



The XLerant NewsPak - September 2020

XLerant Thought Leadership *Budgeting XLerator series - Forecasting*



Forecasting
This guide, from our BudgetXLerator series, contains information to help organizations decide what approach to forecasting is right for their organization. The process of forecasting is specific to an organization, where the organization will end up by the end of that year.

WHAT IS A FORECAST (and how does it differ from a budget or projection)?
Budgeting is the process of determining monthly data during the year, and at the beginning of the current year to provide the revenue and expenses of the organization for that year with the goal of managing for the year and controlling the monthly outcomes. The forecast is used throughout the year to monitor spend, budget, identify risks, and to provide the monthly data change to the plan. A forecast is a long-range plan based on data from historical actual budget and/or forecast data to estimate the future.

APPROACHES
Forecasting is essentially merging monthly actuals with the current monthly budget or previous monthly forecast. There are several forecasting methods: keep the overall total the same as the original budget, or adjust the total based on the actual spending for each line item.
* If an organization has a pre-determined published budget, flexibility or a variable revenue stream, for example, they would want to use "keep total the same" and have the budget flexibility in the variance to plan.
* If you have significant changes throughout the year, an optimal approach would be to "adjust total" so that the overall annual total stays the same as the original budget for the organization. However, the longer the time it takes to make the forecast, the more likely you are to miss the mark.
* Many organizations would use a hybrid approach with a fixed percentage for certain line items and a flexible percentage for others in order to accommodate what changes when they impact their business.

WHAT SHOULD YOU CONSIDER IN YOUR FORECASTING PROCESS?

THE FREQUENCY
Forecasts can be completed monthly, quarterly, semi-annually, or as needed, depending on the needs of your organization. More frequent forecasts provide increased accuracy and reliability spent and revenue. More frequent forecasts will also require more maintenance.

LEVEL OF DETAIL
Organizations can choose whether to provide forecasts at the account level or below the account level. If your organization is forecast on a departmental or account level, budgeting budget numbers. However, for organizations that forecast on a higher level, they may want to consider the use of a hierarchical forecast. Forecast numbers for details below the account level is different approach. For those organizations, spend data from individual employees, users, or the user-level needs to be able to be adjusted on a monthly basis that then automatically roll up to the account level.

This guide contains information to help organizations decide which approach to forecasting is right for them. The purpose of a forecast is to predict, at an account level, where the organization will end up by the end of that year.

[Download the guide](#) to read about the: different approaches to forecasting; considerations of frequency, level of detail, reporting needs and who to involve; and the steps for setting up a forecast or detailed forecast and ongoing maintenance.

Did you know?

Did you know you can clean up your BudgetPak database?

Cleaning up BudgetPak can help improve initialization time, as well as make it easier to navigate through various menus - for the BudgetPak administrator as well as budget holders.

The order of operations for cleaning up a BudgetPak database is important. Here is the suggested order:

1. **Versions** - Delete draft budgets and other versions no longer needed via the *Define Versions* configuration page. When deleting a version, first make sure it is not a 'Percent basis' or 'Spreading basis' version for another budget/forecast - BudgetPak will not allow you to delete the version if it is.
 - o Copy historical budget or forecast versions to reference, then delete the original. Less budget/forecast versions help speed up initialization time.

- **NOTE: There must be at least 1 active (not marked as read-only) budget or forecast version for the year that is set as the 'currently active fiscal year' in BudgetPak. This is designated on the *Define Versions* configuration page.**
- 2. **Sets** - Once historical versions are deleted, delete any sets that were associated with them via the various *sets* configuration pages.
 - This includes F/X sets, account defaults sets, calculation defaults sets, driver defaults sets, employee sets and unit event defaults sets.
 - Each *sets* configuration page shows how many versions are using each 'set' to help identify the ones that are no longer in use.
 - Admin file sets can also be deleted via the *Files* configuration page.
- 3. **Years** - Delete unused historical years via the *Years* configuration page.
- 4. **Users** - Remove any users that are no longer involved in the budgeting process. Users can be deleted via the *Users* configuration page, or in bulk via the *Import/export configuration data* page.
 - Users cannot be deleted unless they are no longer assigned as a budget holder or assistant budget holder to any units. Use the 'User/unit mapping' template found on the *Import/export configuration data* page to update user access prior to deleting.
- 5. **Units** - Update units to 'reference' units if budgeting/forecasting is no longer going to be completed for them. This can be done on the *Units* configuration page.
 - Old units can also be deleted if they no longer contain data in BudgetPak. For example, if prior year versions were deleted removing the data in the unit.
- 6. **Accounts** - Update accounts that are no longer going to be used in budgeting/forecasting with a 'final fiscal year' via the *Accounts* configuration page.
 - Old accounts can also be deleted if they no longer contain any data. For example, if prior year versions were deleted removing the data in the account.
- 7. **Salary Grades** - Delete any unused salary grades via the *Configure salary grades* configuration page.
- 8. **Employee Classes** - Delete any unused employee classes via the *Configure employee classes* configuration page.
- 9. **G/L Transaction Detail** - Delete old G/L detail, especially if you deleted the reference version the detail is associated with.

XLerant Learning Series Webinars

We will be covering new features as well as providing refreshers on current features.

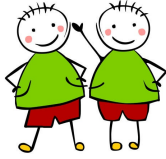
Our latest webinar was on the topic of *ActionPaks*

[Watch it now!](#)

To watch recordings of other webinars we have had in the past, please click [here](#).

For suggestions on what to cover in future webinars, please contact us at

Thinking Differently - Twin Trouble



Bob and Sam were identical twins born in London in 1911. Bob was born before Sam, but Sam was older than Bob. How come?

[Give up?](#)

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