

Financial Budgeting and Forecasting

Financial budgeting and forecasting is an essential part of the business planning process. Executives and managers continually revisit forecasts as actuals are reported to determine how their business is performing relative to plan. Forecast reports allow detailed analysis by budget owners at every level of the organization and set the stage for determining sources of revenue and spending priorities. From simple reporting on actual performance versus budget to more sophisticated "what if" scenario creation and predictive modeling, organizations use business intelligence to make fact-based business plans and better monitor performance.

Sample Report: Field Sales Regional Dashboard > Western Region

Business Unit: North America
 Quarter: Q3 2003
 Business Unit Owner: Amanda Hugginkiss

Account	Actual QTD	QTD Budget (\$)	QTD Budget Variance (\$)
REVENUE			
Product License	\$ 65,236,584	\$ 78,523,698	\$ (13,287,114)
Services	\$ 56,325,874	\$ 51,232,156	\$ 5,093,718
Other	\$ 2,154,885	\$ 7,654,896	\$ (5,500,011)
TOTAL	\$ 123,717,343	\$ 137,410,750	\$ (13,693,407)
COSTS			
Salaries	\$ 53,663,095	\$ 52,610,878	\$ (1,052,218)
Rent	\$ 33,639,034	\$ 34,325,545	\$ 686,511
Fixed Allocations	\$ 5,026,205	\$ 5,128,780	\$ 102,576
Sales and Marketing	\$ 19,238,306	\$ 19,630,925	\$ 392,618
Communications	\$ 325,432	\$ 451,023	\$ 125,592
TOTAL COSTS	\$ 111,892,071	\$ 112,147,150	\$ 255,079
CONTRIBUTION	\$ 11,825,272	\$ 25,263,600	\$ (13,438,328)

This dashboard is an example of a report that might be deployed to each regional sales manager comparing revenue, compensation targets and quarterly forecasts. A sales manager can quickly see how close they are to the revenue goal and the opportunities they should focus on in the short-term to reach their goals. Sales managers can click from the summary to specific deal details to identify sales representative assignment, customer contacts and next action items.

COMMON BUSINESS QUESTIONS

- What is the variance between my revenue forecast, budget and compensation target by service line?
- How much revenue does each region/district/business unit expect to earn in the coming quarter?
- Which regions' forecasts are above corporate plan?
- What is the variance between my forecast product revenue and my compensation target?
- Does one unit predict significantly more or less revenue than last quarter? Why?
- Which forecasts are more than 10% below expectations?
- Which business units have historically performed 5% above or below plan?

Key Performance Indicators

Forecasted Revenue

Forecasted Expenses

Forecasted Contribution Margin

Revenue Probability

Variance to Plan

% of Compensation Target

Top 5 Business Units

Exceeding Plan

Top 5 Salespeople by

Forecasted Revenue