

planguru® UNIVERSITY

Class 2

Presenter: Christian Wielage

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Accountants/Business Advisors

| Entrepreneurs

| Small Businesses

| Non-profits

PGU Agenda

PlanGuru By Class

1st Session

- a. Introduction to PlanGuru University
- b. “Why Are You Here?”
- c. PlanGuru Partnership Program
- d. **PlanGuru Process:** Set-up and Import

2nd Session

- a. Budgeting Discussion
- b. **PlanGuru Process:** Forecasting Methods

3rd Session

- a. **PlanGuru Process:** Consolidations
- b. Reporting
- c. Monthly Forecasting Process
- d. Strategic Planning and Forecasting Discussion
- e. Messaging

e. Strategic Planning

*A Long-Term Strategic Plan serves **3 Vital Roles***

1.) It sets the direction for the future that the operating budget is aligned to achieve.

Strategic planning can be a nuanced thing in privately owned small businesses. there might need to be 2 levels of discussions. The first meeting with senior company leadership and all owners, and the second meeting with just the owners.

2.) It is a framework for a “what-if” exercise.

- *Must identify their largest long-term risks/opportunities and understand their estimated impact*
- *Make tactical adjustments, long-term shifts and contingency plans*
- **Sensitivity Analysis, Scenario Analysis, Ratios, Breakeven or Business Valuation**

3.) It serves as a personal financial review for the business owners

They can look at their business in the same way they look at their stocks and bonds (when can they retire, should they sell?).

- **Personal Cash Flow Analysis or Business Valuation**

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- c. PlanGuru Partnership Program
- d. **PlanGuru Process**: Set-up and Import

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3rd Session

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- b. Messaging
- c. **PlanGuru Process**: Consolidations, Reporting and Advanced Forecasting
- d. Rolling Forecast Case Study: **Michele Maybaum**, Eisner Amper

a. PlanGuru Process: Peanut Butter Spread

Get something started to start the discussion:

- 1) Choose from the 4 main methods
 - a. Inflation Growth Rate Account
- 2) Sanity Check the Model
- 3) Evolve the Model One Method at a time.



Note on Tax Season

Use Tax Season as an Opportunity, not an Excuse

b. Budgeting Process: The time-tested method for Better Decisions



Benefits of Budgeting:

- ✓ Sets the direction for the business, make big decisions
- ✓ Budget setting discussions unlock ways to improve performance
- ✓ **Targets (with incentives) can drive improved sales or better expense/cost control**

Performance Review:

- ✓ Measure financial results in a comprehensive way with reports, charts, scorecards
- ✓ Compare results to budget, hold team accountable, reward performance & question past decisions
- ✓ **Changes Behavior/level-of-attention immediately**

Rolling Forecast:

- ✓ Tactical decisions should revolve around the forecast, understanding their implications
- ✓ Constantly understand cash position, make moves before it is too late
- ✓ **Have more confidence and stability, less stress**

b. Budgeting Process: The Repeating Cycle of Success

Strategic Planning Process

Typically performed in the middle of the fiscal year, sets the direction for future

Budgeting Process

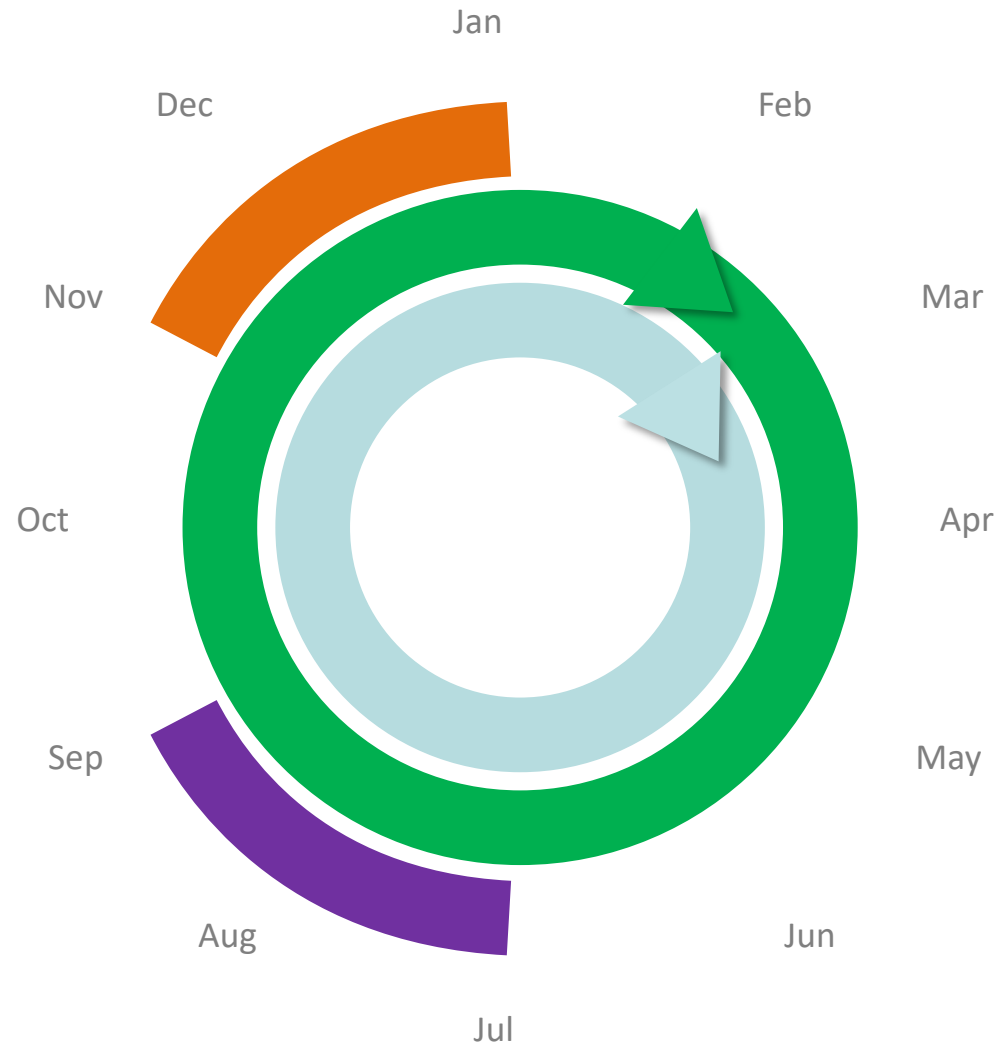
In accordance with the high-level parameters set in the **Strategic Plan**

Performance Review

Continuously reviewing general performance against budgeted/ forecasted targets

Rolling Forecast

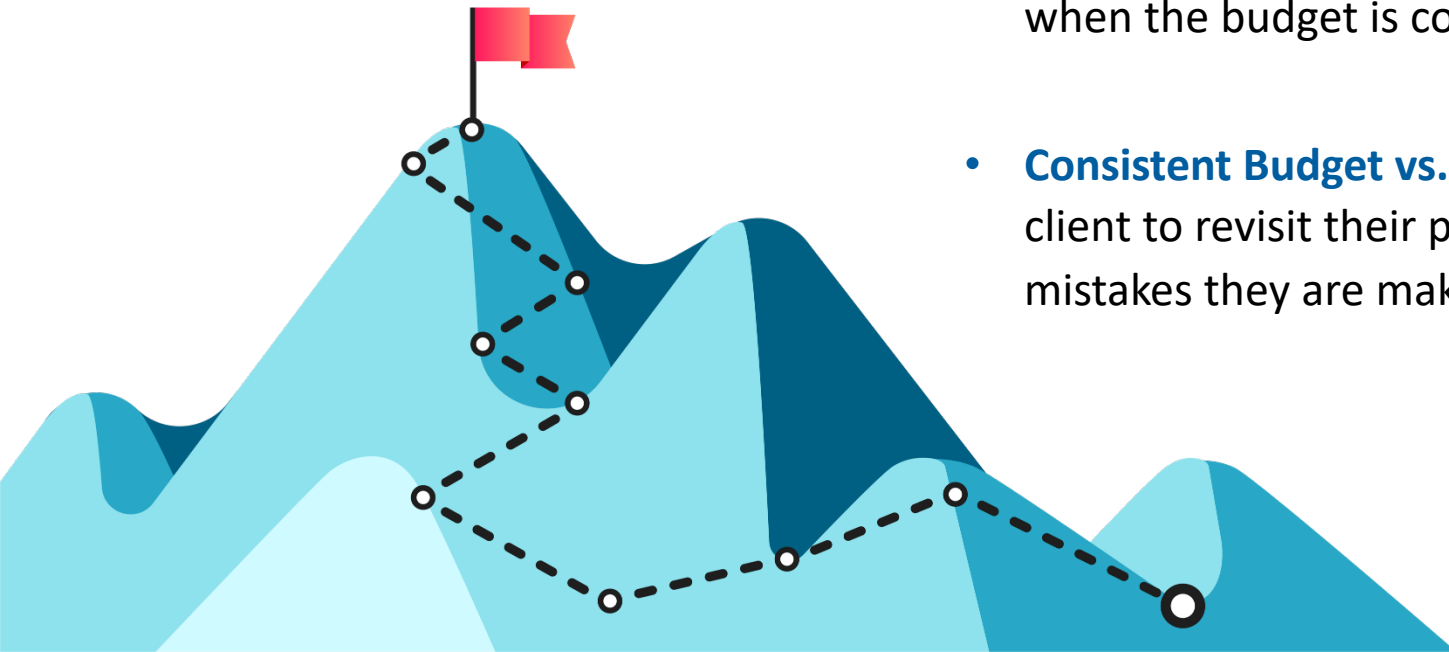
Throughout the year get an accurate and tactical view of where the business is headed



Budgeting Process

A budget is a comprehensive set of goals for what the business “hopes” to achieve.

- It should be aspirational yet achievable.
- For too many businesses, the budgeting processes dies when the budget is complete, *but that’s just the beginning!*
- **Consistent Budget vs. Actual comparisons** allows your client to revisit their past assumptions and understand the mistakes they are making.



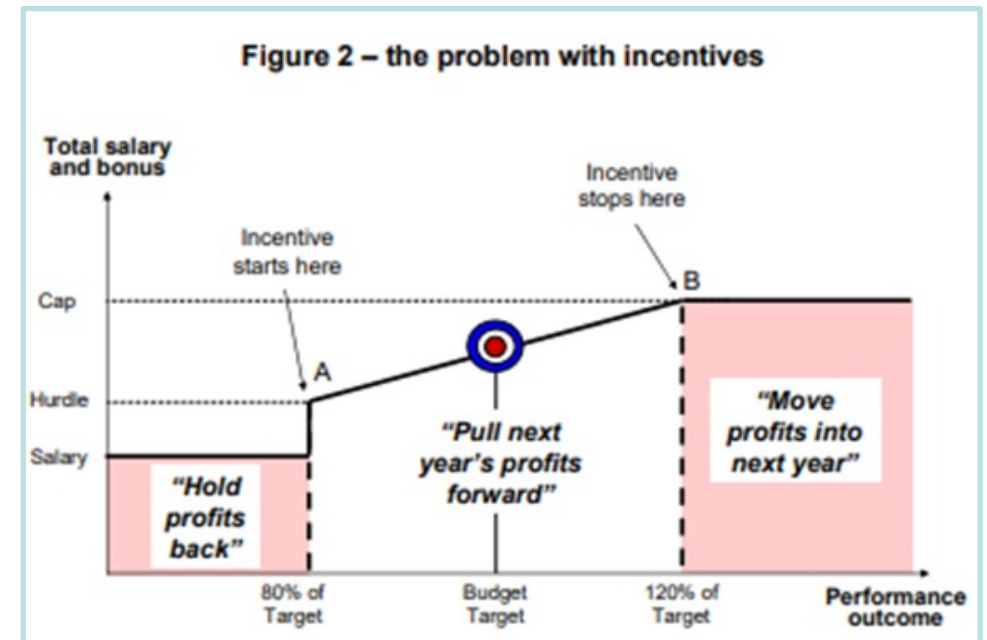
Budgeting Process

Assigning Responsibility while Maintaining Accountability

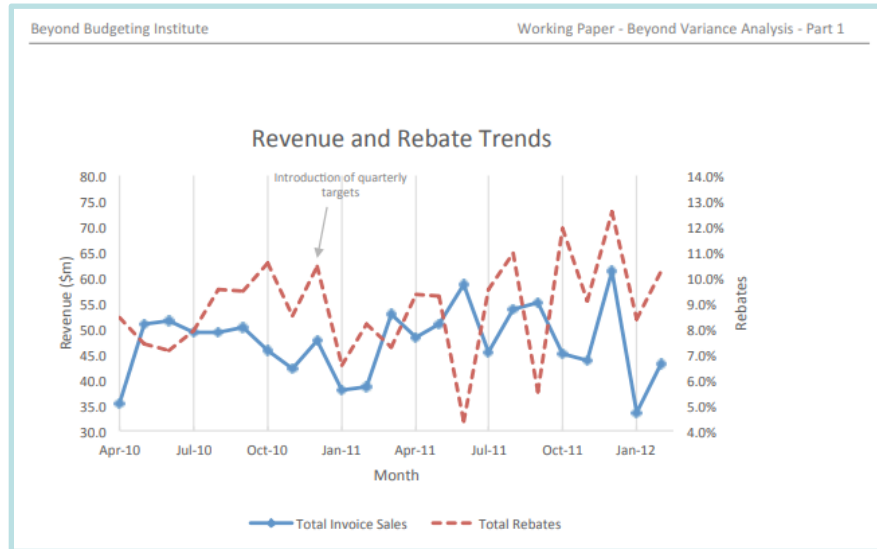
- General reluctance to involve enough people
- Have a role in the target setting process
- Monthly or quarterly reviews
- Identification of red flags

Beyond Budgeting vs My past life at IBM

- ONLY encouraging them to “hit the number” can encourage bad behavior
- “Now go hit that budget!”.... “ok, what’s really going to happen?”



Budgeting Process

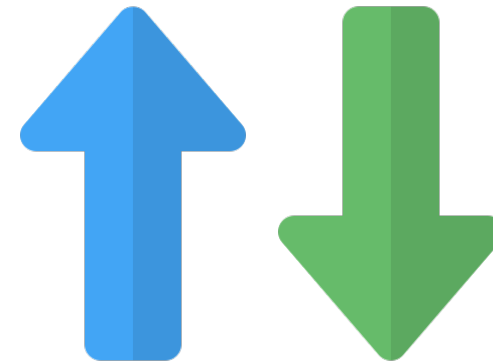


Dynamic Budgeting Scorecard

- Consider other non-financial metrics
- Budget adjustment process
- Layer in subjective criteria that encourages problem solving
- Adjust for learning experiences... *fool me once*

Bottom-Up, Top-Down

- Most businesses should do Bottom-Up
- Some nonprofits require a Top-Down approach
- Bottom-Up w/ allocations



Budgeting Process

Should you always encourage a Budget?

- Let me get this straight, *“I’m going to hold myself accountable to me?”*
- In limited cases, just stick to the forecast



Getting Buy-in

- They need to put in effort to make better decisions
- Push them to do it right
- Carrot and the stick for the team
- Adult in the Room

Budgeting Process

- Many business owners struggle with delegation and accountability
- They might struggle holding to hold friends and family accountable
- You can bring them order and accountability

