

Forecasting & Budgeting Best Practices to Survive & Thrive Post-COVID-19

Blake Oliver, CPA

Evan Wells

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Q&A

Asking Questions




Help



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- ☐ Number of completed Poll(s) required: 3

Moderator



Sue Khawaja
Business Development Manager
IMA

Featured Presenters



Blake Oliver, CPA
Marketing Director
Jirav



Evan Wells
VP, BizOps & Financial Services
Jirav

Blake Oliver's Biography

- Blake is an entrepreneur, accountant, writer, and podcast host who specializes in cloud accounting technology. He is one of Accounting Today's Top 100 Most Influential People and has been named a 40 Under 40 in the accounting profession by CPA Practice Advisor.
- Blake produces and co-hosts the Cloud Accounting Podcast, a Top 50 Business News show on the Apple charts and the most popular podcast for accountants and bookkeepers in the world. He is the Director of Marketing at Jirav and lives in Scottsdale, Arizona.



Evan Wells' Biography

- Evan has been a Director of Finance, CFO, and Advisor to Bay Area companies spanning industries including manufacturing, consumer electronics, mobile application development, and enterprise SaaS. Exits include Abe AI (acquired by Yodlee), Lighthouse AI (acquired by Apple), and PayTollo (acquired by Automatic Labs, a SiriusXM company).
- Before all of that, Evan got his start as an auditor at PwC. He is a chess enthusiast and was the TIME Person of the Year in 2006.



Learning Objectives

Upon completing this webinar, you will be able to:

1. Identify ways to make **forecasting** more accurate by incorporating the operational metrics that drive the business and goals you hope to achieve.
2. Recognize best practices for setting up and collaborating on departmental **budgets** to control costs and keep everyone on the same page.
3. Explain how to set up a **reporting** package that managers look forward to, plus a reporting cadence that inspires accountability and allows for agility.

Why a  Jirav ?



Polling Question 1

What is the status of your company's 2021 annual plan?

- a) Not started
- b) 1-20% complete
- c) 21-40% complete
- d) 41-60% complete
- e) 61-80% complete
- f) 81-99% complete
- g) Done!
- h) I don't know
- i) We don't create an annual plan

Polling Question 1 Results (Placeholder)

These best practices were chosen with small business in mind.



Forecasting, Budgeting, & Reporting Best Practices

THE PLANNING FRAMEWORK





What is the purpose of FP&A?



A vintage map with a compass, keys, and a coin. The map is a detailed historical map showing continents and oceans. A brass compass is open, showing the cardinal directions. A small key and a coin are also visible on the map.

FP&A is a
map and
compass for
the business

• Point A

• Point B

• Sub point B

• Sub point B

• Sub point B

• Point C

Jirav

TO BE AN EFFECTIVE GUIDE, FP&A MUST BE...

TIMELY & RELEVANT



Connect your data in one place





Create a system of intelligence

Distinguish between:



Natural accounts

*Bonuses &
Commissions*



Planning accounts

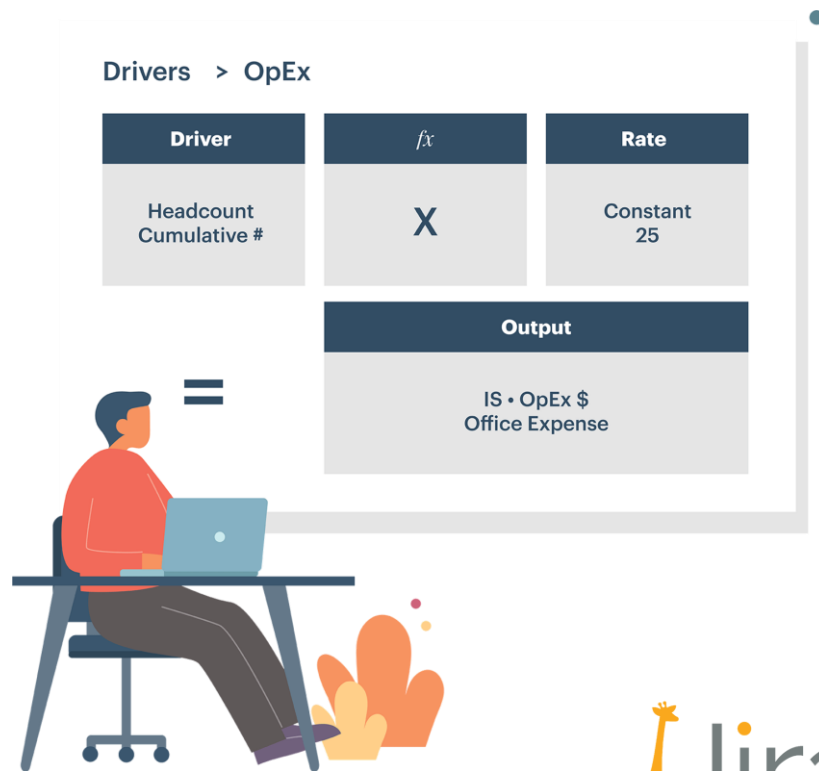
1. *Bonuses*
2. *Commissions*



Reporting accounts

*Fully-Burdened
Headcount*

Forecast with a driver-based financial model



Strive for long-term accuracy over short-term precision



High accuracy
High precision



Low accuracy
High precision




High accuracy
Low precision



Low accuracy
Low precision

Model at
least two
scenarios
at all
times



Scenario	Good	Bad	Ugly
Revenue	+10%	-25%	-50%
COGS	-	+10%	+20%
OpEx	-10%	-10%	-20%
Cash	+20%	-50%	-100%

Collaborate with your
team to validate
assumptions
(and save
time)



Polling Question 2

What is your role in the annual planning process?

- a) I lead the annual planning process
- b) I lead a portion of the process
- c) I am a contributing participant in the process
- d) I am a non-contributing participant
- e) I am not involved

Polling Question 2 Results (Placeholder)

Forecasting, Budgeting, & Reporting Best Practices

BUDGETING BEST PRACTICES



Create New Budget



Choose how you want to create a budget

- ☒ Create budget from scratch.

This option lets you manually enter amounts for each account that you want to track.

- ☐ Create budget from previous year's actual data.

This option automatically enters the monthly totals from last year for each account in this budget.

Back

Next

Finish

Cancel



Gaffer Gardening & Supply - QuickBooks Desktop Pro Plus 2018 - [Set Up Budgets]

File Edit View Lists Favorites Company Customers Vendors Employees Banking Reports Window Help Special Offers

Budget

FY2018 - Profit & Loss by Account

Create New Budget

ACCOUNT	ANNUAL TOT...	JAN18	FEB18	MAR18	APR18	MAY18	JUN18	JUL18	AUG18	SEP18	OCT18	NOV18	DEC18
Bank Service Charg...													
Car and Truck Expe...													
Computer and Intern...													
Contract Labor													
Depreciation Expen...													
Insurance													
Insurance Expense													
Interest Expense													
Meals and Entertain...													
Office Supplies													
Other Business Exp...													
Payroll Expenses													
Phone Expense													
Postage and Delivery													
Professional Fees													
Rent Expense													
Rent for Equipment													
Rent for Property													
Repairs and Mainte...													
Telephone Expense													
Travel Expense													
Uncategorized Expe...													
Utilities													
Wages													

Copy Across Adjust Row Amounts Clear

Save OK Cancel Help



YOU SHALL NOT



BUDGET

A BETTER TERM:
PLAN OF RECORD



Your most
likely
scenario
becomes
your **Plan
of Record**

(AKA
Budget)





Polling Question 3

What is the size of your company in terms of headcount?

- a) 10 or fewer
- b) 11 to 25
- c) 26 to 75
- d) 76 to 150
- e) 151 to 300
- f) 301 to 500
- g) 501 or more

Polling Question 3 Results (Placeholder)

Forecasting, Budgeting, & Reporting Best Practices

REPORTING BEST PRACTICES



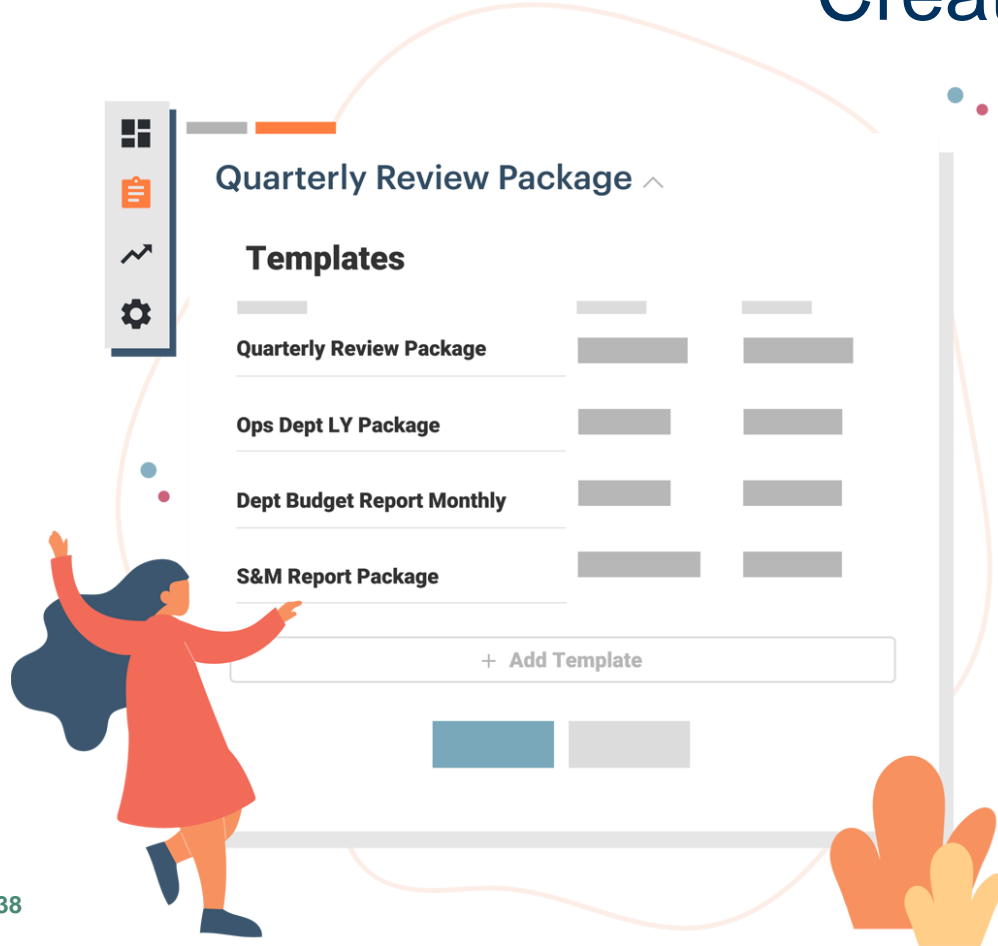
Report on
Plan v.
Actual



Tune the
model

Reforecast

Create reporting packages customized to your stakeholders



Key Reports to Include: BUDGET V. ACTUAL

Executive Summary

Income Statement

Income Statement By Depa...

Balance Sheet

Cash Flow Statement

Workforce

Staff List

Custom

Goals

...

↺

↻

Edit Columns

Edit Rows

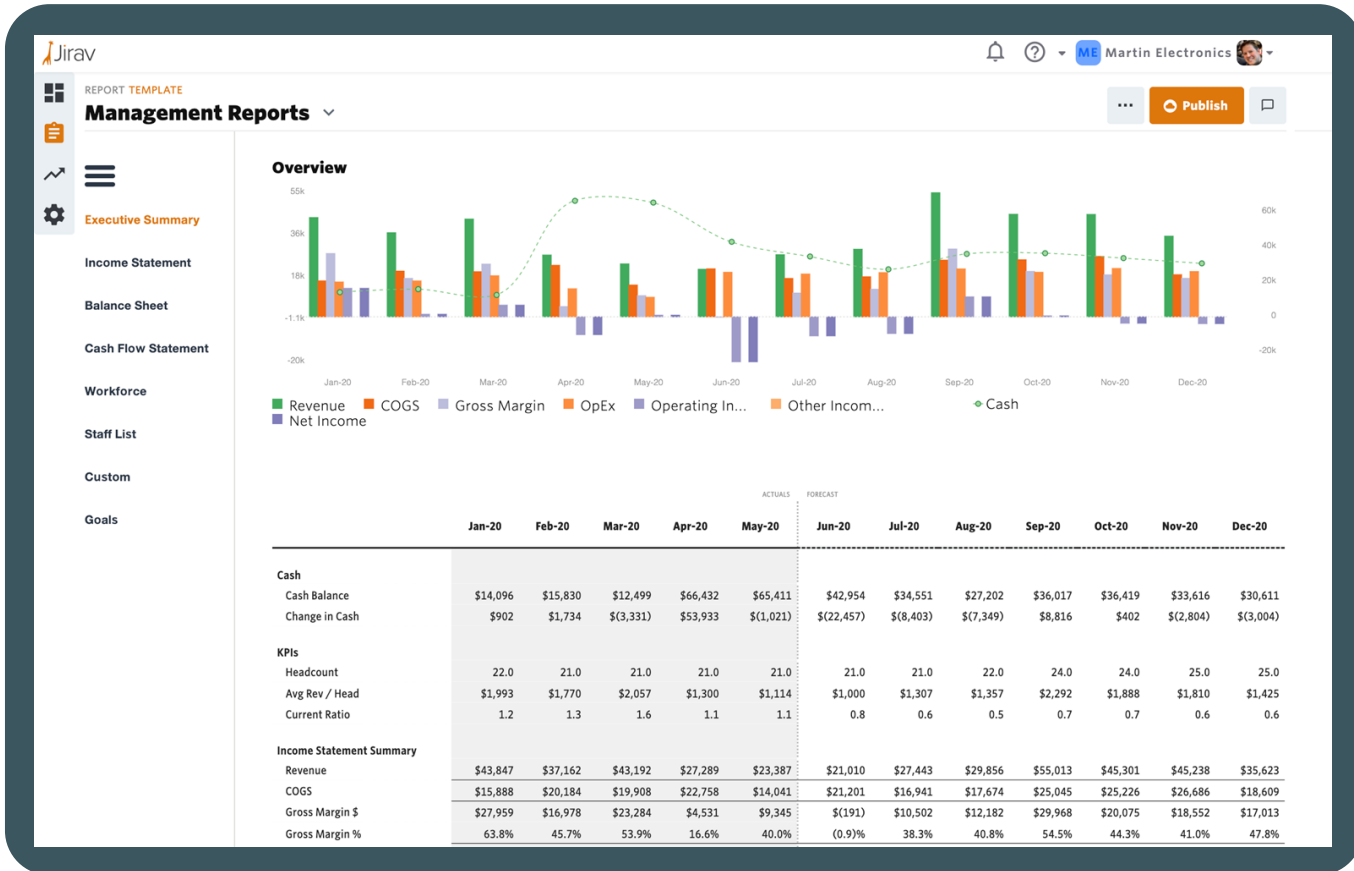
TowerCo

Executive Summary - Variance

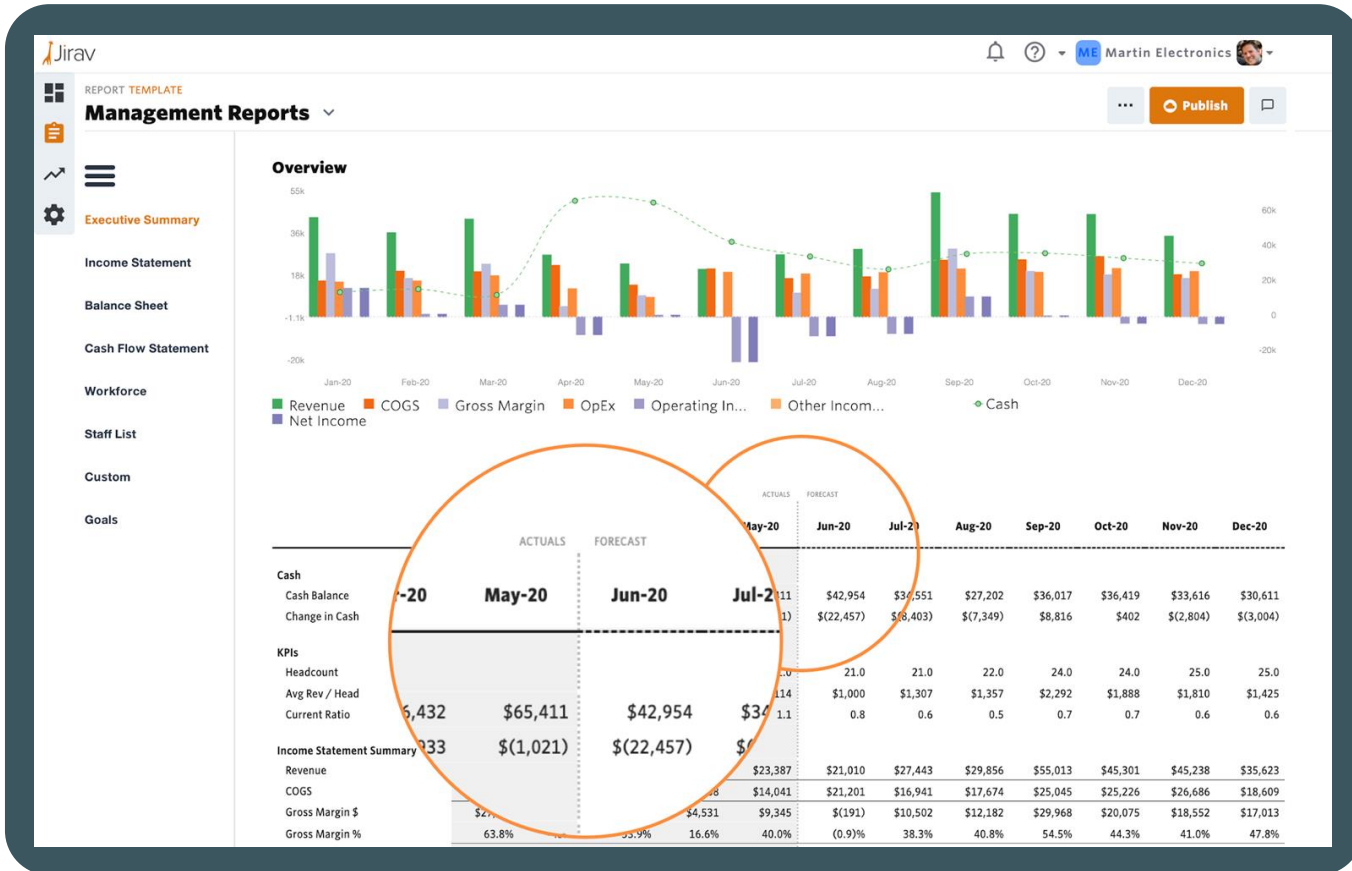
Jan - Sep 2020

	Q1-20				Q2-20			
	Jan - Mar'20	Jan - Mar'19	Δ	%	Apr - Jun'20	Apr - Jun'19	Δ	%
Cash								
Cash Balance	\$12,499	\$17,595	\$(5,095)	(40.8)%	\$58,741	\$7,666	\$51,074	86.9%
Change in Cash	\$(695)	\$(1,742)	\$1,047	(150.6)%	\$46,242	\$(9,928)	\$56,170	121.5%
Income Statement Summary								
Revenue								
Revenue	\$122,742	\$89,528	\$33,214	27.1%	\$58,984	\$70,306	\$(11,322)	(19.2)%
Other Income	\$1,554	\$2,598	\$(1,044)	(67.2)%	\$10,521	\$718	\$9,803	93.2%
Discounts & Refunds	\$(95)	\$(50)	\$(45)	47.4%	\$(225)	\$(75)	\$(150)	66.7%
Subtotal Revenue	\$124,201	\$92,076	\$32,125	25.9%	\$69,280	\$70,949	\$(1,669)	(2.4)%
COGS								
Payroll	\$54,180	\$49,050	\$5,130	9.5%	\$48,940	\$57,668	\$(8,728)	(17.8)%
Contractors	\$1,800	\$18,495	\$(16,695)	(927.5)%	\$1,526	\$6,549	\$(5,023)	(329.2)%
Subtotal COGS	\$55,980	\$67,545	\$(11,565)	(20.7)%	\$50,465	\$64,216	\$(13,751)	(27.2)%
Gross Margin \$	\$68,221	\$24,532	\$43,690	64.0%	\$18,815	\$6,733	\$12,082	64.2%
Gross Margin %	54.9%	26.6%	28.3%	51.5%	27.2%	9.5%	17.7%	65.1%
OpEx by Acct								
Advertising & Promotion	\$7,147	\$18,210	\$(11,063)	(154.8)%	\$4,623	\$19,516	\$(14,893)	(322.2)%
Auto Expenses	\$4,205	\$3,376	\$828	19.7%	\$4,039	\$4,041	\$(2)	-%
Computer Expenses	\$2,664	\$1,307	\$1,357	50.9%	\$1,005	\$865	\$139	13.9%
Employee Benefits	\$1,415	\$1,818	\$(402)	(28.4)%	\$1,276	\$1,387	\$(111)	(8.7)%
Employee Reimbursements	-	-	-	-	-	\$485	\$(485)	-
Financial Services	\$3,162	\$3,031	\$131	4.1%	\$2,083	\$2,168	\$(85)	(4.1)%
Insurance	\$2,012	\$1,196	\$816	40.6%	\$1,535	\$1,730	\$(195)	(12.7)%
Meals & Entertainment	-	\$61	\$(61)	-	-	\$541	\$(541)	-
Office Expense	\$4,498	\$5,778	\$(1,280)	(28.5)%	\$5,510	\$4,833	\$676	12.3%

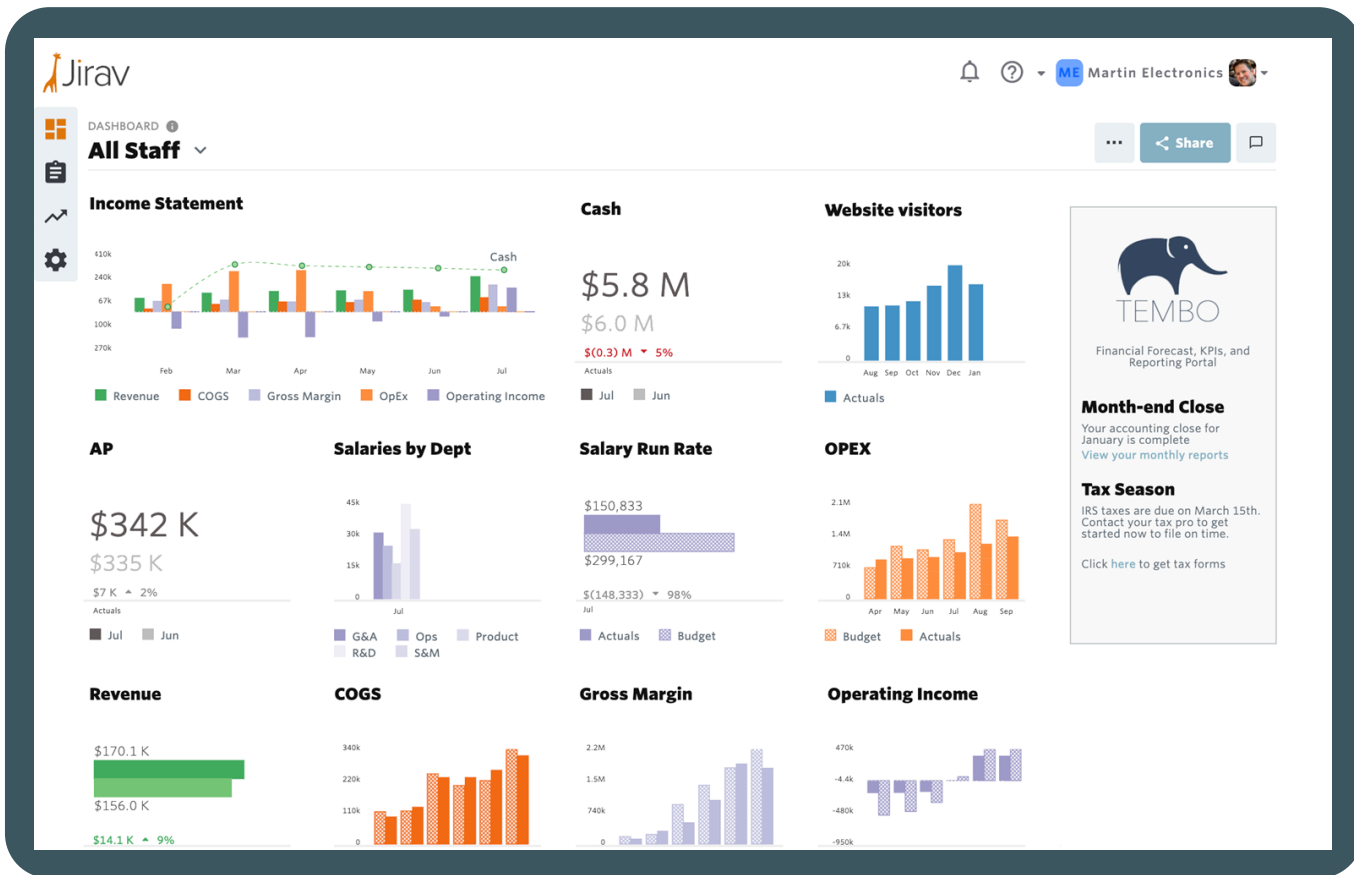
Key Reports to Include: EXECUTIVE SUMMARY



Key Reports to Include: EXECUTIVE SUMMARY



Key Reports to Include: CUSTOMIZED DASHBOARDS



Polling Question 4

What tools are you using for annual planning? (choose all that apply)

- a) Microsoft Excel
- b) Google Sheets
- c) Forecasting software
- d) Budgeting software
- e) Financial reporting software
- f) Financial dashboarding software
- g) Financial Planning & Analysis (FP&A) software
- h) Corporate Performance Management (CPM) software
- i) We don't create an annual plan
- j) I don't know



















Polling Question 4 Results (Placeholder)

Forecasting, Budgeting, & Reporting Best Practices

COMPARISON OF TOOLS



COMPARISON OF PLANNING TOOLS

FEATURES	Spreadsheets	Enterprise FP&A	Jirav Business Planning
Ease of use			
Cost			
Setup time			
Accuracy			
Collaboration			
Integrations			

Questions & Answers

Use the Q & A Panel to send your questions to our panelists.



Blake Oliver, CPA
Marketing Director
Jirav



Evan Wells
VP, BizOps & Financial Services
Jirav



Sue Khawaja
Business Development Manager
IMA

Thank You to Our Featured Presenters!



Blake Oliver, CPA
Marketing Director
Jirav



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Final Reminders

- ▶ **Complete the Evaluation poll** – 2 options
 - On your screen
 - Evaluation Survey icon at the bottom of your console
- ▶ **Access to your CPE Certificate** – 2 options
 - Click the “CPE” icon at the bottom of your console
or
 - Click the link in your post-event e-mail
- ▶ Please print a copy of the CPE certificate for your records.
- ▶ Your CPE credit will be automatically recorded in your transcript.



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