



Budgeting and Forecasting in Excel

If you are new to the budgeting and forecasting process, this practical course will cover issues such as using budgets to measure staff performance, linking budgets to the strategic planning process and a comparison of budgeting techniques. We will explore the difference between budgets and forecasts, and you will learn how to create your own budget, rolling forecast, variance report and budget scenarios in Excel.

Prerequisites

This course is designed for users who use Excel fairly regularly, and are comfortable with using simple functions. It is assumed that the user will know how to create simple formulas, and link between workbooks.

Software used

Microsoft Excel 2007

Course Format

This course is delivered in two parts; the first day covers the theory of budgeting and forecasting within organisations. Issues such as budgeting to organisational objectives, level of granularity and selecting the correct budgeting tool will be discussed. Students are encouraged to share their own experiences with the class. On the second day, students will build their own budget and forecasting model to bring a practical application to the skills they have learned. The model will include a budget, rolling forecast, variance report as well as scenarios and sensitivity testing.

Course Content

Day One: Budgeting and Forecasting Theory

Budgets and Strategic Planning

- Linking Budgets to business objectives
- Budgeting to achieve organisational objectives
- How to turn measurement into management

Using Budgets as Performance Management

- The impact of budgets on organisational performance
- Successfully integrating forecasting and budgeting as essential tools for measuring performance
- Translating the organisation's values into measures and targets



Reporting

- Using reporting to promote accountability
- Variance analysis
- Budgeting and forecasting as a planning and management tool
- Assessment and selection of appropriate systems

Budgeting Techniques

- Historical-based versus Zero-based budgeting
- Top down vs bottom up
- Activity Based Budgeting
- Differences between a static, flexible and rolling budget
- Budgeting for capital expenditure vs. operational expenditure

Limitations of budgets

- Estimations and rigidity
- Staff perceptions and changing environments
- Dysfunctional budgeting behaviour

Budgeting “Soft” Skills

- Achieving buy-in from stakeholders
- Involving non-financial management of the organisation
- Techniques in getting your budget approved
- Managing conflicting priorities and demands
- Setting timelines

Day Two: Budget and Forecast Modelling

Building a Budget

- Revenue calculation
- Headcount and other staffing costs
- Operational expenses
- Capital expenditure

Building a Forecast

- Incorporating budgets, actuals and forecast
- Creating a rolling forecast with live data

Reporting

- Creating an actual vs budget vs forecast report
- Building a variance analysis with alert flags+



Scenarios

- Stress-testing, break-even and sensitivity analysis
- Creating and displaying budget scenarios

Comments from past students

"Well-presented and content was excellent"

"Well organised and subject matter.... was relevant to my current and future job"

"Excellent course - thanks very much"

Presenter

Danielle Stein Fairhurst is the Principal of Plum Solutions, a Sydney-based consultancy specialising in Financial Modelling & Analysis. With over twelve years experience as a financial analyst, she helps her clients create meaningful financial models in the form of business cases, pricing models and management reports. She has hands-on experience in a number of industry sectors, including telecoms, information systems, manufacturing and financial services. She holds a Master of Business Administration (MBA) from Macquarie Graduate School of Management, and has taught management accounting subjects at Sydney University.