



# **7 Steps to Transforming Forecasting into a Catalyst for Financial Success**

Adopt an agile forecasting process for  
your senior living facility



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## Introduction

Senior living operators have to balance their services with ever-changing costs, staffing, and regulations. The ability to make the right decisions when changes arise depends on your understanding of potential outcomes and their financial impact.

Many operators rely heavily on spreadsheets, managed by their Finance department, to create and analyze their forecasts.

Spreadsheets can help businesses organize and adjust small amounts of data, but senior living operators continue to push these limits.

In addition, spreadsheets act as an “island,” separate from rigorous workflow processes, which can impact data security, accuracy, and integration. Spreadsheets also prevent companies from being nimble in the face of rapid change.

This whitepaper will help you turn your forecasts into a strategic asset for managing the financial health of your business.





# Benefits of Adopting an Agile Forecasting Process





## Benefits of Adopting an Agile Forecasting Process

By adopting the agile forecasting best practices in this whitepaper, you can:

- **Update financial projections** based on market changes
- **Improve ownership's confidence in your forecast**
- **Increase accountability** and ownership of decisions and outcomes
- **Streamline what-if scenarios** and look beyond the current fiscal year
- **Improve data-driven decision-making** by using past data to inform your understanding of the future
- **Support alignment** among departments and/or business units
- **Conduct more advanced analysis** by incorporating financial and non-financial data



# **7 Ways to Reduce the Time You Spend on Forecasting**



# Ways to Reduce the Time You Spend on Forecasting

## 1. Define your forecasting process

A well-defined forecasting process allows your leadership team to make better and more informed business decisions. Your forecast should accurately capture the costs of your programs, as well as the current state of the markets you operate in. An efficient forecasting process also frees your Finance team to conduct meaningful analyses, respond quickly to changing needs, and devote time to other strategic priorities.

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### Actions

- Identify everyone in your company who is involved in your forecasting processes
  - Identify the key drivers that affect cost and revenue
  - Ensure stakeholders agree on and support what is important
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## 2. Identify the infrastructure that supports your forecasting process

A well-honed forecast is an outcome of optimizing four key components, regardless of the size of your senior living business. These components are staff, cost and revenue controls, processes, and technology.

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### Actions

- Document your current forecasting processes
  - Assess the skill level of all those involved in the forecasting process
  - Identify the financial and project planning tools used throughout your forecasting processes
  - Pinpoint any gaps in required tools, skills, and resources to produce efficient forecasts
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### 3. Define your forecast parameters

Effective forecasts provide enough detail to make long-term resourcing decisions while still providing flexibility to modify day-to-day finances as needs change. By defining your forecast parameters, you can reduce the time spent on updating projections and reviewing items/activities that have a limited impact on your business.

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#### Actions

- Define the degree of detail required to make your forecast practical and actionable
  - Document these requirements to focus on data collection, review, and analysis in your current forecasting process
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### 4. Define relevant performance metrics for your plan

By defining key performance indicators (KPIs), the resulting forecast and related processes will focus on your company's most important business drivers. Leading indicators include REVPAR, occupancy, staff utilization, and service levels. Other KPIs used to evaluate the financial health of an organization include revenue growth, earnings growth, debt reduction, and EBITDA margin.

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#### Actions

- Identify KPIs and educate your leadership team on how to act on your results
  - Establish benchmarks that allow you to achieve broader goals such as facility growth and profit margin
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## 5. Enable and encourage collaboration

When a business structures its forecasting processes to be more collaborative, the resulting forecasts are more widely understood, adopted, referenced, and monitored. This improvement can positively impact your ability to accomplish your business's strategic objectives.

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### Actions

- Determine which people within the finance department (and beyond) should direct, manage, contribute to, and review forecasts
  - Identify people who should validate the details and assumptions behind your forecasts
  - Use managerial meetings and feedback forums to encourage collaboration
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## 6. Plan for changing conditions

Leading senior living operators use forecasting and planning processes that anticipate and adapt to changes within and external to the business. These changes can include fluctuations in cash flow, shifting capital allocations, and changes to regulations, staffing, and the organization. Building nimble forecasting processes decreases the cost and time spent on analysis while increasing the quality of decision-making.

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### Actions

- Conduct monthly re-forecasts to gauge performance against your forecast and competitors
  - Conduct rolling forecasts for a forward-looking view that allows management to act on unexpected changes
  - Conduct what-if analyses to test assumptions and play out the benefits, risks, and costs of likely future outcomes
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## 7. Leverage the advantages of a Financial Performance Management (FPM) solution

Adopting a solution designed to increase efficiency, accuracy, and consistency of forecasting processes yields measurable time savings for senior living operators.

A FPM solution helps organizations automate forecasting and planning processes.

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### Actions

- Choose a solution that automates time-consuming and/or repetitive tasks in your forecasting process
  - Select a solution that accommodates business intelligence data and insights
  - Pick a provider that understands the senior living industry and has built solutions that accelerate time-to-value
  - Use the Choosing the Right FPM Solution checklist found in Next Steps
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# Next Steps

## Next Steps

Financial Performance Management (FPM) solutions can help organizations reduce the time spent on forecasting by automating time-consuming and repetitive processes.

To choose a FPM solution that can help you reduce the time you spend on forecasting, use the following tool, the Choosing the Right FPM Solution checklist.

### Choosing the Right FPM Solution Checklist

Use this checklist to determine if a FPM solution can help you improve your forecasting process and reduce your reliance on spreadsheets.

Identify processes in place that would benefit from a FPM solution		
Actions	Look within your company	Ask a FPM vendor
Identify bottlenecks in your forecasting and/or planning processes	✓	
Identify when forecasting outputs have been compromised because you had incomplete and/or inaccurate data	✓	
Quantify the amount of time spent on manipulating spreadsheets within your organization	✓	
Confirm your confidence with the outcomes of your forecasting and/or 'what if' analysis	✓	
Identify the quantifiable benefits your organization could achieve if the time required to analyze financial and operational data was reduced	✓	✓



## Outline structures that would benefit from a FPM solution

Actions	Look within your company	Ask a FPM vendor
Confirm your organization has more than one operating unit or operates in more than one geographic location	✓	
Identify if your organization is increasing, or planning to increase, the number of employees or programs in the next 12 to 18 months	✓	
Confirm whether you have multiple stakeholders your business is accountable to	✓	

## Create a plan to implement a FPM solution that reduces the time spent on forecasting

Actions	Look within your company	Ask a FPM vendor
Define immediate/short-term goals that you would like a FPM solution to solve	✓	✓
Document the processes that you would like to improve/automate with a FPM solution	✓	
Confirm the process for integrating data from your ERP, CRM, HRMS, or payroll system into a FPM solution	✓	
Identify the area(s) within your organization where you would like to increase collaboration	✓	
Identify people within your institution that would be initial users of a FPM solution	✓	

## Research FPM solutions that reduce the time spent on forecasting

Actions	Look within your company	Ask a FPM vendor
Review industry analyst reports about FPM solutions	✓	✓
Speak with colleagues in your industry about their experiences with FPM solutions (including total cost of ownership)	✓	
Attend FPM vendor presentations and product demonstrations	✓	✓
Identify a wish list of qualities and functionalities of a FPM solution that would help you reduce the time spent on forecasting	✓	✓



# About Prophix®

Ambitious finance leaders rely on Prophix® to plan smarter, move faster, and lead with greater control. Prophix One™, a Financial Performance Platform, connects planning, budgeting, forecasting, reporting, reconciliation, and consolidation in one unified experience.

With a complete suite of scalable solutions, AI-powered automation, and data you can trust, Prophix helps teams eliminate manual work, improve accuracy, and deliver insights that drive business results. Backed by nearly 40 years of experience, more than 3,000 active customers partner with Prophix to simplify complexity and stay ready for what's next. [www.prophix.com](http://www.prophix.com)

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