

# Long Term Planning

Three approaches

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April 18, 2017

# Goals

- Discover different ways to combine long term projections with myXL
- Understand the pros and cons of each approach



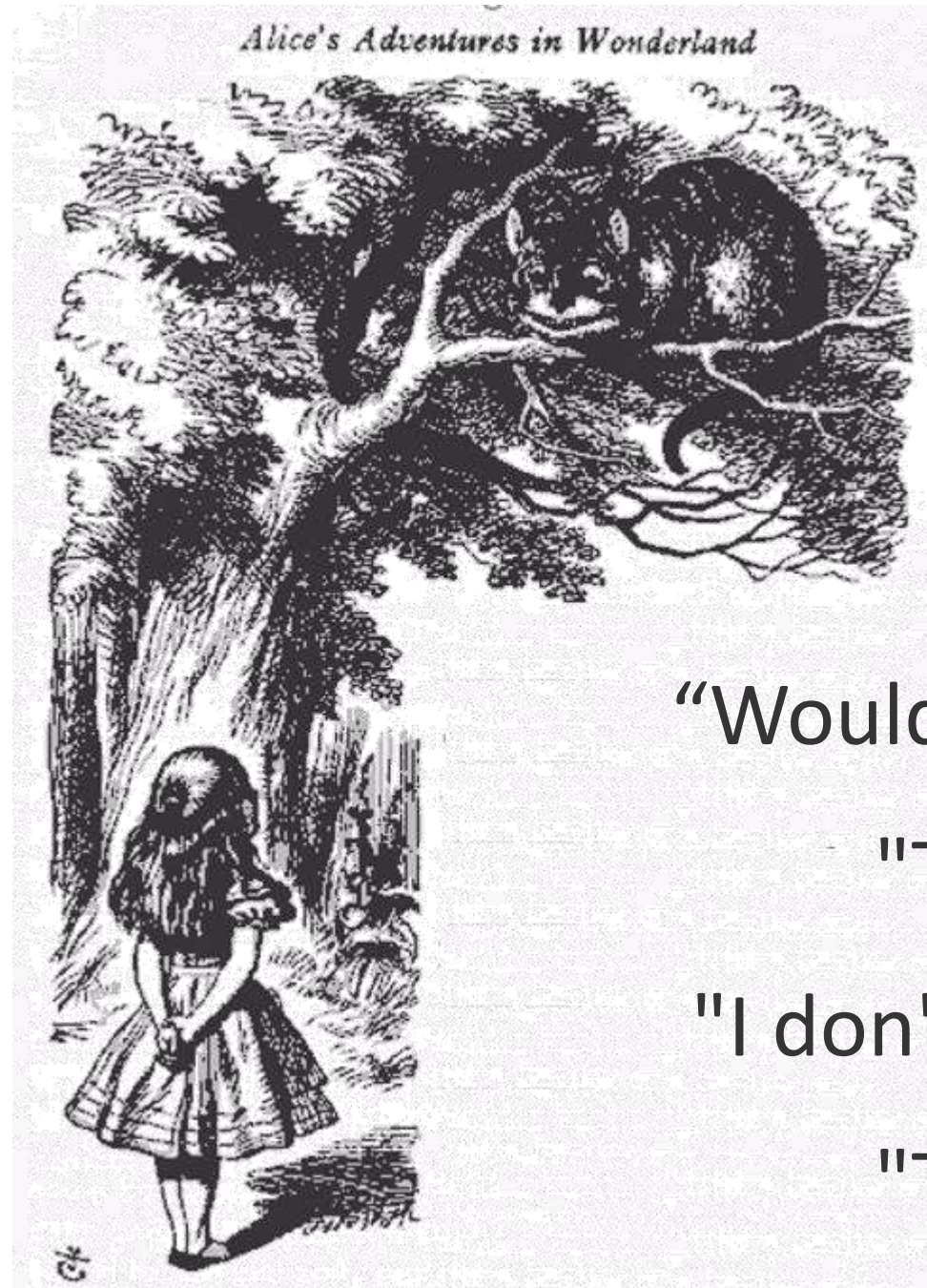
**KEEP  
CALM  
& ACHIEVE  
YOUR  
GOALS**





- How does a long term plan differ from a budget?
- Elements of a long term plan
- Approach 1: Long term projections completely inside BudgetPak
- Approach 2: Combine BudgetPak projections with an external model
- Approach 3: Customized projections in Excel, linked with in BudgetPak data
- Pros and cons of each approach

**Without long term planning:**



"Would you tell me, please, which way I ought to go from here?"

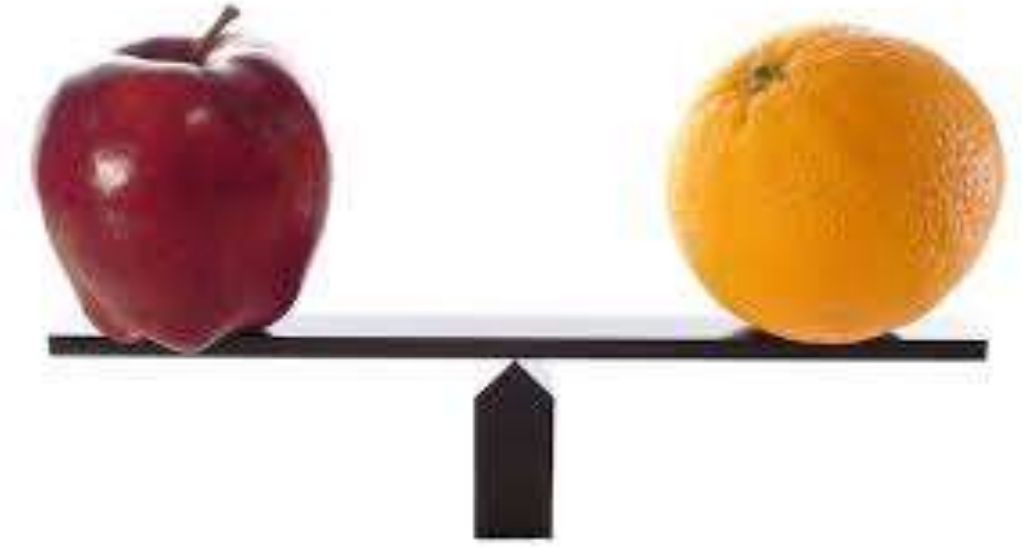
"That depends a good deal on where you want to get to."

"I don't much care where –"

"Then it doesn't matter which way you go."

## How does a long term plan differ from a budget?

- **Purpose:**
  - Estimate broad trends for the company, for strategic planning.
  - Not an operational plan
- **High level of the organization:**
  - Typically top, or topmost units of the organization
  - Typically not bottom-up
- **High level of the P&L** (a.k.a. Statement of Activities/Statement of Revenues, Expenses, and Changes in Net Assets)
  - Typically a few dozen rows
  - Typically not at the account level
- **Done by fiscal year**
  - Sometimes by quarter
  - Very rarely by period



## Long term plan vs. budget

- Excel almost always involved
- Process is not standardized
  - But the results look very similar no matter how it's done

	2017							
	2015	2016	Forecast	2018	2019	2020	2021	2022
R001: Product line A	\$6,953,797	\$7,788,481	\$9,108,953	\$9,724,746	\$10,572,810	\$11,119,963	\$11,776,551	\$12,062,923
R002: Product line B	\$4,425,143	\$4,956,306	\$5,796,606	\$6,422,715	\$7,142,636	\$7,374,976	\$7,473,899	\$7,403,237
R003: Consulting revenue	\$421,442	\$472,029	\$552,058	\$598,056	\$635,469	\$661,123	\$697,086	\$729,243
<b>TOTAL INCOME</b>	<b>\$11,800,382</b>	<b>\$13,216,817</b>	<b>\$15,457,617</b>	<b>\$16,745,517</b>	<b>\$18,350,916</b>	<b>\$19,156,062</b>	<b>\$19,947,537</b>	<b>\$20,195,403</b>
Cost of sales	\$3,624,940	\$3,624,940	\$3,624,940	\$4,209,429	\$3,952,733	\$4,133,660	\$4,332,757	\$4,359,578
Compensation & Benefits	\$3,463,758	\$3,463,758	\$3,463,758	\$3,463,758	\$3,463,758	\$3,463,758	\$3,463,758	\$3,463,758
Rent & occupancy	\$15,167	\$15,167	\$15,167	\$15,167	\$15,167	\$15,167	\$15,167	\$15,167
Professional fees	\$484,415	\$484,415	\$484,415	\$484,415	\$484,415	\$484,415	\$484,415	\$484,415
Marketing expenses	\$378,628	\$378,628	\$378,628	\$378,628	\$378,628	\$378,628	\$378,628	\$378,628
Travel	\$91,276	\$91,276	\$91,276	\$91,276	\$91,276	\$91,276	\$91,276	\$91,276
Other expenses	\$2,436	\$2,436	\$2,436	\$2,436	\$2,436	\$2,436	\$2,436	\$2,436
<b>TOTAL EXPENSE</b>	<b>\$8,060,620</b>	<b>\$8,060,620</b>	<b>\$8,060,620</b>	<b>\$8,645,109</b>	<b>\$8,388,413</b>	<b>\$8,569,341</b>	<b>\$8,768,438</b>	<b>\$8,795,258</b>
<b>NET</b>	<b>\$3,739,762</b>	<b>\$5,156,197</b>	<b>\$7,396,997</b>	<b>\$8,100,408</b>	<b>\$9,962,503</b>	<b>\$10,586,721</b>	<b>\$11,179,099</b>	<b>\$11,400,145</b>



## Elements of a long-term projection

	Historical results		Current year forecast	Projections				
	2015	2016	2017 Forecast	2018	2019	2020	2021	2022
R001: Product line A	\$6,953,797	\$7,788,481	\$9,108,953	\$9,724,746	\$10,572,810	\$11,119,963	\$11,776,551	\$12,062,923
R002: Product line B	\$4,425,143	\$4,956,306	\$5,796,606	\$6,422,715	\$7,142,636	\$7,374,976	\$7,473,899	\$7,403,237
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Compensation & Benefits	\$3,463,758	\$3,463,758	\$3,463,758	\$3,463,758	\$3,463,758	\$3,463,758	\$3,463,758	\$3,463,758
Rent & occupancy	\$15,167	\$15,167	\$15,167	\$15,167	\$15,167	\$15,167	\$15,167	\$15,167
Professional fees	\$484,415	\$484,415	\$484,415	\$484,415	\$484,415	\$484,415	\$484,415	\$484,415
Marketing expenses	\$378,628	\$378,628	\$378,628	\$378,628	\$378,628	\$378,628	\$378,628	\$378,628
Travel	\$91,276	\$91,276	\$91,276	\$91,276	\$91,276	\$91,276	\$91,276	\$91,276
Other expenses	\$2,436	\$2,436	\$2,436	\$2,436	\$2,436	\$2,436	\$2,436	\$2,436
<b>TOTAL EXPENSE</b>	<b>\$8,060,620</b>	<b>\$8,060,620</b>	<b>\$8,060,620</b>	<b>\$8,645,109</b>	<b>\$8,388,413</b>	<b>\$8,569,341</b>	<b>\$8,768,438</b>	<b>\$8,795,258</b>
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### We're going to look at 3 approaches to long term planning with BudgetPak

- Approach 1: Long term projections completely inside BudgetPak
- Approach 2: Combine projections inside BudgetPak with an external model
- Approach 3: Customized projections in Excel, pulling in BudgetPak data

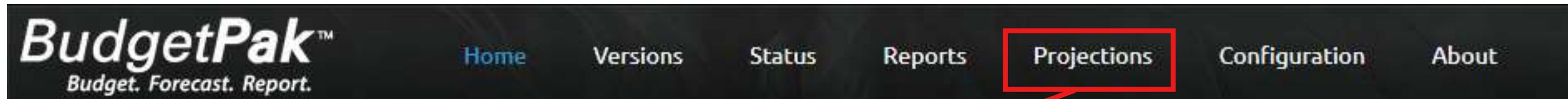




# Approach 1

## Approach 1: Long term projections completely inside BudgetPak

- Let's do a quick review/overview of this feature



### Edit Projection

Projection: 3 Year Positive: 3 Year Positive Projection  
Unit: ABC Organization: ABC Organization  
Description: This Projection is intended to reflect a very positive outlook fo...  
Status: Started 😊

Discard Close Save

The trend versions and projection years for this projection are listed below. For each projection year, you can enter percent increases or currency values.

#### Step 1

How would you like to enter values for '2018' through '2020'?

- Enter percent increases from the prior year in all rows (the annual amounts will be calculated for you).
- Enter annual amounts in all rows (the percent increases from the prior year will be calculated for you).
- Choose to enter percent increases or annual amounts row by row.

#### Step 2 (optional)

Would you like to record some overall notes about this projection? If so, enter your note here. It will be printed on the Projections report. You may enter up to 8000 characters.

Given that this is a positive 3 year projection, all regulatory changes and unforeseen variations to market conditions have been overlooked.

Edit

### 3 Year Positive Projection

Please approach this projection with the understanding that we are attempting to paint a very optimistic projection, while maintaining a realistic at...  
**WARNING: The P&L rows included in this projection do not provide full coverage.**

Update grid Recalc Explain compute trend Actions

Entry method	2015 Actuals	2016 Forecast	2017 Final Budget	2018	2019	2020	Notes	Edit Note	Compute
By percent increase	\$837,865	\$969,594	\$779,000	\$856,900	\$942,590	\$1,036,649	Expected 10% increase year over	Edit note	Compute trend
		15.72 %	-19.66 %	10 %	10 %	10 %			
By annual amount	\$8,613,150	\$9,495,000	\$9,465,000	\$10,465,000	\$11,465,000	\$12,465,000	Sales targets have been proposed.	Edit note	Compute trend
		10.24 %	-0.32 %	10.57 %	9.56 %	8.72 %			
By percent increase	\$555,104	\$519,337	\$590,537	\$590,425	\$608,141	\$625,857	This projection has been compute.	Edit note	Compute trend
		-6.44 %	13.71 %	-0.02 %	3 %	2.91 %			
By annual amount	\$0	\$0	\$81,000	\$89,000	\$94,000	\$100,000	Consulting Revenue expects to in...	Edit note	Compute trend
				9.88 %	5.62 %	6.38 %			
	\$10,006,119	\$10,983,931	\$10,915,537	\$12,001,325	\$13,109,731	\$14,227,706		Edit note	Compute all
		9.77 %	-0.62 %	9.95 %	9.24 %	8.53 %			
	\$10,006,119	\$10,983,931	\$10,915,537	\$12,001,325	\$13,109,731	\$14,227,706		Edit note	Compute all
		9.77 %	-0.62 %	9.95 %	9.24 %	8.53 %			
By percent increase	\$25,230,075	\$25,978,273	\$24,629,684	\$24,708,042	\$25,078,663	\$25,266,753		Edit note	Compute trend
	(\$36,701,795)	(\$36,712,142)	(\$33,143,668)	(\$27,494,804)	(\$25,110,986)	(\$22,535,070)			
		0.03 %	-9.72 %	-17.04 %	-8.67 %	-10.26 %			

# Approach 1

- One owner, possibly multiple contributors
- Familiar statuses: Not started, started, signed off

Owner controls who contributes

“Reviewed” and “Approved” not used for projections

Long term projections

Here are the long term projections you can view and work with.

Add new projection | Status Key ▼ |  Display owner actions

Code	Title	Description	Owner	Date modified	Modified by	Status
3YROPT	3Yr Optimistic Projection	This Projection is intended to reflect a very opti...	Administrator, XLerant	2/28/2017 6:29:38 PM	Administrator, XLerant	Started
3YRCONS	3 Year Conservative Projection	This Projection is intended to reflect a rather co...	Administrator, XLerant	1/4/2017 3:43:21 PM	Administrator, XLerant	Signed off
5YR	5 Year Plan	This 5year Plan has been initiated this year to fu...	Alderton, Bill	4/4/2017 4:29:13 PM	Administrator, XLerant	Started



# Approach 1

- Combine historical & current BudgetPak data with your data for the “out years”
- Tethered to a single unit (usually topmost unit in company)

**5 Year Plan**

Please ensure that this projection remains as accurate as possible. Please notice that this projection has been configured to: - Revenue ...

Update grid Recalc Explain compute trend

	Entry method		2015 Actuals	2016 Actuals	2017 Final Budget	2018	2019	2020	2021	2022	Compute
10001	Student Fees	By percent increase	\$136,707	\$714,806	\$3,384,000	\$4,659,131	\$6,282,778	\$7,906,424	\$9,530,071	\$11,153,718	Compute trend
				422.88 %	373.42 %	37.68 %	34.85 %	25.84 %	20.54 %	17.04 %	
10003	Merchandise Rev...	By percent increase	\$348,276	\$409,736	\$590,537	\$691,777	\$812,908	\$934,038	\$1,055,168	\$1,176,299	Compute trend
				17.65 %	44.13 %	17.14 %	17.51 %	14.9 %	12.97 %	11.48 %	
<b>Fees &amp; Oth...</b>			<b>\$484,982</b>	<b>\$1,124,542</b>	<b>\$3,974,537</b>	<b>\$5,350,908</b>	<b>\$7,095,685</b>	<b>\$8,840,462</b>	<b>\$10,585,239</b>	<b>\$12,330,017</b>	Compute all
				<b>131.87 %</b>	<b>253.44 %</b>	<b>34.63 %</b>	<b>32.61 %</b>	<b>24.59 %</b>	<b>19.74 %</b>	<b>16.48 %</b>	
10002	Undergraduate T...	By percent increase	\$19,213,710	\$23,508,760	\$40,986,000	\$49,675,114	\$60,561,259	\$71,447,404	\$82,333,549	\$93,219,695	Compute trend
				22.35 %	74.34 %	21.2 %	21.91 %	17.98 %	15.24 %	13.22 %	
10004	Graduate Tuition ...	By percent increase	\$15,289,673	\$17,778,690	\$19,035,000	\$21,113,114	\$22,985,778	\$24,858,441	\$26,731,104	\$28,603,768	Compute trend
				16.28 %	7.07 %	10.92 %	8.87 %	8.15 %	7.53 %	7.01 %	
<b>Tuition</b>			<b>\$34,503,383</b>	<b>\$41,287,450</b>	<b>\$60,021,000</b>	<b>\$70,788,228</b>	<b>\$83,547,037</b>	<b>\$96,305,845</b>	<b>\$109,064,65</b>	<b>\$121,823,462</b>	Compute all
				<b>19.66 %</b>	<b>45.37 %</b>	<b>17.94 %</b>	<b>18.02 %</b>	<b>15.27 %</b>	<b>13.25 %</b>	<b>11.7 %</b>	
<b>TOTAL INC...</b>			<b>\$34,988,365</b>	<b>\$42,411,992</b>	<b>\$63,995,537</b>	<b>\$76,139,136</b>	<b>\$90,642,722</b>	<b>\$105,146,307</b>	<b>\$119,649,89</b>	<b>\$134,153,479</b>	Compute all
				<b>21.22 %</b>	<b>50.89 %</b>	<b>18.98 %</b>	<b>19.05 %</b>	<b>16 %</b>	<b>13.79 %</b>	<b>12.12 %</b>	
Compensa...		By percent increase	\$24,898,807	\$17,959,422	\$188,976,077	\$241,355,372	\$323,394,007	\$405,432,642	\$487,471,27	\$569,509,912	Compute trend
<b>NET</b>			<b>(\$11,249,416)</b>	<b>\$9,838,352</b>	<b>(\$144,042,634)</b>	<b>(\$181,277,783)</b>	<b>(\$247,674,391)</b>	<b>(\$314,071,000)</b>	<b>(\$380,467,608)</b>	<b>(\$446,864,217)</b>	

# Approach 1

- Tethered to a subset of P&L rows that you choose
- As many “out years” as you want

Less than a dozen rows

5 years out in this case

**5 Year Plan**

Please ensure that this projection remains as accurate as possible. Please notice that this projection has been configured to: - Revenue ...

Update grid Recalc Explain compute trend

Entry method	2015 Actuals	2016 Actuals	2017 Final Budget	2018	2019	2020	2021	2022	Compute
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10003 Merchandise Rev... By percent increase	\$348,276	\$409,736	\$590,537	\$691,777	\$812,908	\$934,038	\$1,055,168	\$1,176,299	Compute trend
		17.65 %	44.13 %	17.14 %	17.51 %	14.9 %	12.97 %	11.48 %	
<b>Fees &amp; Oth...</b>	<b>\$484,982</b>	<b>\$1,124,542</b>	<b>\$3,974,537</b>	<b>\$5,350,908</b>	<b>\$7,095,685</b>	<b>\$8,840,462</b>	<b>\$10,585,239</b>	<b>\$12,330,017</b>	Compute all
		<b>131.87 %</b>	<b>253.44 %</b>	<b>34.63 %</b>	<b>32.61 %</b>	<b>24.59 %</b>	<b>19.74 %</b>	<b>16.48 %</b>	
10002 Undergraduate T... By percent increase	\$19,213,710	\$23,508,760	\$40,986,000	\$49,675,114	\$60,561,259	\$71,447,404	\$82,333,549	\$93,219,695	Compute trend
		22.35 %	74.34 %	21.2 %	21.91 %	17.98 %	15.24 %	13.22 %	
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		16.28 %	7.07 %	10.92 %	8.87 %	8.15 %	7.53 %	7.01 %	
<b>Tuition</b>	<b>\$34,503,383</b>	<b>\$41,287,450</b>	<b>\$60,021,000</b>	<b>\$70,788,228</b>	<b>\$83,547,037</b>	<b>\$96,305,845</b>	<b>\$109,064,65</b>	<b>\$121,823,462</b>	Compute all
		<b>19.66 %</b>	<b>45.37 %</b>	<b>17.94 %</b>	<b>18.02 %</b>	<b>15.27 %</b>	<b>13.25 %</b>	<b>11.7 %</b>	
<b>TOTAL INC...</b>	<b>\$34,988,365</b>	<b>\$42,411,992</b>	<b>\$63,995,537</b>	<b>\$76,139,136</b>	<b>\$90,642,722</b>	<b>\$105,146,307</b>	<b>\$119,649,89</b>	<b>\$134,153,479</b>	Compute all
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Compensa... By percent increase	\$24,898,807	\$17,959,422	\$188,976,077	\$241,355,372	\$323,394,007	\$405,432,642	\$487,471,27	\$569,509,912	Compute trend
<b>NET</b>	<b>(\$11,249,416)</b>	<b>\$9,838,352</b>	<b>(\$144,042,634)</b>	<b>(\$181,277,783)</b>	<b>(\$247,674,391)</b>	<b>(\$314,071,000)</b>	<b>(\$380,467,608)</b>	<b>(\$446,864,217)</b>	



# Approach 1

- Multiple ways to create the long-term estimates:
  - Percent increase
  - Enter dollar amount
  - Automatically compute trend

Compute trend for single row, or for all rows

% or dollar selection

**5 Year Plan**

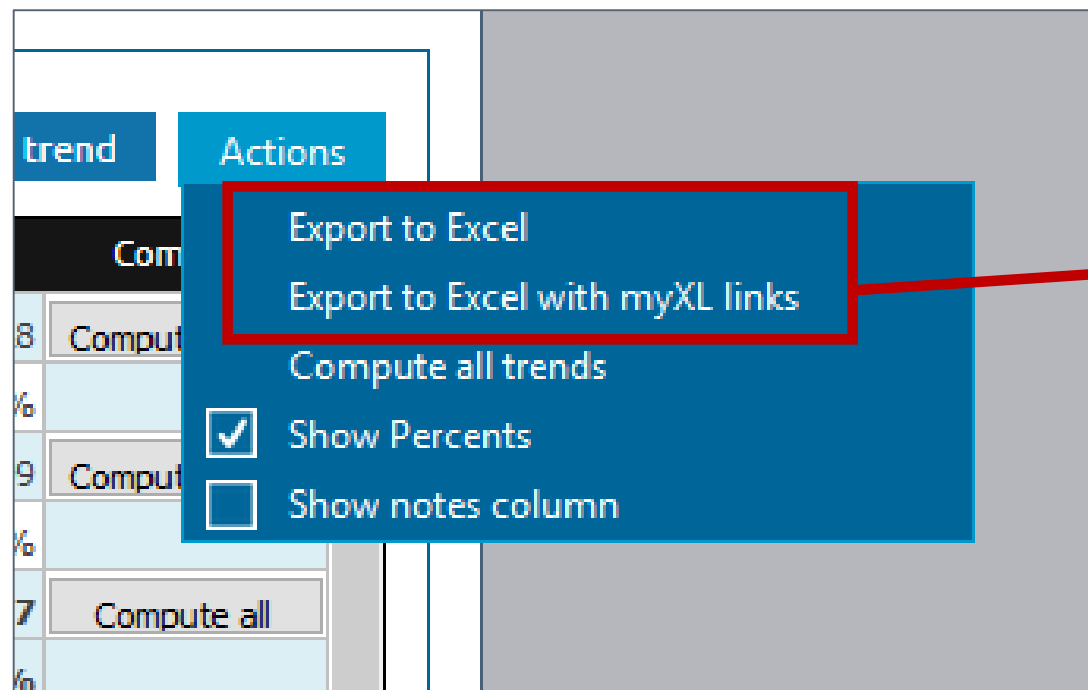
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<b>Fees &amp; Oth...</b>			<b>\$484,982</b>	<b>\$1,124,542</b>	<b>\$3,974,537</b>	<b>\$5,350,908</b>	<b>\$7,095,685</b>	<b>\$8,840,462</b>	<b>\$10,585,239</b>	<b>\$12,330,017</b>	Compute all
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<b>Tuition</b>			<b>\$34,503,383</b>	<b>\$41,287,450</b>	<b>\$60,021,000</b>	<b>\$70,788,228</b>	<b>\$83,547,037</b>	<b>\$96,305,845</b>	<b>\$109,064,655</b>	<b>\$121,823,462</b>	Compute all
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# Approach 1

- To report, export to Excel from the Actions menu
- Can have myXL “Get” links automatically included



Projections Stamford Univ 5 Year

File Home Insert Page Layout Formulas Data Review View Developer XLERANT Tell me what you want to do

Refresh sheet Refresh workbook Auto-refresh range Update BudgetPak Get account data ActionPaks Headcount Other budget data QuickTables Dashboard Configuration data About Log in Log out

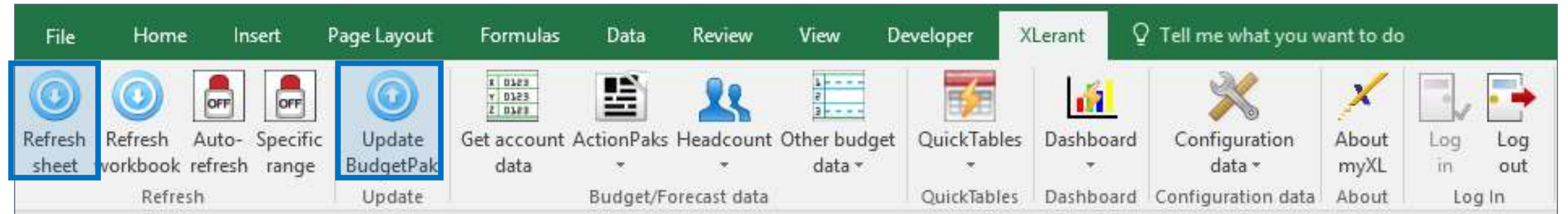
A23

	A	B	C	D	E	F	G	H	I	J
1	5 Year Plan									
2	Projectior 5YR									
3	Projectior Stamford University: Stamford University									
4	Descriptic This 5year Plan has been initiated this year to fulfill the Board's requirements.									
5										
6			2015 Actuals	2016 Actuals	2017 Final Budget	2018	2019	2020	2021	2022
7	10001	Student Fe	\$136,707	\$714,806	\$3,384,000	\$4,659,131	\$6,282,778	\$7,906,424	\$9,530,071	\$11,153,718
8	10003	Merchand	\$348,276	\$409,736	\$590,537	\$691,777	\$812,908	\$934,038	\$1,055,168	\$1,176,299
9	Fees & Other Reven		\$484,982	\$1,124,542	\$3,974,537	\$5,350,908	\$7,095,685	\$8,840,462	\$10,585,239	\$12,330,017
10	10002	Undergrad	\$19,213,710	\$23,508,760	\$40,986,000	\$49,675,114	\$60,561,259	\$71,447,404	\$82,333,549	\$93,219,695
11	10004	Graduate	\$15,289,673	\$17,778,690	\$19,035,000	\$21,113,114	\$22,985,778	\$24,858,441	\$26,731,104	\$28,603,768
12	Tuition		\$34,503,383	\$41,287,450	\$60,021,000	\$70,788,228	\$83,547,037	\$96,305,845	\$109,064,654	\$121,823,462
13	TOTAL INCOME		\$34,988,365	\$42,411,992	\$63,995,537	\$76,139,136	\$90,642,722	\$105,146,307	\$119,649,893	\$134,153,479
14	Compensation & Bel		\$24,898,807	\$17,959,422	\$188,976,077	\$241,355,372	\$323,394,007	\$405,432,642	\$487,471,277	\$569,509,912
15	Professional Fees		\$9,511,262	\$7,093,933	\$7,748,423	\$6,355,033	\$5,473,614	\$4,592,194	\$3,710,775	\$2,829,355
16	Travel		\$1,660,356	\$1,156,731	\$1,497,443	\$1,275,263	\$1,193,806	\$1,112,350	\$1,030,893	\$949,436
17	Photography/Printin		\$6,710,060	\$3,867,268	\$4,912,055	\$3,365,123	\$2,466,120	\$1,567,118	\$668,115	-\$230,887
18	Rent & Occupancy		\$1,100,757	\$904,156	\$1,130,514	\$1,074,899	\$1,089,777	\$1,104,656	\$1,119,534	\$1,134,412
19	Other Expenses		\$2,356,539	\$1,592,130	\$3,773,659	\$3,991,229	\$4,699,788	\$5,408,348	\$6,116,908	\$6,825,468
20	Allocations		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21	TOTAL EXPENSE		\$46,237,782	\$32,573,640	\$208,038,170	\$257,416,919	\$338,317,113	\$419,217,307	\$500,117,501	\$581,017,696
22	NET		-\$11,249,416	\$9,838,352	-\$144,042,634	-\$181,277,783	-\$247,674,391	-\$314,071,000	-\$380,467,608	-\$446,864,217



# Approach 1

- If links included, can update the workbook with latest BudgetPak data...
- ...and also write workbook data back to BudgetPak projection



The image shows a screenshot of an Excel spreadsheet titled '5 Year Plan'. The spreadsheet is divided into several sections. The first section is the '5 Year Plan' header, followed by a description: 'Projector Stamford University: Stamford University. Descriptive This 5 year Plan has been initiated this year to fulfill the Board's requirements.' The main data table is a 5-year projection from 2015 to 2022. The columns are labeled '2015 Actuals', '2016 Actuals', '2017 Final Budget', '2018', '2019', '2020', '2021', and '2022'. The rows are categorized by income and expense items. The 'TOTAL INCOME' row shows a total of \$119,649,893 for 2021 and \$134,153,479 for 2022. The 'TOTAL EXPENSE' row shows a total of \$500,117,501 for 2021 and \$581,017,696 for 2022. The 'NET' row shows a total of -\$380,467,608 for 2021 and -\$446,864,217 for 2022.

	2015 Actuals	2016 Actuals	2017 Final Budget	2018	2019	2020	2021	2022
<b>TOTAL INCOME</b>	<b>\$34,988,365</b>	<b>\$42,411,992</b>	<b>\$63,995,537</b>	<b>\$76,139,136</b>	<b>\$90,642,722</b>	<b>\$105,146,307</b>	<b>\$119,649,893</b>	<b>\$134,153,479</b>
<b>TOTAL EXPENSE</b>	<b>\$46,237,782</b>	<b>\$32,573,640</b>	<b>\$208,038,170</b>	<b>\$257,416,919</b>	<b>\$338,317,113</b>	<b>\$419,217,307</b>	<b>\$500,117,501</b>	<b>\$581,017,696</b>
<b>NET</b>	<b>-\$11,249,416</b>	<b>\$9,838,352</b>	<b>-\$144,042,634</b>	<b>-\$181,277,783</b>	<b>-\$247,674,391</b>	<b>-\$314,071,000</b>	<b>-\$380,467,608</b>	<b>-\$446,864,217</b>

# Approach 2

## Approach 2: Combine projections inside BudgetPak with an external model

- Example of an revenue model – multiple product lines

		Fiscal Year										
		2017	2018		A	B	C	D	E	F	G	H
2												
3												
4												
5	<b>Production by Product Type</b>	<b>Line</b>	<b>Quantity:</b>									
6	Product 1	B	3,786	4,621								
7	Product 2	B	330	350								
8	Product 3	B	325	325								
9	Product 4	B	1,311	1,429								
10	Small Product 5	A	2,000	2,000								
11	Small Product 5	B	1,440	1,129								
12	Medium Product 5	A	2,010	2,100								
13	Medium Product 5	B	4,195	4,712								
14	Large Product 5	B	2,700	2,700								
15	Large Product 5	A	4,590	4,800								
16	Product 6	A	244	430								
17	Other #1	B										
18	Other #2	B										
19	Other #3	B										
20	<b>Total</b>		<b>22,931</b>	<b>24,596</b>								
21												
22	<b>Pricing by Product Type</b>	<b>Line</b>	<b>Inflation:</b>	<b>4.08%</b>								
23	Product 1	B	\$63	\$66								
24	Product 2	B	\$77	\$80								
25	Product 3	B	\$128	\$133								
26	Product 4	B	\$102	\$106								
27	Small Product 5	A	\$312	\$325								
28	Small Product 5	B	\$64	\$67								
29	Medium Product 5	A	\$120	\$125								
30	Medium Product 5	B	\$761	\$792								
31	Large Product 5	B	\$1,000	\$1,041								
32	Large Product 5	A	\$1,925	\$2,004								
33	Product 6	A	\$98	\$102								
34	Other #1	B		\$0								
35	Other #2	B		\$0								
36	Other #3	B		\$0								
37												

	A	B	C	D	E	F
38	<b>Gross Margin %</b>	<b>Line</b>				
39	Product 1	B		7.00%	7.00%	7.00%
40	Product 2	B		6.50%	6.50%	6.50%
41	Product 3	B		8.00%	8.00%	8.00%
42	Product 4	B		7.00%	7.00%	7.00%
43	Small Product 5	A		7.75%	7.75%	7.75%
44	Small Product 5	B		8.00%	9.00%	9.00%
45	Medium Product 5	A				
46	Medium Product 5	B		8.00%	9.00%	9.00%
47	Large Product 5	B		8.00%	9.00%	9.00%
48	Large Product 5	A		7.00%	7.00%	7.00%
49	Product 6	A		10.00%	7.00%	9.00%
50	Other #1	B				
51	Other #2	B				
52	Other #3	B				
53						
54	<b>Capital Expenditures</b>					
55	Maintenance			\$13,000	\$14,000	\$14,000
56	Growth			\$0	\$0	\$0
57	<b>Total Capital Expenditures</b>			<b>\$13,000</b>	<b>\$14,000</b>	<b>\$14,000</b>
58						
59	<b>Revenue</b>	<b>Line</b>				
60	Product 1	B		\$238,534	\$303,002	\$334,095
61	Product 2	B		\$25,245	\$27,868	\$30,350
62	Product 3	B		\$41,438	\$43,130	\$44,431
63	Product 4	B		\$133,722	\$151,711	\$140,756
64	Small Product 5	A		\$624,000	\$649,484	\$669,072
65	Small Product 5	B		\$92,343	\$75,370	\$66,917
66	Medium Product 5	A		\$241,200	\$262,291	\$283,069
67	Medium Product 5	B		\$3,191,434	\$3,731,289	\$3,863,403
68	Large Product 5	B		\$2,700,000	\$2,810,266	\$2,895,025
69	Large Product 5	A		\$8,835,750	\$9,617,354	\$10,113,823
70	Product 6	A		\$23,796	\$43,681	\$53,999
71	Other #1	B		\$0	\$0	\$0
72	Other #2	B		\$0	\$0	\$0
73	Other #3	B		\$0	\$0	\$0
74	<b>Total Revenue line A</b>			<b>\$ 9,724,746</b>	<b>\$ 10,572,810</b>	<b>\$ 11,119,963</b>
75	<b>Total Revenue line B</b>			<b>\$ 6,422,715</b>	<b>\$ 7,142,636</b>	<b>\$ 7,374,976</b>
76	<b>Total Revenue</b>			<b>\$16,147,461</b>	<b>\$17,715,447</b>	<b>\$18,494,939</b>

	A	B	C	D	E	F	G	H
78	<b>Cost of Sales</b>	<b>Line</b>						
79	Product 1	B		\$221,836	\$281,792	\$310,708	\$316,923	\$106,210
80	Product 2	B		\$23,604	\$26,057	\$28,377	\$30,509	\$32,715
81	Product 3	B		\$38,123	\$39,679	\$40,876	\$41,694	\$42,528
82	Product 4	B		\$124,361	\$141,091	\$130,903	\$86,789	\$88,525
83	Small Product 5	A		\$575,640	\$599,149	\$617,219	\$629,564	\$642,155
84	Small Product 5	B		\$84,956	\$68,587	\$60,894	\$62,112	\$63,354
85	Medium Product 5	A		\$241,200	\$262,291	\$283,069	\$301,855	\$321,278
86	Medium Product 5	B		\$2,936,119	\$3,395,473	\$3,515,697	\$3,586,011	\$3,668,234
87	Large Product 5	B		\$2,484,000	\$2,557,342	\$2,634,473	\$2,687,162	\$2,740,905
88	Large Product 5	A		\$8,217,248	\$8,944,139	\$9,405,855	\$9,985,563	\$10,185,274
89	Product 6	A		\$21,416	\$40,624	\$49,139	\$50,122	\$85,207
90	Other #1	B		\$0	\$0	\$0	\$0	\$0
91	Other #2	B		\$0	\$0	\$0	\$0	\$0
92	Other #3	B		\$0	\$0	\$0	\$0	\$0
93	<b>Overhead (Under)/Over Absorbed</b>							
94	<b>Total Cost of Sales line A</b>			<b>\$ 9,055,504</b>	<b>\$ 9,846,203</b>	<b>\$ 10,355,282</b>	<b>\$ 10,967,103</b>	<b>\$ 11,233,914</b>
95	<b>Total Cost of Sales line B</b>			<b>\$ 5,912,999</b>	<b>\$ 6,510,021</b>	<b>\$ 6,721,928</b>	<b>\$ 6,811,199</b>	<b>\$ 6,742,471</b>
96	<b>Total Cost of Sales</b>			<b>\$14,968,503</b>	<b>\$16,356,224</b>	<b>\$17,077,211</b>	<b>\$17,778,302</b>	<b>\$17,976,385</b>
97								
98	<b>Gross Margin \$</b>	<b>Line</b>		0				
99	Product 1	B		\$16,697	\$21,210	\$23,387	\$23,854	\$7,994
100	Product 2	B		\$1,641	\$1,811	\$1,973	\$2,121	\$2,274
101	Product 3	B		\$3,315	\$3,450	\$3,554	\$3,626	\$3,698
102	Product 4	B		\$9,361	\$10,620	\$9,853	\$6,532	\$6,663
103	Small Product 5	A		\$48,360	\$50,335	\$51,853	\$52,890	\$53,948
104	Small Product 5	B		\$7,387	\$6,783	\$6,022	\$6,143	\$6,266
105	Medium Product 5	A		\$0	\$0	\$0	\$0	\$0
106	Medium Product 5	B		\$255,315	\$335,816	\$347,706	\$354,660	\$362,792
107	Large Product 5	B		\$216,000	\$252,924	\$260,552	\$265,763	\$271,079
108	Large Product 5	A		\$618,503	\$673,215	\$707,968	\$751,602	\$766,634
109	Product 6	A		\$2,380	\$3,058	\$4,860	\$4,957	\$8,427
110	Other #1	B		\$0	\$0	\$0	\$0	\$0
111	Other #2	B		\$0	\$0	\$0	\$0	\$0
112	Other #3	B		\$0	\$0	\$0	\$0	\$0
113	<b>Overhead (Under)/Over Absorbed</b>			<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
114	<b>Total Cost of Revenues</b>			<b>\$1,178,958</b>	<b>\$1,359,222</b>	<b>\$1,417,728</b>	<b>\$1,472,149</b>	<b>\$1,489,775</b>



# Approach 2

- The model nets out with a multi-year projection for top-level P&L rows

	A	B	C	D	E	F	G	H
38	<b>Gross Margin %</b>	<b>Line</b>						
39	Product 1	B		7.00%	7.00%	7.00%	7.00%	7.00%
40	Product 2	B		6.50%	6.50%	6.50%	6.50%	6.50%
41	Product 3	B		8.00%	8.00%	8.00%	8.00%	8.00%
42	Product 4	B		7.00%	7.00%	7.00%	7.00%	7.00%
43	Small Product 5	A		7.75%	7.75%	7.75%	7.75%	7.75%
44	Small Product 5	B		8.00%	9.00%	9.00%	9.00%	9.00%
45	Medium Product 5	A						
46	Medium Product 5	B		8.00%	9.00%	9.00%	9.00%	9.00%
47	Large Product 5	B		8.00%	9.00%	9.00%	9.00%	9.00%
48	Large Product 5	A		7.00%	7.00%	7.00%	7.00%	7.00%
49	Product 6	A		10.00%	7.00%	9.00%	9.00%	9.00%
50	Other #1	B						
51	Other #2	B						
52	Other #3	B						
53								
54	<b>Capital Expenditures</b>							
55	Maintenance			\$13,000	\$14,000	\$14,000	\$14,000	\$14,000
56	Growth			\$0	\$0	\$0	\$0	\$0
57	<b>Total Capital Expenditures</b>			<b>\$13,000</b>	<b>\$14,000</b>	<b>\$14,000</b>	<b>\$14,000</b>	<b>\$14,000</b>
58								
59	<b>Revenue</b>	<b>Line</b>						
60	Product 1	B		\$238,534	\$303,002	\$334,095	\$340,777	\$114,204
61	Product 2	B		\$25,245	\$27,868	\$30,350	\$32,630	\$34,989
62	Product 3	B		\$41,438	\$43,130	\$44,431	\$45,319	\$46,226
63	Product 4	B		\$133,722	\$151,711	\$140,756	\$93,321	\$95,188
64	Small Product 5	A		\$624,000	\$649,434	\$669,072	\$682,454	\$696,103
65	Small Product 5	B		\$92,343	\$78,370	\$66,917	\$68,255	\$69,620
66	Medium Product 5	A		\$241,200	\$262,291	\$283,069	\$301,855	\$321,278
67	Medium Product 5	B		\$3,191,434	\$2,731,289	\$3,863,403	\$3,940,671	\$4,031,026
68	Large Product 5	B		\$2,700,000	\$2,810,266	\$2,895,025	\$2,952,925	\$3,011,984
69	Large Product 5	A		\$8,835,750	\$9,617,354	\$10,113,823	\$10,737,164	\$10,951,908
70	Product 6	A		\$23,796	\$43,681	\$53,999	\$55,079	\$93,634
71	Other #1	B		\$0	\$0	\$0	\$0	\$0
72	Other #2	B		\$0	\$0	\$0	\$0	\$0
73	Other #3	B		\$0	\$0	\$0	\$0	\$0
74	<b>Total Revenue line A</b>			<b>\$ 9,724,746</b>	<b>\$ 10,572,810</b>	<b>\$ 11,119,963</b>	<b>\$ 11,776,551</b>	<b>\$ 12,062,923</b>
75	<b>Total Revenue line B</b>			<b>\$ 6,422,715</b>	<b>\$ 7,142,636</b>	<b>\$ 7,374,976</b>	<b>\$ 7,473,899</b>	<b>\$ 7,403,237</b>
76	<b>Total Revenue</b>			<b>\$16,147,461</b>	<b>\$17,715,447</b>	<b>\$18,494,939</b>	<b>\$19,250,450</b>	<b>\$19,466,160</b>

## Approach 2

- The model rows are linked into the BudgetPak-sourced projection

74	Total Revenue line A		\$ 9,724,746	\$ 10,572,810	\$ 11,119,963	\$ 11,776,551	\$ 12,062,923
75	Total Revenue line B		\$ 6,422,715	\$ 7,142,636	\$ 7,374,976	\$ 7,473,899	\$ 7,403,237

='Revenue model'!\$D\$75

### The projection in Excel:

These cells are linked to the revenue model in the usual way

	A	B	C	D	E	F	G	H	I	J
					2016					
1			2014	2015	Forecast	2017	2018	2019	2020	2021
2	R001: Product line A	\$6,953,797	\$7,788,481	\$9,108,953	\$9,724,746	\$10,572,810	\$11,119,963	\$11,776,551	\$12,062,923	
3	R002: Product line B	\$4,425,143	\$4,956,306	\$5,796,606	\$6,422,715	\$7,142,636	\$7,374,976	\$7,473,899	\$7,403,237	
4	R003: Consulting revenue	\$421,442	\$472,029	\$552,058	\$598,056	\$635,469	\$661,123	\$697,086	\$729,243	
5	TOTAL INCOME	\$11,800,382	\$13,216,817	\$15,457,617	\$16,745,517	\$18,350,916	\$19,156,062	\$19,947,537	\$20,195,403	

These cells are linked to BudgetPak through myXL functions

=myXLGetAccountValue(\$D\$1,'Unit codes'!\$B\$5,B2,'Type codes'!\$B\$4)



# Approach 3

## Approach 3: Customized projections in Excel, pulling in BudgetPak data

- BudgetPak gives assistance by supplying historical and current data as needed
- Standard use of myXL “Get” formulas

=myXLGetAccountValue(\$R\$22,\$R\$23,C20,\$R\$24)

Linked to BudgetPak

3 YEAR PROJECTION P&L STATEMENT ABC Organization						
3 Year Projection						
Account Code and Description						
Account	Description	Base for Projections 2017 Actuals	Increase/ (Decrease)	2017	The Out Years 2018	2019
10001	Membership Fees	\$1,931,555	5%	\$2,028,133	\$2,129,539	\$2,236,016
10002	Sales Revenue	\$1,223,000	5%	\$1,286,250	\$1,350,563	\$1,418,091
10003	Merchandise Revenue	\$1,296,315	5%	\$1,361,131	\$1,429,187	\$1,500,647
10004	Other Revenue	\$0	5%	\$0	\$0	\$0
<b>TOTAL INCOME</b>		<b>\$2,521,315</b>		<b>\$2,647,381</b>	<b>\$2,779,750</b>	<b>\$2,918,737</b>
1001	Salaries - Non Exec PT	\$0	3%	\$0	\$0	\$0
1002	Salaries - Non Exec FT	\$0	3%	\$0	\$0	\$0
1000	Salaries - Exec	\$1,807,310	3%	\$1,861,530	\$1,917,376	\$1,974,897
1003	Executive Compensation	\$0	3%	\$0	\$0	\$0
1100	Bonus	\$0	3%	\$0	\$0	\$0
1200	401K	\$18,074	3%	\$18,616	\$19,175	\$19,750
1300	Medical Benefits - Exec	\$126,877	3%	\$130,683	\$134,604	\$138,642
1301	Medical Benefits - Non Exec FT	\$0	3%	\$0	\$0	\$0
1302	Dental	\$0	3%	\$0	\$0	\$0
1400	Federal Payroll Tax	\$90,366	3%	\$93,077	\$95,870	\$98,746
1500	State Payroll Tax	\$17,664	3%	\$18,194	\$18,740	\$19,302
1600	Other Benefits	\$20,865	3%	\$21,491	\$22,136	\$22,800
7000	Company car	\$3,960	3%	\$4,079	\$4,201	\$4,327
<b>Compensation &amp; Benefits</b>		<b>\$277,806</b>		<b>\$286,140</b>	<b>\$294,724</b>	<b>\$303,566</b>
4100	Legal Fees	\$154,000	1%	\$155,540	\$157,095	\$158,666
4200	Audit Fees	\$55,000	1%	\$55,550	\$56,106	\$56,667
4300	Consulting	\$660,000	1%	\$666,600	\$673,266	\$679,999

# Approach 3

- This example requires calculations not (yet) supported by BudgetPak
  - Revenue per head, total direct expense, gross margin, EBITDA

Standard Excel formulas

=C5/C6

These cells are linked to BudgetPak through myXL functions

=myXLGetAccountValue(\$D\$1,'Unit codes'!\$B\$5,B2,'Type codes'!\$B\$4)

	A	B	C	D	E	F	G	H	I	J
			2017							
1			2015	2016	Forecast	2018	2019	2020	2021	2022
2		R001: Product line A	\$6,953,797	\$7,788,481	\$9,108,953	\$9,724,746	\$10,572,810	\$11,119,963	\$11,776,551	\$12,062,923
3		R002: Product line B	\$4,425,143	\$4,956,306	\$5,796,606	\$6,422,715	\$7,142,636	\$7,374,976	\$7,473,899	\$7,403,237
4		R003: Consulting revenue	\$421,442	\$472,029	\$552,058	\$598,056	\$635,469	\$661,123	\$697,086	\$729,243
5		<b>TOTAL INCOME</b>	<b>\$11,800,382</b>	<b>\$13,216,817</b>	<b>\$15,457,617</b>	<b>\$16,745,517</b>	<b>\$18,350,916</b>	<b>\$19,156,062</b>	<b>\$19,947,537</b>	<b>\$20,195,403</b>
6		Headcount	321.00	356.00	410.00	431.00	453.00	476.00	500.00	525.00
7		Revenue per head	\$36,761	\$37,126	\$37,702	\$38,853	\$40,510	\$40,244	\$39,895	\$38,467
11		Total direct expenses	\$4,094,844	\$4,094,844	\$4,094,844	\$4,679,333	\$4,422,637	\$4,603,564	\$4,802,661	\$4,829,482
12		Gross margin	\$7,705,539	\$9,121,973	\$11,362,773	\$12,066,184	\$13,928,279	\$14,552,497	\$15,144,876	\$15,365,921
13		Gross margin %	65.30%	69.02%	73.51%	72.06%	75.90%	75.97%	75.92%	76.09%
18		Total indirect expenses	\$3,965,776	\$3,965,776	\$3,965,776	\$3,965,776	\$3,965,776	\$3,965,776	\$3,965,776	\$3,965,776
19		EBITDA	\$3,739,762	\$5,156,197	\$7,396,997	\$8,100,408	\$9,962,503	\$10,586,721	\$11,179,099	\$11,400,145
20		Interest, taxes, depr, amor	\$1,421,110	\$1,959,355	\$2,810,859	\$3,078,155	\$3,785,751	\$4,022,954	\$4,248,058	\$4,332,055
21		<b>NET INCOME</b>	<b>\$2,318,653</b>	<b>\$3,196,842</b>	<b>\$4,586,138</b>	<b>\$5,022,253</b>	<b>\$6,176,752</b>	<b>\$6,563,767</b>	<b>\$6,931,042</b>	<b>\$7,068,090</b>

## Pros and cons of each approach

- **Approach 1: Long term projections completely inside BudgetPak**
  - Works well if your projections are straightforward, high-level percent increases
  - Pros:
    - Wholly integrated
    - Easy to use
    - Often a good starting point
  - Cons:
    - May be too limited for your needs





- **Approach 2: Combine projections inside BudgetPak with an external model**
  - Works well when your stand-alone model needs to supply only a few rows to a BudgetPak projection
  - Pros:
    - Keep existing models
    - Models can be as complex as necessary
    - In-BudgetPak projections update automatically when data changes
  - Cons:
    - Attention needed to insure that links don't get broken if model is revised



### ■ Approach 3: Customized projections in Excel, pulling in BudgetPak data

- Works well when your projection model is complex and doesn't require a great deal of historical data
- Pros:
  - Can compute anything (ratios, gross margin, EBITDA)
- Cons:
  - Attention needed to insure that links don't get broken if model is revised



## Although there are many options...

- No paths are “right” or “wrong”
- Variety of approaches to help you get to your destination





Q&A

*Thank you!*