

Five Forecasting

Best Practices for Business Services Companies

The importance of business agility.



What's keeping you up at night? Maybe you're wondering whether your company is pursuing the right mix of practice lines in response to digital disruptions and economic uncertainties. Or maybe you are worried about staffing at the right time in the right regions with the right level of FTEs and contractors.

To thrive in an increasingly competitive and global marketplace, professional and business services organizations have to be rigorous in their planning. But it's just as important to be agile, so you can allocate resources strategically.

Yet many organizations today are struggling to keep up. After months of preparation and vetting, annual plans immediately become obsolete.

Running what-if scenarios to answer ad hoc questions about utilization rate or gross profit margins per billable employee, is costly and time-consuming. In fact, nearly 80% of CFOs admit they've delayed major business decisions because stakeholders lacked timely access to data.

Read this eBook to learn how professional and business services organizations like yours have replaced static, annual plans with agile forecasts and run holistic, dynamic what-if scenarios that help them allocate capital where it's needed. You'll also discover how to sharpen insight, reduce risk, and operate with agility.



#1

Challenge

Enable rolling forecasts.

Say you'd like to update service line profitability and employee utilization to reflect your Q1 actuals. Next, you need to incorporate revised hiring plans. What will all this mean for your Q4 cash position? It should be easy enough, but this one "small" change triggers a waterfall of updates consuming hours, days, or even weeks—particularly if you do your planning on spreadsheets.

Spreadsheets work great for individual back-of-the-envelope analysis, but an organization relying on a web of lookups glued together with copy and paste makes forecasting time-consuming and error-prone.

Finance professionals say they take an average of 77 days to complete an annual budget and 20 more to perform a forecast, according to the Association of Finance Professionals. With a cycle that slow, it's difficult to provide a rolling view of the organization or make time for strategic analysis.

Best practice

Implement a cadence that allows you to ingest actuals on an automated basis. Then easily adjust drivers in your model so you can provide an always-on rolling forecast.



Workday Adaptive Planning has given a lot of time back to my life. Now I'm actually able to enjoy the holiday season with my family and am spending more time doing things that mean something to the company when at work, rather than just reporting and issuing outdated financial statements.

Sr. VP Finance
Hospitality Staffing Solutions



77 days working up annual plan

20 days preparing forecast

Day 98 plan is obsolete

#2

Challenge

Keep everyone on the same page.

Are we all aligned on the numbers? A solid plan requires a comprehensive model to ensure that everyone is on the same page and has access to the latest data. And with data coming from multiple sources—revenue and expenses from your ERP, client data from your CRM, project data from your PSA, and personnel rosters from your HR tools—relying on disconnected spreadsheets becomes problematic. You'll end up with decisions that are delayed or, worse yet, based on stale data.

Best practice

Toss out the spreadsheets and use a specialized platform that incorporates the latest data to drive your KPIs. Establish a single source of truth for the entire organization—so everyone's on the same page.

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We have sales talking with product teams and our CRM talking to our planning tools. In the end, we're coming up with better forecasts, better understanding, and better information around our revenue streams.

Director FP&A
Airlines Reporting Corporation (ARC)



#3

Challenge

Model multiple what-if scenarios.

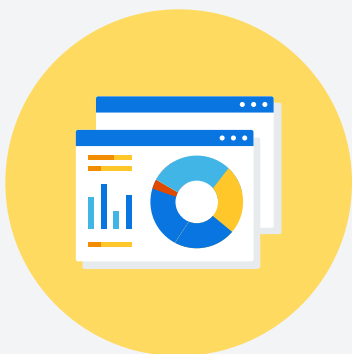
Driver-based models that span the full gamut of operational metrics, such as billable hours, utilization, labor cost, project profitability, and revenue per employee, enable organizations to run the holistic what-if scenarios necessary to support critical capital allocation decisions.

Models ought to be able to answer questions like, What's the cash impact on Q4 of lower billable hours for project XYZ? What happens if we cut back on hiring next quarter?

Businesses today need to be agile. And finance teams need the flexibility to spin off multiple scenarios at a moment's notice, to explore the implications of possible strategic decisions, and settle on a course of action.

Best practice

With the right platform, this kind of complex planning can be fast and easy—and far more flexible than traditional spreadsheet-based planning. You can also easily change assumptions and quickly see results. Then take all the time you need to analyze the implications.



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With Workday Adaptive Planning, our businesses have built their own revenue models, which means our top-line accuracy has really improved. This accuracy allows us to plan better and have fewer surprises down the road. We're able to more accurately and quickly project future changes in our business.

Financial Analysis Director, Maritz

#4

Challenge

Get business partners to own the plan.

When plans are locked up on an FP&A analyst's hard drive, business owners have difficulty accessing their KPIs. This creates a lack of ownership and accountability for the results—it becomes “finance's number” instead of their own.

Critical KPI data—project overrun, revenue per customer, revenue per service delivered, cash conversion cycles, and more—needs to be in the hands of decision-makers. Getting answers to ad hoc questions shouldn't be a multi-day, one-off exercise for an FP&A analyst.

Best practice

Empower stakeholders with real-time, self-service access to the data they need, and the plan will become theirs. A dashboard allows department heads outside of finance to easily review KPIs and see the impact of their decisions without having to put requests into finance.



Managers now have greater control and are much more engaged in budgeting and forecasting. There's also greater confidence in the information and forecasts we produce—extending from the finance team to the board.

CFO, Hill Laboratories

#5

Challenge

Integrate top-down with bottom-up models and assumptions.

Guidance from executives and board members typically starts with top-down metrics—hiring plans, revenue by service line, billable hours, and more. But building an operational plan that you can actually execute against requires detailed ground-up assumptions.

So when it comes to building a model, the FP&A team is left with a choice: Should we start from a growth rate and make margin and ratio assumptions (top-down)? Or with detailed personnel and revenue planning (bottom-up)?

Picking one leaves you with a plan reflecting only half the business. Doing both in spreadsheets is tough because the two models remain disconnected, and you're left with a manual goal seek or copy and paste exercise to make sure everything syncs up. (And good luck with that.)

Best practice

Combine high-level, top-down growth and margin-based models with a detailed bottom-up personnel roster, revenue forecast, and profit margin in a single platform. Then quickly and easily reconcile differences and identify gaps.



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With the time savings, ease of analysis, and scale of consolidation achieved with Workday Adaptive Planning, we've gone from scorekeepers to strategic business advisors.

Financial Accounting Manager, Pinsent Masons

Your journey to agile planning starts here.

Modern cloud finance solutions like Workday Adaptive Planning allow you to:

- Gather data in real time—Invest your time in picking the right planning process that eliminates the need for manual data gathering, making you efficient enough to be able to produce rolling forecasts.
- Involve everyone in planning—Get everyone in your organization involved in the planning process by giving them access to real-time data. And let business partners ‘own’ their numbers.
- Utilize multiple-scenario planning—Your driver-based models should be flexible enough to allow you to change multiple assumptions and immediately see the impacts across the business, so you can respond accordingly.
- Take advantage of the best of both worlds—Combine high-level top-down growth and margin-based models with detailed bottom-up personnel rosters and schedules in a single platform so you can quickly reconcile differences and identify gaps.

[Learn more](#) about how planning can transform your organization.

About Workday

Workday is a leading provider of enterprise cloud applications for finance and human resources. Founded in 2005, Workday delivers financial management, human capital management, planning, and analytics applications designed for the world's largest companies, educational institutions, and government agencies. Organizations ranging from medium-sized businesses to Fortune 50 enterprises have selected Workday.

To learn more, visit <https://www.adaptiveplanning.com>



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