCEL BUDGETING ...BUT SHOULD

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SPREADSHEET BUDGETING AND FORECASTING… IN EXCEL

You Need a System That Works for You, Without Hidden Costs, Errors & Effort.

Budgeting, planning and forecasting are *"mission critical"* applications in most organizations today. Implementing a process that appeals both to the financial organization, officially responsible for the budget, and the department heads, who own the results is hugely difficult.

Poor capabilities from ERP systems have caused most organizations to rely heavily on Microsoft Excel for budgeting, planning and forecasting. But Excel is a simplistic two-dimensional spreadsheet versus a product with built in *"budget intelligence".* Excel is not a product development environment, and it is not a database – and therefore requires extensive manual data management. Excel is not flexible enough to deal with the budget preparation needs of the actual users.

Here are the top 15 budgeting requirements that simply can't be done in Excel…

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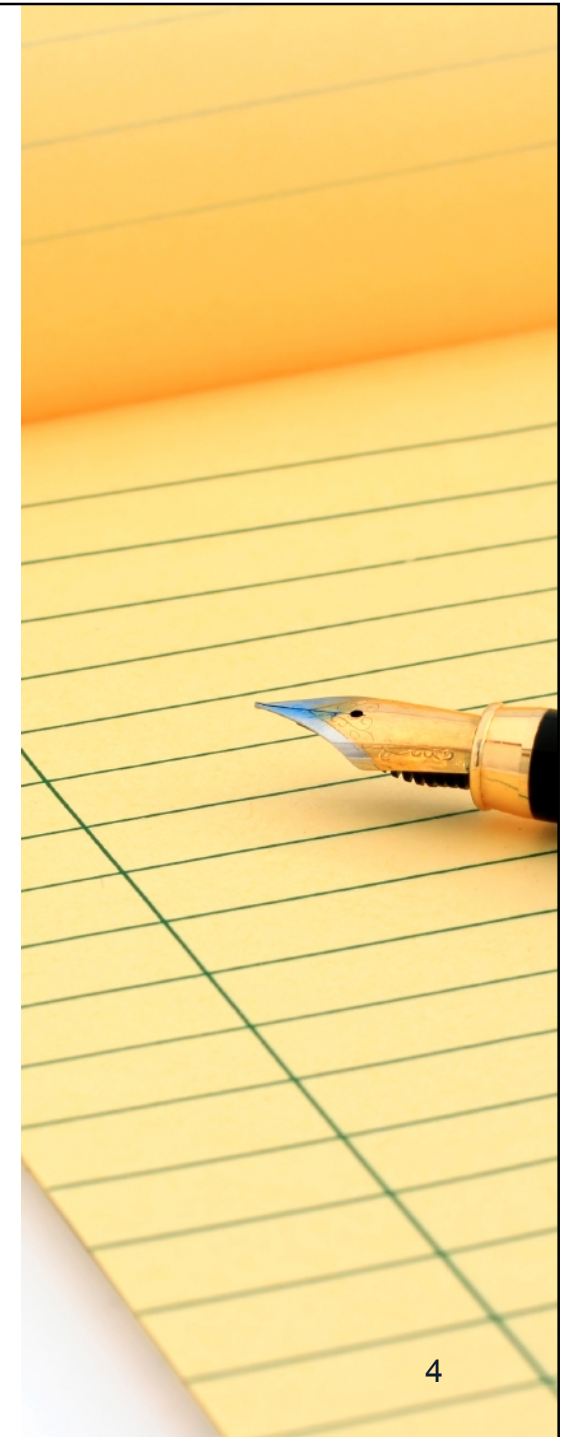# Excel doesn't…

1. Operate with a Database in the Cloud

Investing in the right tools is crucial to a better budgeting process and financial success. Increasingly, CEOs and CFOs are realizing that a simple, two-dimensional spreadsheet, such as Excel, is not capable of supporting this mission critical task. **Effective management requires a robust database to eliminate errors and provide one version of the truth**. Manually managing spreadsheets is a waste of time and energy. Plus, why tie up IT resources when this can be done using cloud-computing? Nothing to install. All you need is a browser.

2. Have a Turbo-Tax Like Interface for Budgeting

Most people view the budget process as a financial one. Yet **95% of users are non-financial people.** Providing a rich application that let's department managers budget the way they think can dramatically improve the results and financial performance. In today's world of the internet, people are used to clean interfaces from companies like Google and Apple. They won't tolerate business applications that do not follow this lead.

3. Handle Situational Budgeting

Departments are different. People are different. Needs are different. **Providing a truly flexible way for each department to budget each account is critical to getting the right buy-in.** User flexibility is key.

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4. Provide For Documentation and Justification For Each Account

Allowing department heads to justify and document their assumptions is critical to budgeting to the organization's strategy as opposed to history and politics. Having that documentation follow the numbers throughout the approval and reporting process is a must have.

5. Effectively Deal With Headcount Planning

In most organizations personnel expenses are the biggest factor in the budget. Budgeting down to the person level for salaries, increases, incentive compensation, departures, additions, recruiting, relocation, taxes and benefits is critical to success. And tying this into the overall budget process will make for a more effective budget.

6. Effectively Plan for Equipment Purchases

Fixed Asset systems understand run-off depreciation but have no idea what the organization is planning for the next year. Allowing for **an intelligent equipment catalog where users can make requests – and having the system automatically track and report all approved assets** by asset type, department and time period can be enormously valuable to an organization**.**

7. Plan for Special Initiatives

Many times, people want to propose a special initiative or project that impacts multiple accounts in the account structure. **Having the ability to tie off these requests separately for review is critical for budgeting to strategy** as well as allowing these special requests to be looked at separately (without simply flowing into account balances) is crucial.

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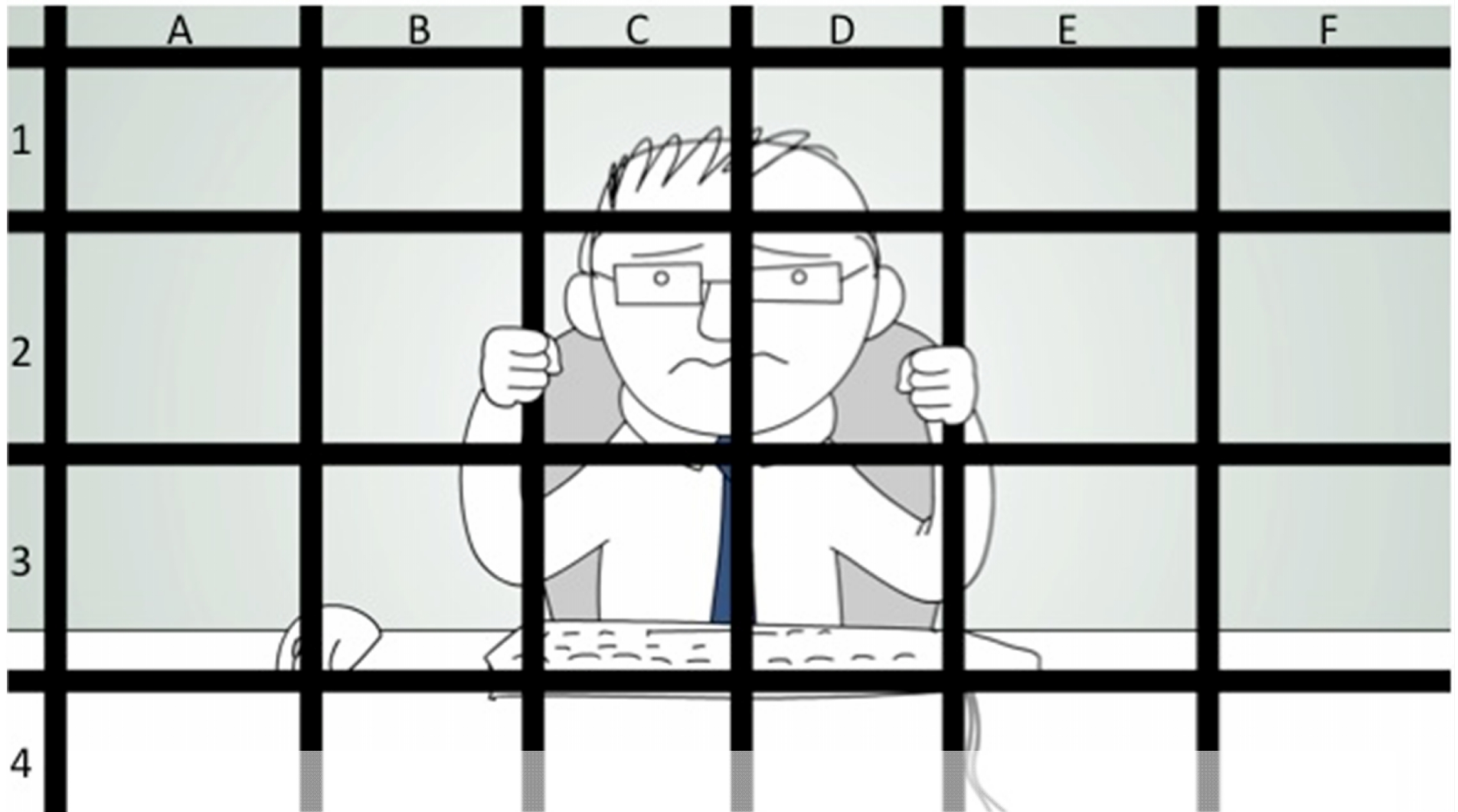
THE SPREADSHEET SYSTEM HAS TURNED INTO A JAIL FOR BOTH USERS AND FINANCE

Excel doesn't…

8. Create Intelligent Monthly Spreading of Annual Numbers

Typing numbers into monthly cells is not a value-add exercise. Having the system take annual projected budgets and intelligently spread them into monthly buckets based on a wide variety of methods (including the unique seasonality of the individual account for that department) can save valuable time and effort.

9. Have Budget Intelligence

Excel is a two-dimensional spreadsheet that has to be "taught" about budgeting, communications, finance and other critical things to make it work. **Having a system that already understands the budget process and the underlying needs saves time and money in hidden costs.**

10. Have Workflow, Audit Trails and Version Control

Having multiple sets of eyes on the budget, and ensuring that appropriate approvals are given, will increase both the ownership and the quality of the budget. Making sure that time and dates stamps are attached to budgets and changes helps eliminate the "that's not my number" syndrome. And keeping track of the various versions that occur during the budget cycle can ensure that the organization is moving towards budget and goal closure.

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11. Determine Where Everyone is In the Budget Process

As deadlines approach, it is key to understand where everyone is in the process at any given time. Having a system that allows you to see this quickly and in one single place can help eliminate last minute issues, delays in analysis, and daily surprises delivered by email.

12. Have Intelligent Reporting

Having precisely the right built-in reports and analysis to help review and approve the budget is essential. Plus many organizations need reporting to also handle variance reporting.

13. Provide Pragmatic and Structured What-if

At the end of the budget process, many organizations are searching for ways to reduce expenses. Having a structured set of what-if questions across all departments can save hours of time and effort.

14. Effectively Handle Forecasting

As the fiscal year unfolds many organizations want to marry the actual results as they become available, with the original budget, to **perform adjustments to account for the reality of the fiscal year.**

15. Deliver Parameter-Driven Maintenance

Excel is a bad programming environment. Having an intelligent system that allows for complete customization through a parameter-driven maintenance process will save much time and effort for the financial team. No one wants to learn to program. No one wants to learn to use syntax or logic to manage a process. KISS is the key.

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Contact us for more information on how you can utilize systems designed to better handle budgeting.

Phone: 203-883-4380

Email: info@XLerant.com

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About the Author

Ted Dacko
CEO, XLerant

Ted Dacko serves as CEO of XLerant, the leading provider of the SaaS cloud-based budgeting software product BudgetPak. Prior to joining XLerant, Ted has led four other software firms as CEO. Most recently, Ted was CEO of HealthMedia, which he grew from zero to $40M before selling the company to Johnson & Johnson. Ted has spent 40 years in early stage software companies and has spent the vast majority of his time growing end-user, financial software companies.

About XLerant

XLerant is a cloud-based software company that builds and implements innovative, practical and incredibly powerful budget preparation, forecasting and management reporting software to energize a "Culture of Budget Accountability" with end users.