Long Term Planning

Three approaches

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XLERANT

Goals

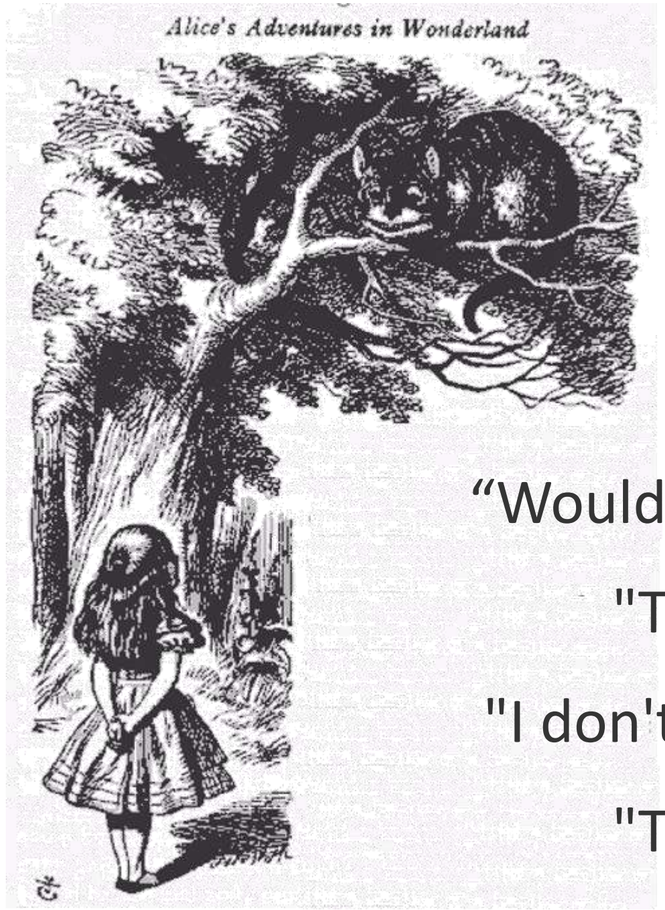
- Discover different ways to combine long term projections with myXL
- Understand the pros and cons of each approach

Topics

- 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

Cheshire cat’s observation

Without long term planning:



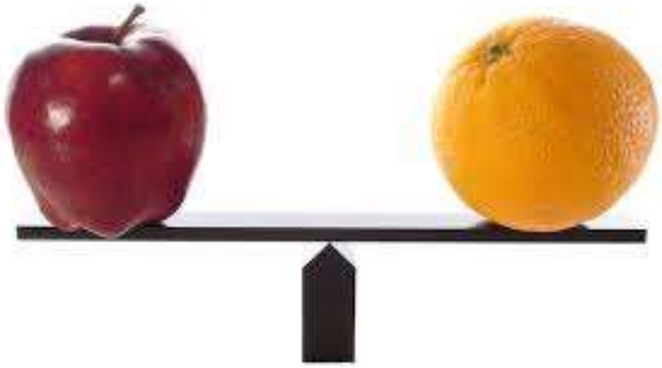
“Would you tell me, please, which way I ought to go from here?"

"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?



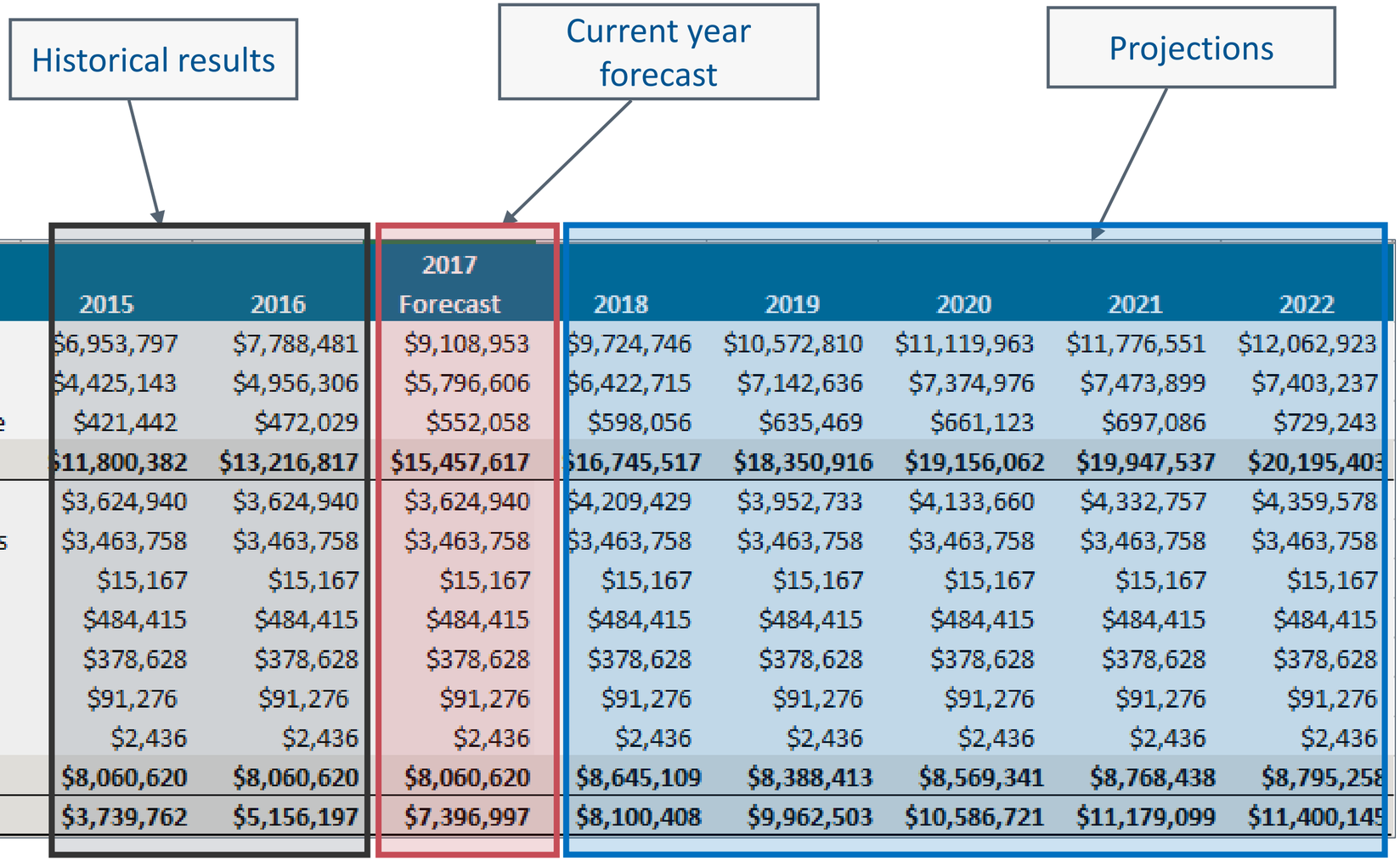
- **Purpose:**
  - Estimate broad trends for the company, for strategic planning.
  - Not an operational plan
- **High level *of the organization*:**
  - Typically top, or topmost units of the organization
  - Typically not bottom-up
- **High level *of the P&L*** (a.k.a. Statement of Activities/Statement 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

	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
R003: Consulting revenue	$421,442	$472,029	$552,058	$598,056	$635,469	$661,123	$697,086	$729,243
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**
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
TOTAL EXPENSE	**$8,060,620**	**$8,060,620**	**$8,060,620**	**$8,645,109**	**$8,388,413**	**$8,569,341**	**$8,768,438**	**$8,795,258**
NET	**$3,739,762**	**$5,156,197**	**$7,396,997**	**$8,100,408**	**$9,962,503**	**$10,586,721**	**$11,179,099**	**$11,400,145**

Elements of a long-term projection



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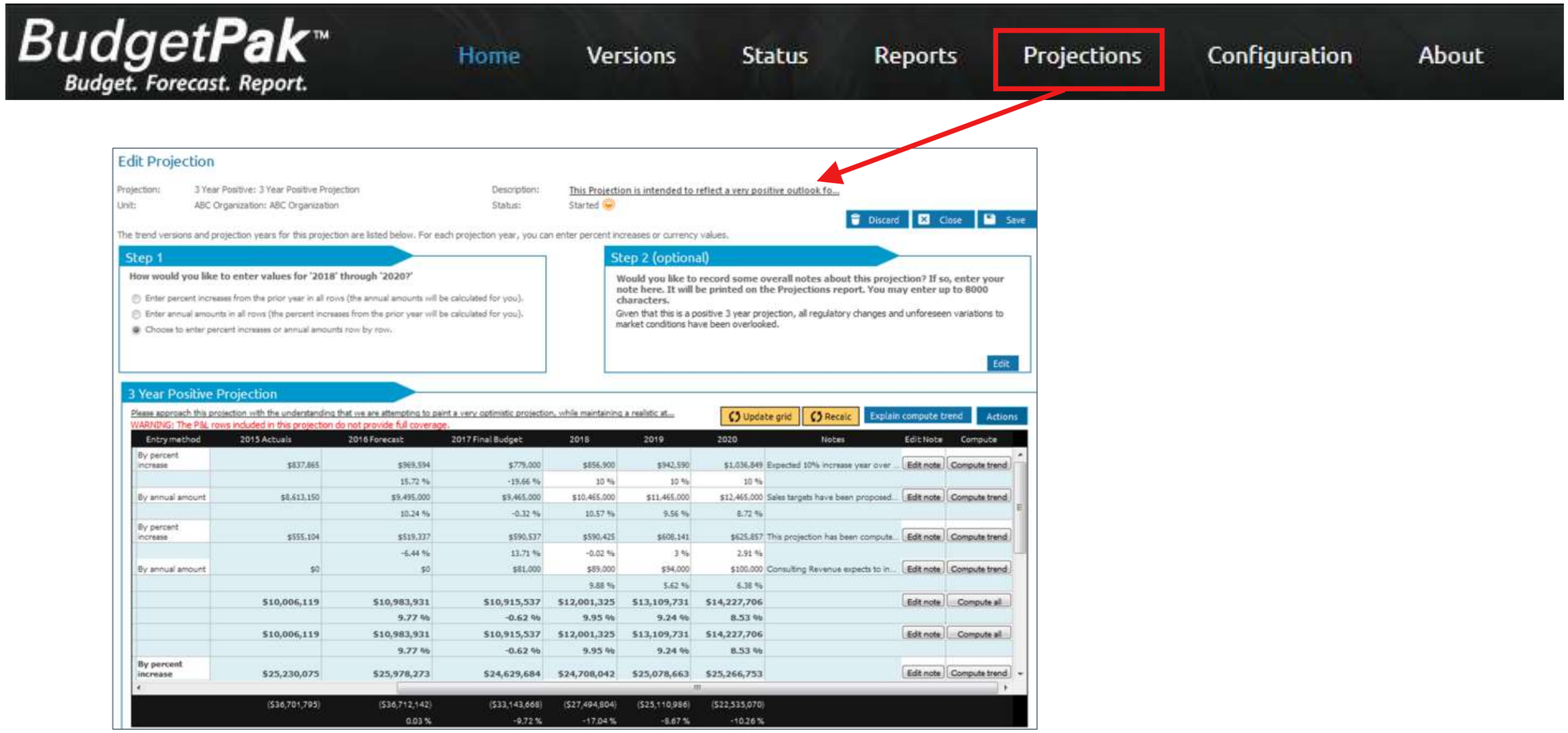
We’re going to look at 3 approaches to long term planning with BudgetPak

- 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: Long term projections completely inside BudgetPak

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

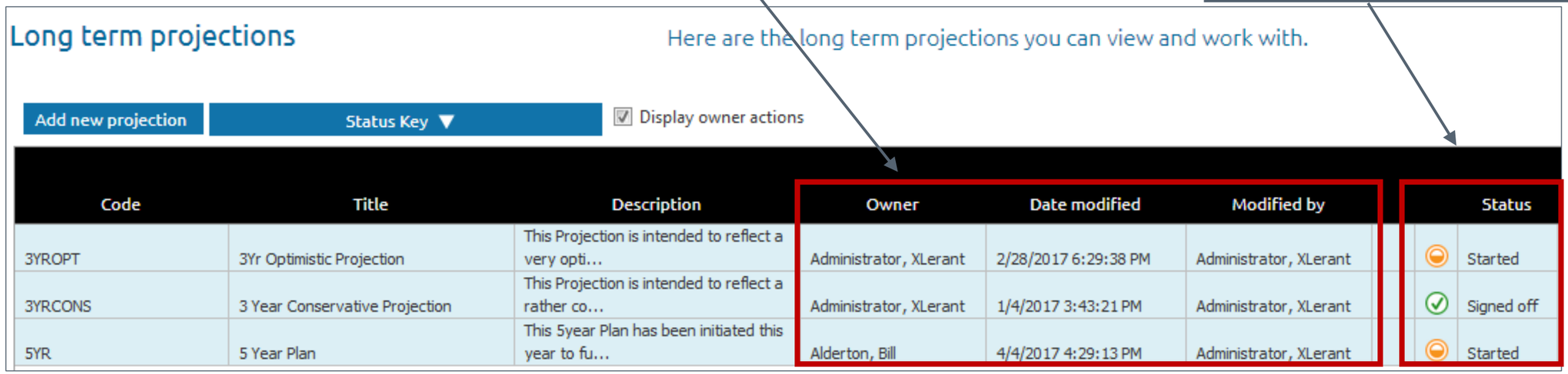


Approach 1

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

Owner controls who contributes

"Reviewed" and "Approved" not used for projections



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 %	
Fees & Oth...			**$484,982**	**$1,124,542**	**$3,974,537**	**$5,350,908**	**$7,095,685**	**$8,840,462**	**$10,585,239**	**$12,330,017**	Compute all
				131.87 %	**253.44 %**	**34.63 %**	**32.61 %**	**24.59 %**	**19.74 %**	**16.48 %**	
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 %	
Tuition			**$34,503,383**	**$41,287,450**	**$60,021,000**	**$70,788,228**	**$83,547,037**	**$96,305,845**	**$109,064,65**	**$121,823,462**	Compute all
				19.66 %	**45.37 %**	**17.94 %**	**18.02 %**	**15.27 %**	**13.25 %**	**11.7 %**	
TOTAL INC...			**$34,988,365**	**$42,411,992**	**$63,995,537**	**$76,139,136**	**$90,642,722**	**$105,146,307**	**$119,649,89**	**$134,153,479**	Compute all
				21.22 %	**50.89 %**	**18.98 %**	**19.05 %**	**16 %**	**13.79 %**	**12.12 %**	
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
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

- 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

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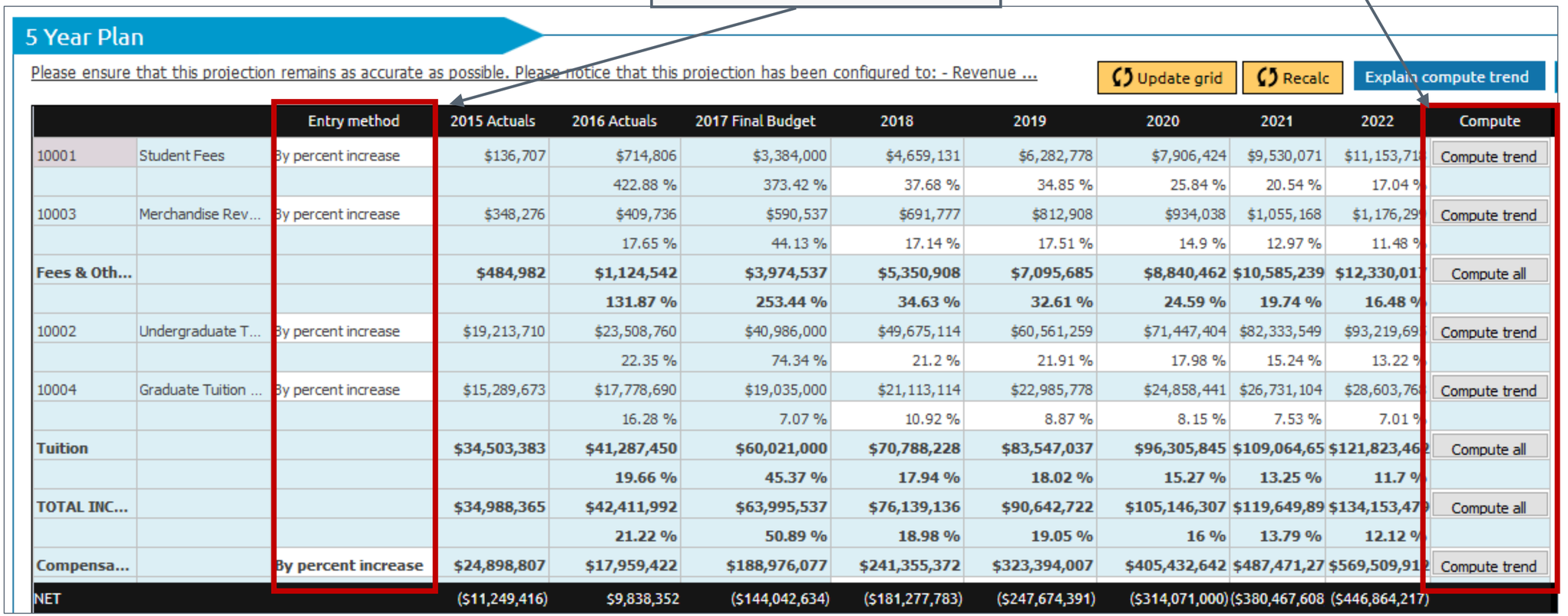
Approach 1

- 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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10003	Merchandise Rev...	By percent increase	$348,276	$409,736	$590,537	$691,777	$812,908	$934,038	$1,055,168	$1,176,29	Compute trend
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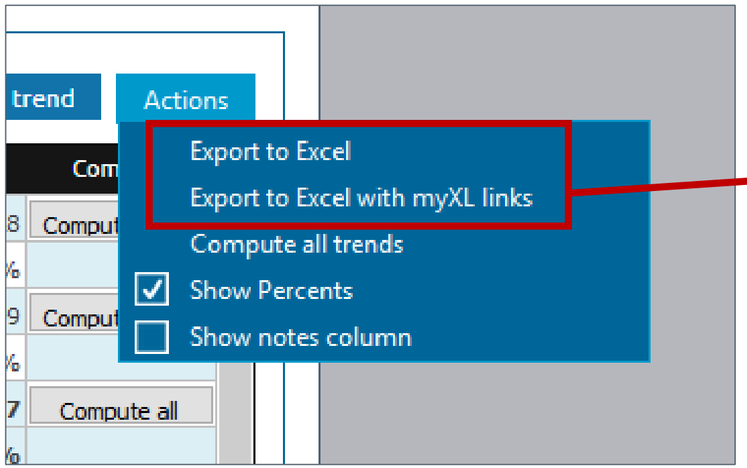
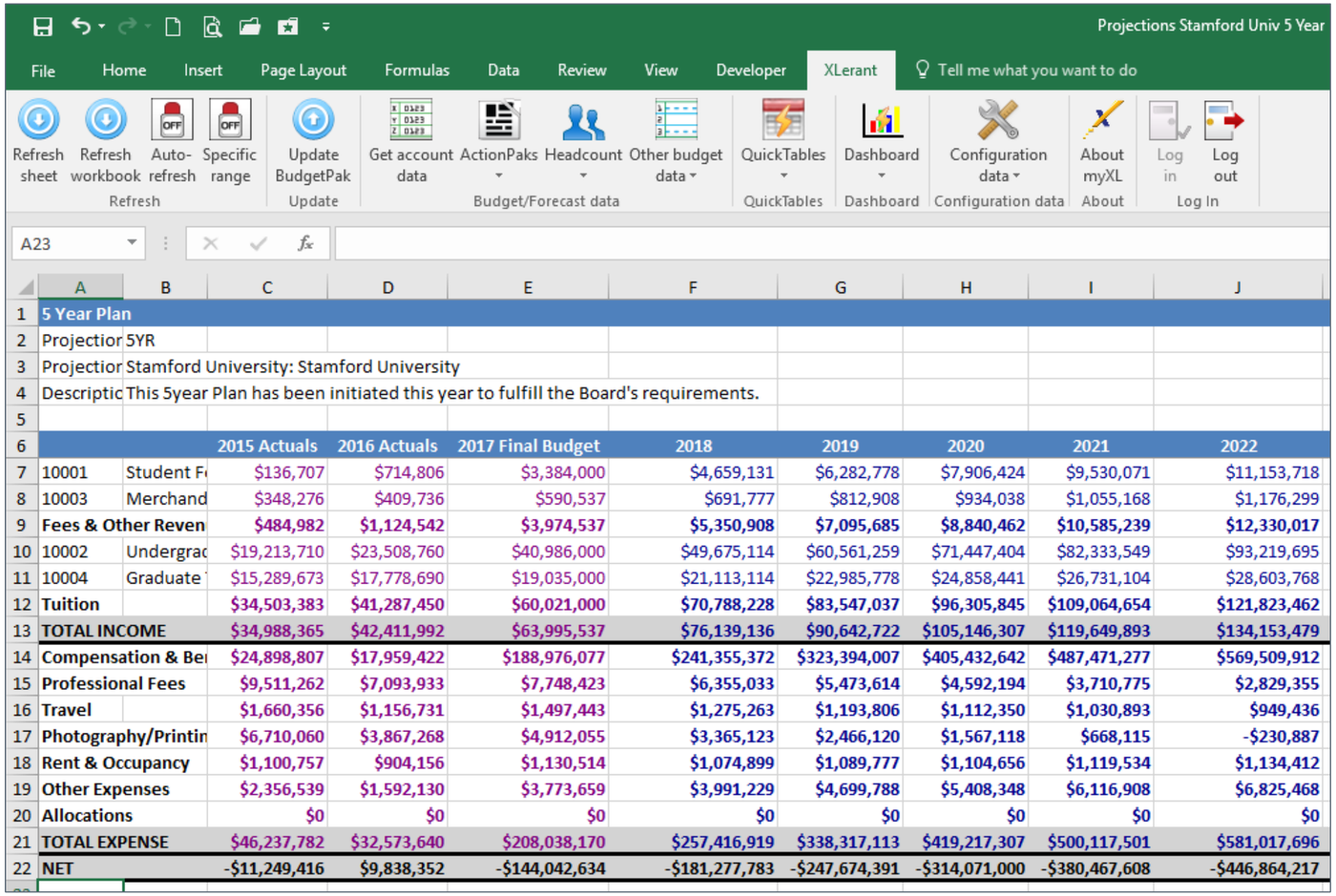
Approach 1

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





	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 F	$136,707	$714,806	$3,384,000	$4,659,131	$6,282,778	$7,906,424	$9,530,071	$11,153,718
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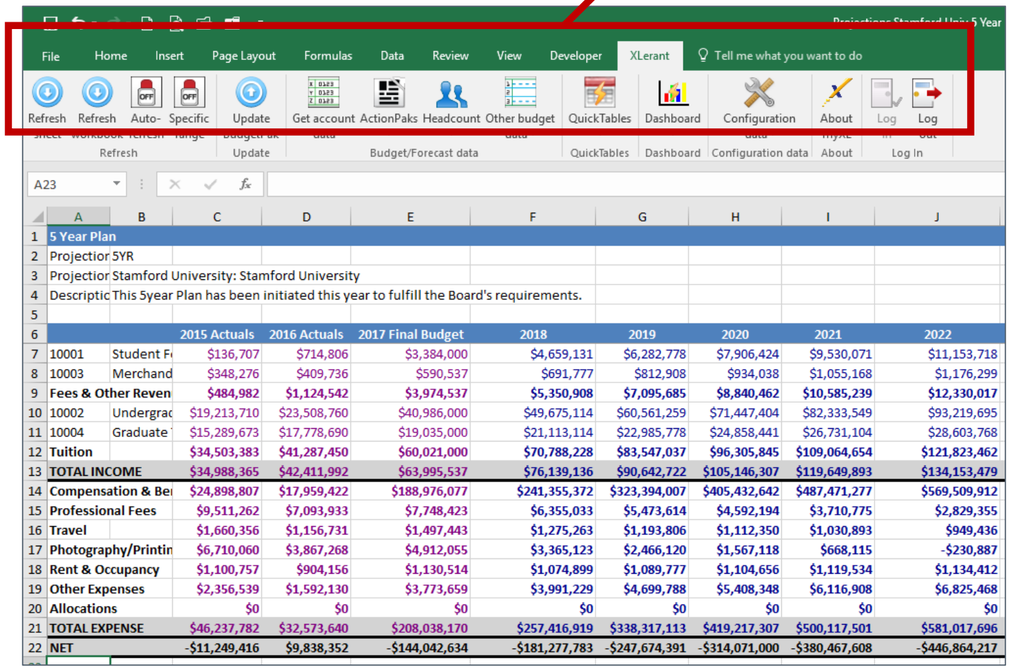
12	**Tuition**		**$34,503,383**	**$41,287,450**	**$60,021,000**	**$70,788,228**	**$83,547,037**	**$96,305,845**	**$109,064,654**	**$121,823,462**
13	**TOTAL INCOME**		**$34,988,365**	**$42,411,992**	**$63,995,537**	**$76,139,136**	**$90,642,722**	**$105,146,307**	**$119,649,893**	**$134,153,479**
14	**Compensation & Be**		**$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/Printir**		**$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



	A	B	C	D	E	F	G	H	I	J
1	5 Year Plan									
2	Projection	5YR								
3	Projection	Stamford University: Stamford University								
4	Descriptio	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 F	$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	Undergrac	$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 & Be**		**$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/Printi**		**$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 2: Combine projections inside BudgetPak with an external model

- Example of an revenue model – multiple product lines

			2017	2018
Production by Product Type	**Line**	**Quantity:**		
Product 1	B		3,786	4,621
Product 2	B		330	350
Product 3	B		325	325
Product 4	B		1,311	1,429
Small Product 5	A		2,000	2,000
Small Product 5	B		1,440	1,129
Medium Product 5	A		2,010	2,100
Medium Product 5	B		4,195	4,712
Large Product 5	B		2,700	2,700
Large Product 5	A		4,590	4,800
Product 6	A		244	430
Other #1	B			
Other #2	B			
Other #3	B			
Total			**22,931**	**24,596**
Pricing by Product Type	**Line**	**Inflation:**		4.08%
Product 1	B		$63	$66
Product 2	B		$77	$80
Product 3	B		$128	$133
Product 4	B		$102	$106
Small Product 5	A		$312	$325
Small Product 5	B		$64	$67
Medium Product 5	A		$120	$125
Medium Product 5	B		$761	$792
Large Product 5	B		$1,000	$1,041
Large Product 5	A		$1,925	$2,004
Product 6	A		$98	$102
Other #1	B			$0
Other #2	B			$0
Other #3	B			$0

Gross Margin %	**Line**						
Product 1	B		7.00%	7.00%	7.00%		
Product 2	B		6.50%	6.50%	6.50%		
Product 3	B		8.00%	8.00%	8.00%		
Product 4	B		7.00%	7.00%	7.00%		
Small Product 5	A		7.75%	7.75%	7.75%		
Small Product 5	B		8.00%	9.00%	9.00%		
Medium Product 5	A						
Medium Product 5	B		8.00%	9.00%	9.00%		
Large Product 5	B		8.00%	9.00%	9.00%		
Large Product 5	A		7.00%	7.00%	7.00%		
Product 6	A		10.00%	7.00%	9.00%		
Other #1	B						
Other #2	B						
Other #3	B						
Capital Expenditures							
Maintenance			$13,000	$14,000	$14,000		
Growth			$0	$0	$0		
Total Capital Expenditures			**$13,000**	**$14,000**	**$14,000**		
Revenue	**Line**						
Product 1	B		$238,534	$303,002	$334,095		
Product 2	B		$25,245	$27,868	$30,350		
Product 3	B		$41,438	$43,130	$44,431		
Product 4	B		$133,722	$151,711	$140,756		
Small Product 5	A		$624,000	$649,484	$669,072		
Small Product 5	B		$92,343	$75,370	$66,917		
Medium Product 5	A		$241,200	$262,291	$283,069		
Medium Product 5	B		$3,191,434	$3,731,289	$3,863,403		
Large Product 5	B		$2,700,000	$2,810,266	$2,895,025		
Large Product 5	A		$8,835,750	$9,617,354	$10,113,823		
Product 6	A		$23,796	$43,681	$53,999		
Other #1	B		$0	$0	$0	$0	$0
Other #2	B		$0	$0	$0	$0	$0
Other #3	B		$0	$0	$0	$0	$0
Total Revenue line A			$ 9,724,746	$ 10,572,810	$ 11,119,963	$ 11,776,551	$ 12,062,923
Total Revenue line B			$ 6,422,715	$ 7,142,636	$ 7,374,976	$ 7,473,899	$ 7,403,237
Total Revenue			**$16,147,461**	**$17,715,447**	**$18,494,939**	**$19,250,450**	**$19,466,160**

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

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	**Gross Margin %**	**Line**						
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	**Capital Expenditures**							
55	Maintenance			$13,000	$14,000	$14,000	$14,000	$14,000
56	Growth			$0	$0	$0	$0	$0
57	**Total Capital Expenditures**			**$13,000**	**$14,000**	**$14,000**	**$14,000**	**$14,000**
58								
59	**Revenue**	**Line**						
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,[illegible]	$669,072	$682,454	$696,103
65	Small Product 5	B		$92,343	$7[illegible]370	$66,917	$68,255	$69,620
66	Medium Product 5	A		$241,200	$[illegible]62,291	$283,069	$301,855	$321,278
67	Medium Product 5	B		$3,191,434	$[illegible],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	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
76	**Total Revenue**			**$16,147,461**	**$17,715,447**	**$18,494,939**	**$19,250,450**	**$19,466,160**

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

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

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

The projection in Excel:

	A	B	C	D	E	F	G	H	I	J
1			2014	2015	2016 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: 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						
		Base for Projections	Increase/		The Out Years	
Account	Description	2017 Actuals	(Decrease)	2017	2018	2019
10001	Membership Fees	$1,931,555	5%	$2,028,133	$2,129,539	$2,236,016
10002	Sales Revenue	$1,225,000	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
	TOTAL INCOME	**$2,521,315**		**$2,647,381**	**$2,779,750**	**$2,918,737**
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
	Compensation & Benefits	**$277,806**		**$286,140**	**$294,724**	**$303,566**
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
1			2015	2016	2017 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	**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**
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	**NET INCOME**		**$2,318,653**	**$3,196,842**	**$4,586,138**	**$5,022,253**	**$6,176,752**	**$6,563,767**	**$6,931,042**	**$7,068,090**

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

Pros and cons

- **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

Pros and cons

- **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!

XLERANT