

ParkerGale

# BUDGET PROCESS

MARCH 2021

**START EARLY, COLLABORATE OFTEN.**

HOW TO RUN A BUDGET PROCESS

# MOST BUDGET PROCESSES KIND OF DRAG

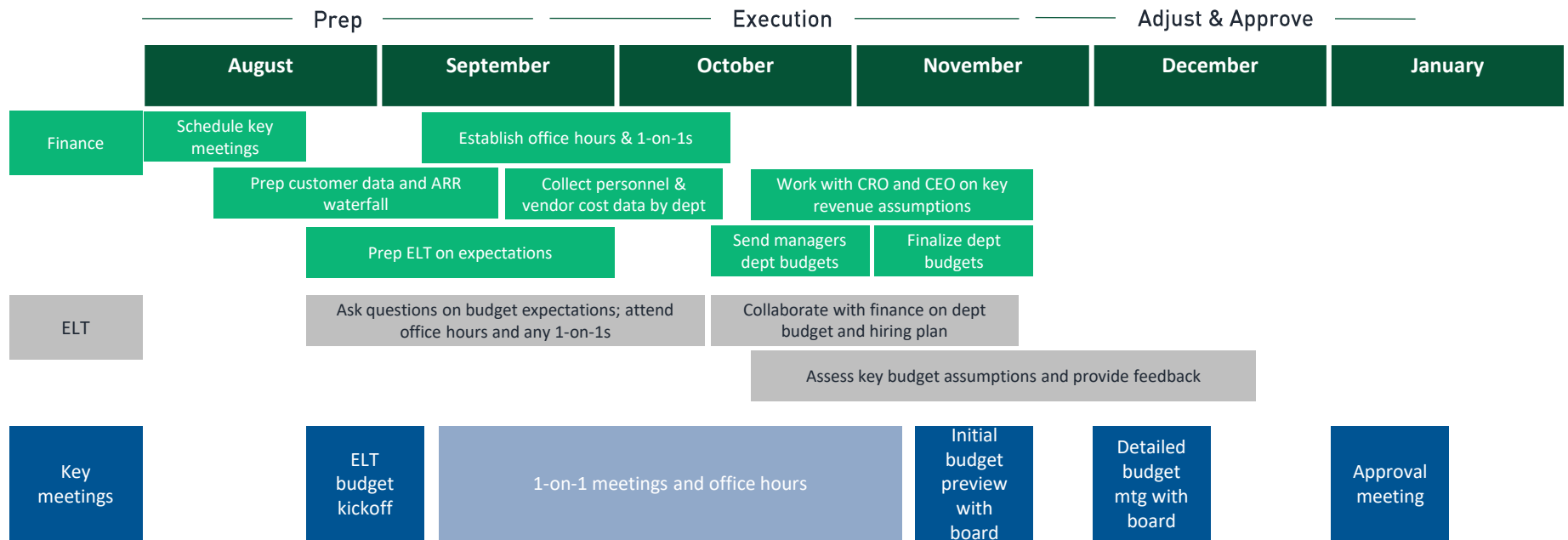
**Most budget work drags on for far too long.** When it feels like budget season never ends, starting early is the last thing you want to do. But there's an easier way.

The solution?

- 1** Use our timeline and checklist tools to plan out a meeting cadence to keep your team involved and the board in-the-know from the start
- 2** Execute by focusing on the most pertinent drivers and assumptions
- 3** Download the board approval template to ensure you hit on the most salient drivers and risks of the budget to eliminate unnecessary back-and-forth ahead of approval

By planning the critical meeting cadence and deadlines in advance, ensuring buy-in and feedback from your leadership team on the most important drivers along the way, and having a clear approval process with the board, budget season can end when it should - right as the new year begins.

# HOW TO RUN A BUDGET PROCESS: TIMELINE



# Budget Process Checklist

*A budget process is a marathon, preparation and scheduling are keys to success*

## HOW TO RUN A GREAT BUDGET PROCESS: THE CHECKLIST

### Phase 1: Prep for Success (Aug. – Sep.)

- Meet with the leadership team to put key meetings and deadlines for budget planning in place. Set calendar reminders if helpful.
- Send a calendar hold to the board for initial budget review in November
- Meet with managers to ensure expectations are clear and answer questions on what you need from them
- Establish office hour expectations for Oct.-Nov. and plan 1-on-1s with managers to check-in
- Prepare current ARR and customer-level revenue data to roll-forward
- Analyze current churn and retention information

### Phase 2: Execute on initial budget (Oct. – Nov.)

- Get latest personnel salary and benefit information
- Separate vendor cost information by department, and sort vendors from highest to lowest dollar amount
- Create budget prep material for each department (including: their current team list and hiring plans, a list of top vendors and prior and expected spend)
- Send budget prep material to managers, set a deadline for completion and schedule 1-on-1 follow-ups
- Identify key revenue drivers (new sales, upsells/downsells, churn, and retention expectations) and work with CRO and CEO to determine realistic revenue goals and timing

### Phase 3: Make adjustments, get approval (Nov. – early Jan.)

- Set up a meeting by mid-November to get high-level feedback from board and ELT on the rough revenue and EBITDA targets, as well as feedback on the key assumptions used
- Assess if the current sales compensation plan aligns with next year's revenue goals; set up meetings with CRO and other stakeholders to make changes if necessary
- Schedule follow-up meeting with board on budget for early December
- Make adjustments to key drivers and assumptions based on feedback
- Fill in and prepare excel template and presentation for budget approval discussion
- Schedule final budget approval meeting

