planguru® UNIVERSITY

Class 2

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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. Set-up and Import

2nd Session

a. Budgeting Discussion
b. Forecasting Methods

3rd Session

a. Strategic Planning
b. Forecasting Discussion
c. Payroll and Smart Groups
d. Monthly Maintenance
e. Consolidations
f. Reporting

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**

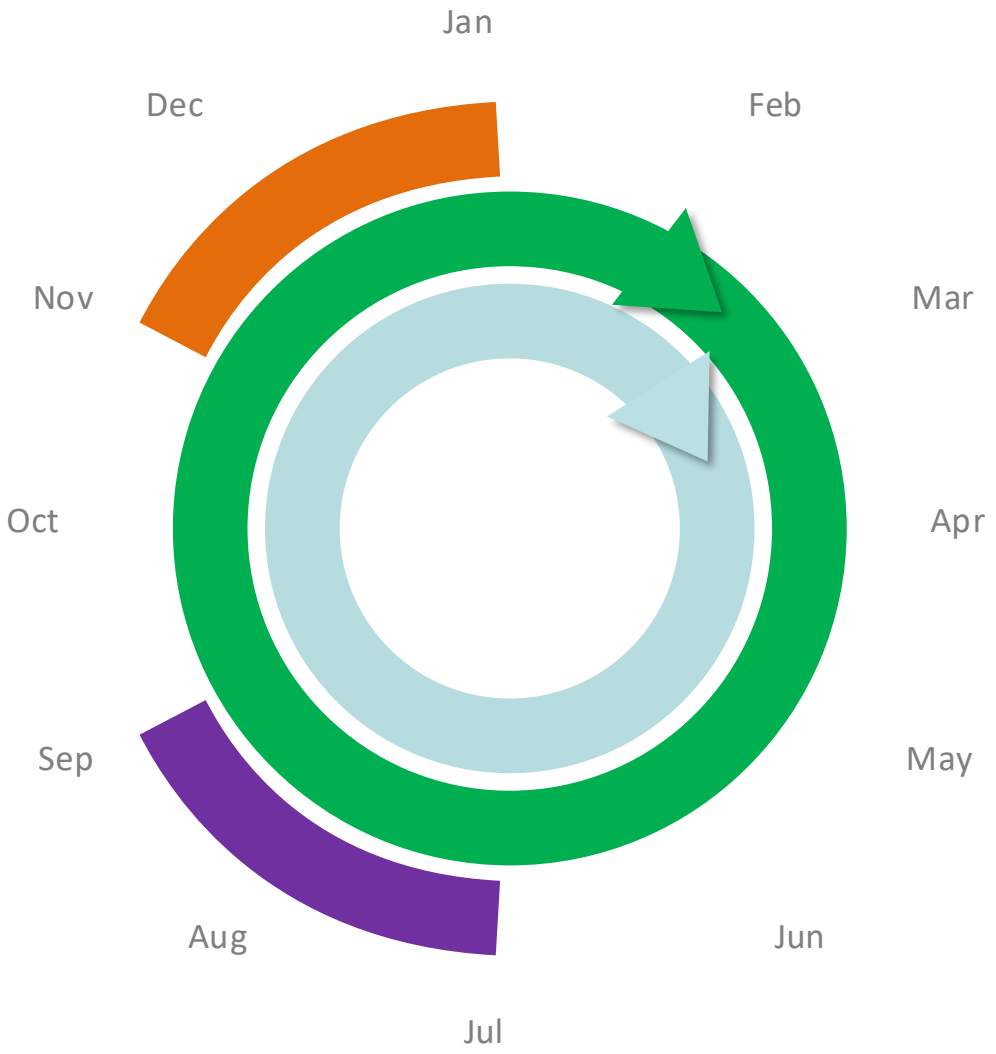
b. Budgeting Process: *The Repeating Cycle of Success*

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

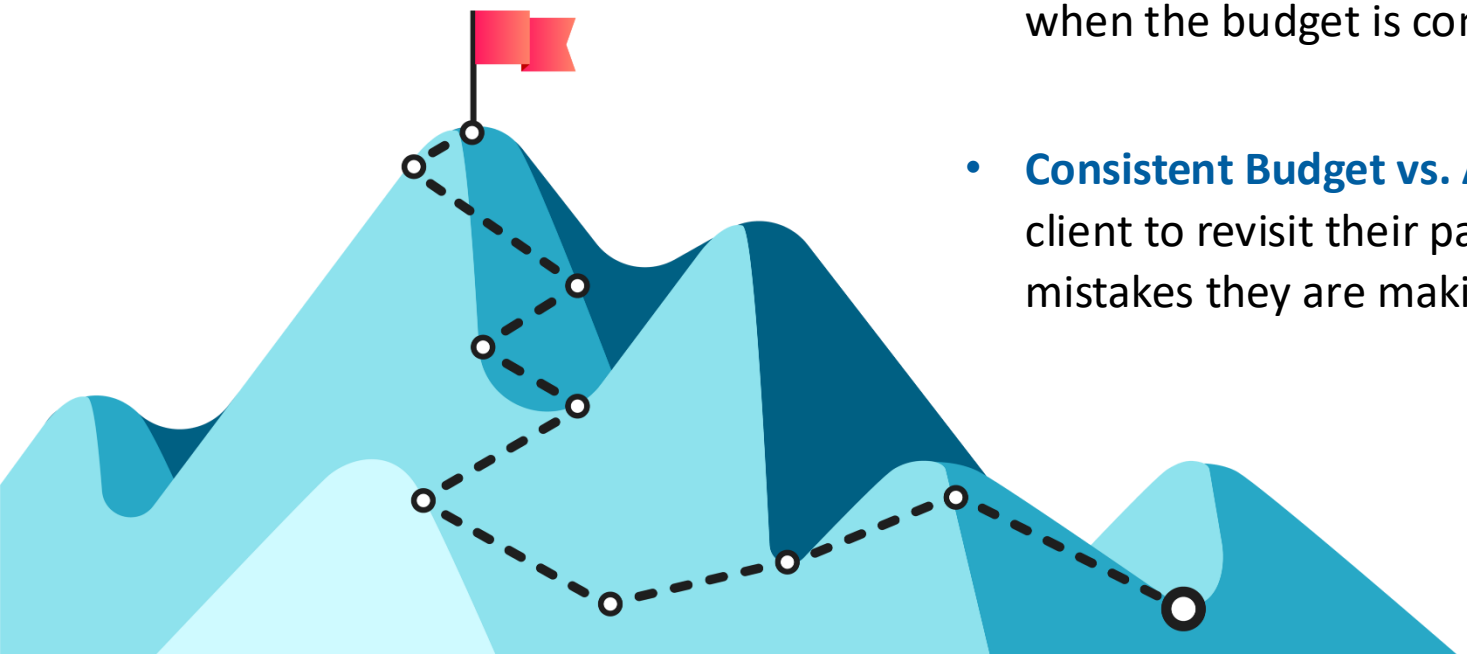
Rolling Forecast
Throughout the year get an accurate and tactical view of where the business is headed



Budgeting Process

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

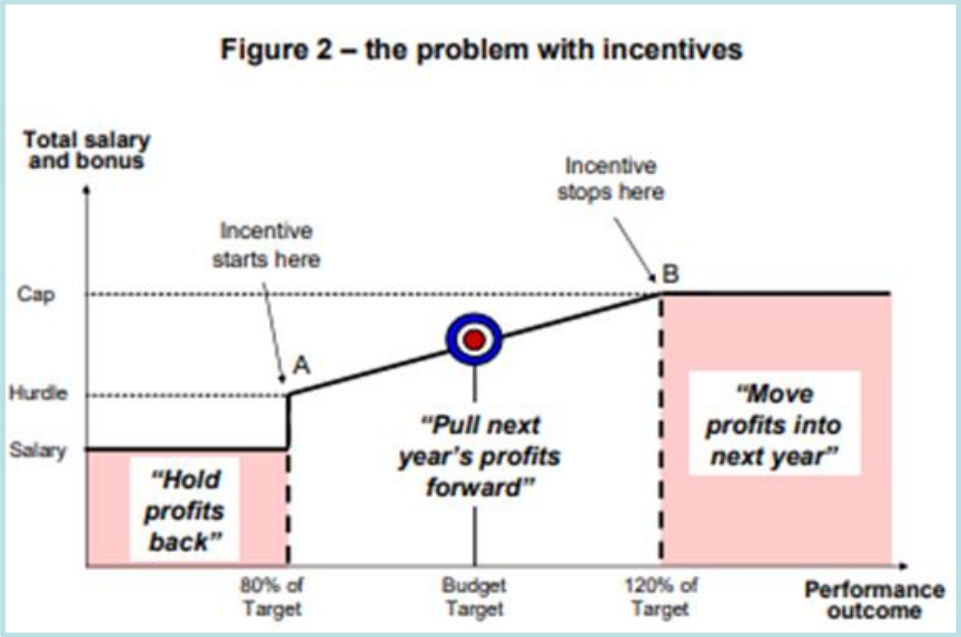
- **It should be aspirational yet achievable.**
- For too many businesses, the budgeting processes dies when the budget is complete, *but that's just the beginning!*
- **Consistent Budget vs. Actual comparisons** allows your client to revisit their past assumptions and understand the mistakes they are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



Budgeting Process

Assigning Responsibility while Maintaining Accountability

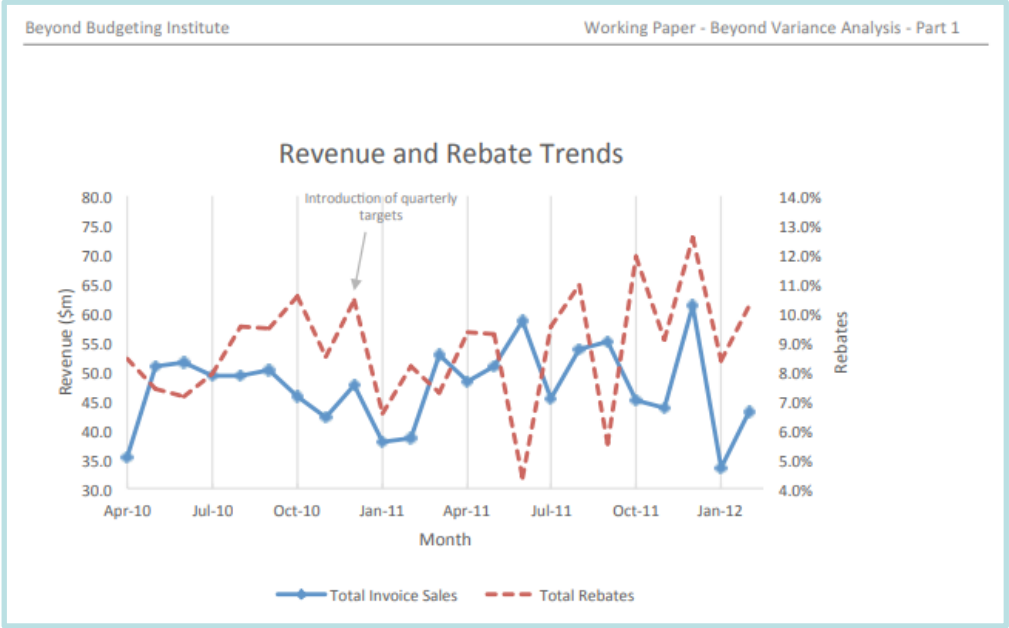
- General reluctance to involve enough people
- Have a role in the target setting process
- Monthly or quarterly reviews
- Identification of red flags



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

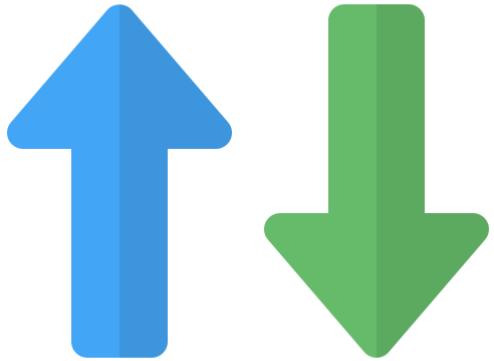


Dynamic Budgeting Scorecard

- 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



Budgetin

Lack of Accountablity

When you own a growing small businesses, you need managers, and it's difficult to hold everyone accountable.

A light monthly budget/forecasting cadence per location can **change this overnight.**

Budgeting Process

Carrot & Stick

When a manager understands exactly what they need to focus on to increase profit and their bonus, they:

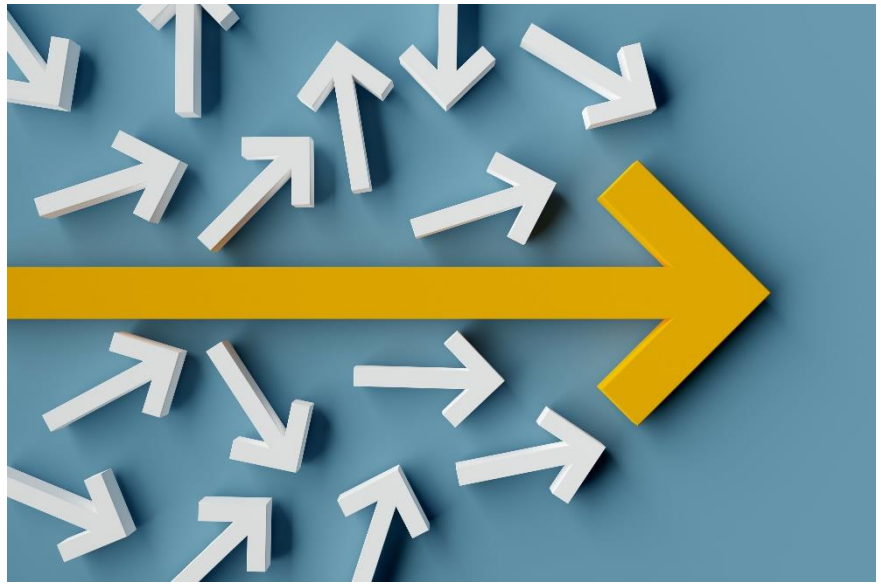
- Have more pride in their work
- Make better decisions
- Everyone makes more money

When a manager knows they are going to get grilled once a month by the CFO, they pay closer attention and end up making better decisions as well.

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

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