



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



## Inside this document

<b>Chapter One</b>	Benefits of Reducing the Time You Spend on Budgeting	4
<b>Chapter Two</b>	7 Ways to Reduce the Time You Spend on Budgeting	6
	1. Define your budgeting process	7
	2. Identify the infrastructure that supports your budgeting process	7
	3. Define your budget parameters	8
	4. Define relevant performance metrics for your budget	8
	5. Enable and encourage collaboration	9
	6. Plan for changing conditions	9
	7. Leverage the advantages of a Financial Performance Management (FPM) solution	10
<b>Chapter Three</b>	Next Steps	11
	Choosing the Right FPM Solution checklist	12
	About Prophix	15



## Introduction

For many companies, their current budgeting processes can't keep up with the needs of a growing business.

Many companies rely heavily on spreadsheets to create their budgets, as well as build their financial processes.

Spreadsheets were designed to help businesses organize and adjust data. But spreadsheets can be limiting as the volume and complexity of your data increases. Spreadsheets act as an 'island' — separate from rigorous processes that meet the needs for data security, accuracy, cross-functional integration, and being nimble in the face of change.

This white paper will help you address this challenge head-on.





# Benefits of Reducing the Time You Spend on Budgeting



## Benefits of Reducing the Time You Spend on Budgeting

The benefits of adopting the budgeting best practices outlined in this white paper include:

- Ability to reallocate time to other priorities
- Reduced number of budgeting errors
- Faster and more reliable monthly closes and consolidations
- Greater alignment among departments and/or business units
- Increased accountability and ownership of processes and outcomes
- Improved cross-functional communications
- Ability to conduct more advanced analysis – incorporating financial and non-financial data





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



# 7 Ways to Reduce the Time You Spend on Budgeting

## 1. Define your budgeting process

A well-defined budgeting process allows finance professionals to make better and more informed business decisions. A budgeting process provides financial documents that accurately capture the complete costs of producing their products and services. At the same time, a budgeting process that is managed efficiently frees up time so that financial professionals can conduct meaningful analyses, improve the ability to forecast, and respond quickly to changing needs.

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### Actions

- Identify everyone in your company who is involved in your budgeting processes
  - Identify everyone outside of your department who contributes to your budgets
  - Conduct a workflow review to see how/when information and data are being gathered, stored, modified, and/or analyzed
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## 2. Identify the infrastructure that supports your budgeting process

A well-honed budgeting process is the outcome of optimizing four key components regardless of the size of your business, or the industry in which your company operates. These components are: employees, financial and project management skills, processes, and technology.

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### Actions

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

Effective budgets provide enough detail to make long-term resourcing decisions while still providing enough flexibility to modify day-to-day finances as needs change. Defining your budget parameters reduces the time spent on budgeting and reviewing items or activities that have a limited impact on your business.

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#### Actions

- Define the degree of detail required to make your budget practical (i.e. actionable)
  - Document these requirements in order to focus data collection, review, and analysis on your current budgeting procedures
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### 4. Define relevant performance metrics for your budget

By defining key performance indicators (KPIs), the resulting budget, and related processes, will remain focused on your company's most important business drivers. This will be a unique combination of measurements that are common to your specific industry, as well as those used to determine the financial health of organizations such as revenue growth, earnings growth, debt reduction, and EBITDA margin.

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#### Actions

- Review industry analysts' reports to confirm KPIs that are relevant for your industry
  - Identify KPIs that are unique to your specific business – given the nature of the business and its stage of evolution
  - Establish KPIs for your organization to serve as benchmarks for future performance
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## 5. Enable and encourage collaboration

When a business structures their budgeting processes to be more collaborative, the resulting budgets are more widely understood, adopted, referenced, and monitored.

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### Actions

- Identify people within the finance department (and beyond) who should direct, manage, contribute to, and review budgets
  - Identify people who should validate the details and the assumptions upon which budgets are being built
  - Use managerial meetings and feedback forums to encourage collaborative participation
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## 6. Plan for changing conditions

Leading companies use budgeting and planning processes that anticipate and/or adapt to changes within, and external to, the business, including: fluctuations in cash flow, price changes, product line changes, shifting capital allocations, and organizational changes. Building nimble budgeting 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 the budget and competitors
  - Conduct rolling forecasts for a forward-looking view that allows management to take remedial action on unexpected changes
  - Conduct what-if analyses to test assumptions and play out the benefits, risks, and costs of likely business scenarios
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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 budgeting processes yields measurable time savings for finance professionals.

A FPM solution helps organizations automate budgeting and planning processes.

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### Actions

- Choose a solution that automates time-consuming and/or repetitive tasks in your budgeting process
  - Select a solution that accommodates business intelligence data and insights
  - 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 help organizations reduce the time spent on budgeting by automating time-consuming and repetitive processes.

Use the checklist to choose a FPM solution that can help you reduce the time you spend on budgeting and reach your budgeting goals.

### Choosing the Right FPM Solution Checklist

Use this checklist to determine if a FPM solution can help you improve your annual budgeting 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 budgeting and/or planning processes	✓	
Identify when budgeting outputs have been compromised because you had incomplete and/or inaccurate data	✓	
Quantify the amount of time spent on manipulating spreadsheets within your finance department	✓	
Confirm your confidence with the outcomes of your forecasting and/or 'what if' analysis conducted in your department	✓	
Identify the quantifiable benefits your organization could achieve if the time required to analyze financial and operational data was reduced by more than 70%	✓	✓

## 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 offices 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 budgeting

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 finance department that would be initial users of a FPM solution	✓	

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

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 budgeting and improve your budgets	✓	✓



# 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)

## NORTH AMERICA

### CANADA

3250 Bloor St. West  
East Tower, Suite 1200  
Toronto, ON  
M8X 2X9  
1 (800) 387-5915  
+1-905-279-8711

### UNITED STATES

707 SW Washington St.  
Suite 1100  
Portland, OR 97205  
1 (800) 387-5915

## UNITED KINGDOM

Paddington Works  
8 Hermitage Street  
London  
W2 1BE  
+44 (0) 208 050 3590

## EUROPE

### BELGIUM

Route de Lennik  
451 Lenniksebaan  
1070 Brussels  
+32 (0) 2 456 89 60

## DENMARK

Vesterbrogade 149  
1620 København C  
+ 45 7023 2375

## FRANCE

Roosevelt House 6  
avenue Franklin Roosevelt  
75008 Paris  
+33 (0)1 70 91 56 20

## GERMANY

Messturm  
60308 Frankfurt am Main  
+49 69 509 565 607

## ITALY

Via Giuseppe Piazzi 2/4  
20159 Milano MI  
+39 02 8128 7010

## LUXEMBOURG

22, rue de l'Industrie  
L-8399 Windhof  
+352 27 02 01 20

## NETHERLANDS

De Boelelaan 7, 7<sup>th</sup> floor  
1083 HJ Amsterdam  
+31 (0)85 400 01 30

## PORTUGAL

Av. D. João II n°35  
Edifício Infante 11ºA  
1990-083 Lisbon  
+351 308 806 770

## ASIA-PACIFIC

### AUSTRALIA

Ground Floor 171  
St Georges Terrace  
Perth WA 6000  
1300 559 827

## SOUTH AMERICA

### BRAZIL – SÃO PAULO

Rua André Ampère  
153/7º andar  
Novo Brooklin – SP  
04562-080  
+55 11 3583-1678

### BRAZIL – RIO DE JANEIRO

Av. Marechal Câmara 160 cj 932  
Centro – RJ  
20.020-080  
+55 21 3094-3900

## FIND US ONLINE

[prophix.com](http://prophix.com)

[info@prophix.com](mailto:info@prophix.com)