



**5** Questions  
Every CFO  
Asks Each  
Budget Season





## BUDGET SEASON HAS ARRIVED.

It's a time when CFOs must do the impossible: Pin down a budget plan despite constant flux and uncertainty.

This exercise leads CFOs to ask the same five questions every budget season:

- 1** Can I run as many budget scenarios as I need, or will my budget model restrict me?
- 2** Am I confident in the accuracy of the numbers coming out of the budget model?
- 3** Can I simplify the consolidation of budget sheets from all contributors?
- 4** How valuable is my budget for managing the business next year?
- 5** Will the budget highlight any cash or balance sheet surprises?

Modern technology puts the answers within reach. All you need to do is migrate your budget away from spreadsheets and onto a Smart Budget platform.



## A COMMON SCENARIO

It's 5:00 in the afternoon and your CEO calls to ask: What would happen if the company divested itself of the New England division? Can you regenerate different budget scenarios to show how such a divestiture could affect next year's profitability? And are there any hidden surprises that may come back to bite the company's balance sheet 12 or 18 months from now? And, by the way, the CEO needs the answers for the Board Meeting tomorrow morning.

### **Spreadsheets can't keep up with your business.**

It's extremely difficult to build a spreadsheet that represents a complex business model. Budget creators are forced to piece together multiple spreadsheets and rely on complex formulas and macros to arrive at answers. The result is a budget that's difficult to manage and nearly impossible to manipulate to test multiple business scenarios like the one described above.

Even if you were to make changes, it will probably break before you're finished, and you'll need to spend countless hours troubleshooting your formulas and macros. This is a critical consideration given that, when building a budget model, it's impossible to anticipate the variety of changes that might occur in the future.

So, while spreadsheets are familiar, they limit your budget's ability to keep up with the speed of business. That's why today's CFOs are turning to Smart Budgets.





## HOW SMART BUDGETS WORK

A Smart Budget automatically processes all inputs according to your company's unique business structure and automatically updates all outputs such as your P&L, balance sheet or cash flow statement. It is activity-based and automatically flows inputs through the financials based upon established logic and rules, *without any programming from you.*

To provide this level of financial intelligence, Smart Budgets leverage pre-programmed business logic and accounting rules.



## THE ROLE OF PRE-PROGRAMMED BUSINESS LOGIC & ACCOUNTING RULES IN SMART BUDGETS

Pre-programmed business logic and accounting rules add significant accuracy to your models and let you build and manage your budget model yourself – quickly and easily. This contrasts with the spreadsheet model, which requires significant effort from the finance team (or outside consultants) to define the underlying formulas that drive the calculations.

### **Pre-programming offers distinct benefits to financial teams:**

- Ensures that all information and transactional data your end users enter into the budget flows through the financial statements, according to the way your business works, and follows all GAAP accounting rules.
- Allows you to almost instantly generate accurate future-looking financial statements. In a sense, they turn your budget into a living, evolving document you can use as real-time planning tool.

*Now let's see how a Smart Budget can address the 5 top questions you face during budget season.*

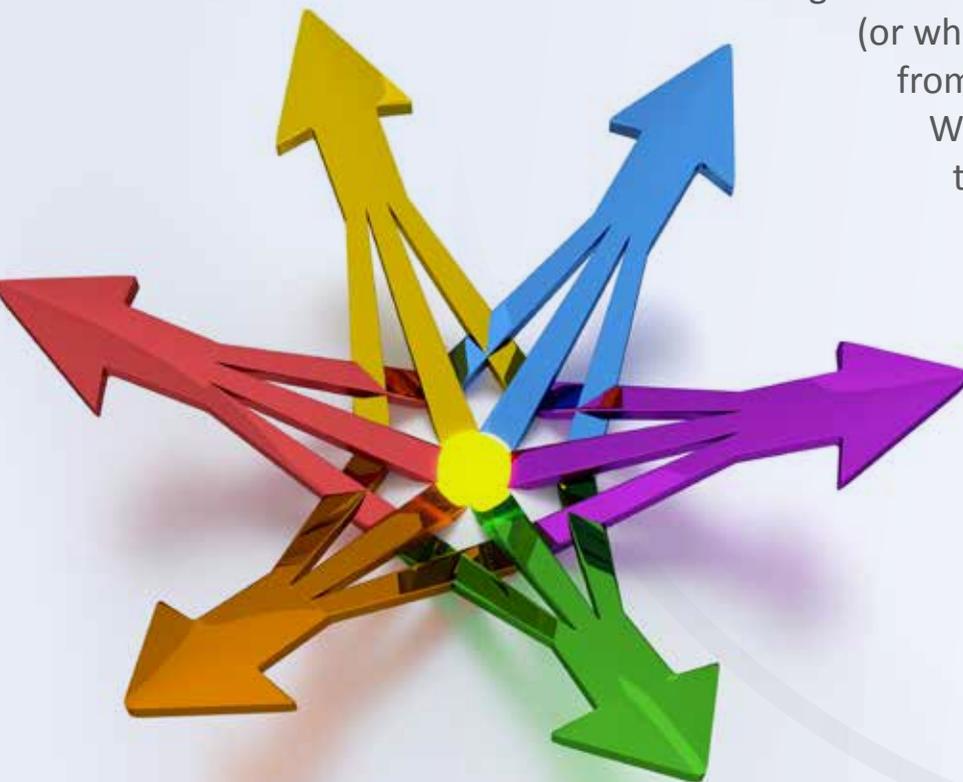


# 1 Can I run as many budget scenarios as I need, or will my budget model restrict me?

**A Smart Budget makes changing a model to test the impact of multiple scenarios a quick and easy task for a simple reason:** every aspect of the model automatically conforms – and automatically adjusts – to your business logic and accounting rules. Because it's pre-programmed, the coding behind the model will never break.

Let's say your CEO believes that, by closing the New England division, the company will have the cash to expand the West Coast division, and ultimately generate more revenue. A Smart Budget lets you test that assumption (or what-if scenario) by simply deleting the New England division from the model and adjusting the additional expenses for the West Coast. It does not require modifying the underlying model to ensure that formulas are still accurate. Simply delete and add and the model adjusts itself.

Combined, these pre-programmed rules promote maximum flexibility, allowing you to apply them wherever needed. This means you can test any scenario or plan with full confidence that your budget will always create accurate forward-looking balance sheets, cash flow statements and P&L projections that are synchronized to your underlying budget.



2

## Am I confident in the accuracy of the numbers coming out of the budget model?

**Accuracy is the hallmark of Smart Budgets. To understand why, let's contrast it with the spreadsheet model.**

Spreadsheet programming does not enforce the accurate flow of transactions throughout the model. Users can define the formulas and flow as they please, which means they can inadvertently violate your business logic and/or established accounting standards.

With pre-programmed business logic and accounting rules, users are prevented from making such mistakes. Let's say you wish to enter the payment terms for a variety of vendors, some of whom must be paid immediately, others who must be paid within 30 days and still others in 60 days. Once you enter the vendor, you can select the correct payment terms by selecting them from a drop-down menu.

In short, a Smart Budget delivers a menu-driven environment with drop-down lists and tables that you select from in each budget area, for each budget line item, either globally or individually, plus the ability to select unique defaults, drivers and other logic. It takes care of applying and proliferating the logic throughout the model, *automatically and accurately.*



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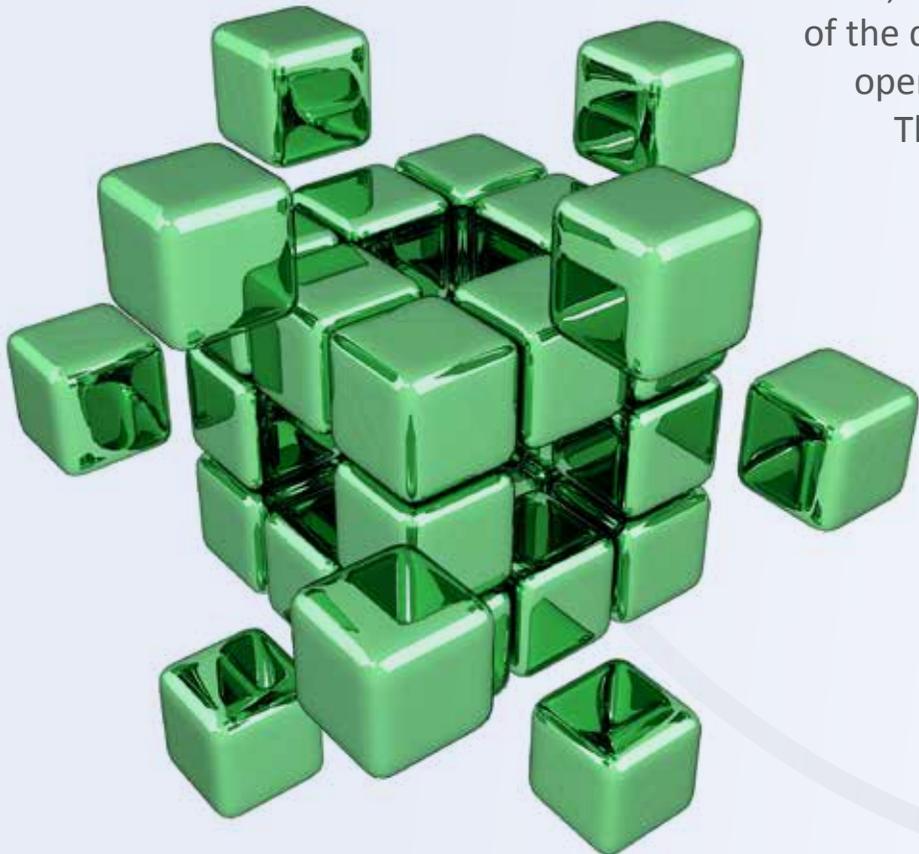
## Can I simplify the consolidation of budget sheets from all contributors?

**With a Smart Budget, you don't have to. All consolidation is done for you automatically.**

As each contributor enters financial information and transactional data, those inputs automatically ripple through the budget. All relevant fields, accounts and ledgers are updated, following the business logic described previously.

Smart Budgets tie every contributors' data into the same cloud-based, centralized database, so everyone sees the same financial data, or whichever portion of the data they need to see. That extends from the most meticulous operational details to the highest consolidated financial rollups. The financial staff and C-level executives have comprehensive information from every corner of the operation, always updated in real time without manual collection or consolidation.

Moreover, Smart Budgets promote more collaboration side-to-side between operations and finance. There's also more collaboration top-to-bottom; importing actual results allows continuous comparisons to plan – bridging the gap between the strategic and operational plans. Everyone sees a *single version of the truth*, so there's less of a cultural divide between various stakeholders – without the need to reinvent the culture itself.



# 4

## How valuable is my budget for managing the business next year?

**Because Smart Budgets operate as an extension of the general ledger, budget vs. actual analysis is constantly available throughout the year.**

The model and resulting numbers automatically adjust to accommodate business changes, performance drivers or the financial model. Put another way, budgets become living, evolving documents that financial teams can use as an in-house planning tool, updating monthly, quarterly or on an ad-hoc basis.

Smart Budgets offer an accurate forward-looking view of your company's general ledger, allowing you to quickly and easily perform:

- **What-if scenarios**
- **Forecasting**
- **Budget vs. actual performance reporting**

Additionally, they turn that data into intelligence through a comprehensive and easy-to-use report generation capability. With no costly, time-consuming programming, you can produce desired reports at any level of detail with just a few mouse clicks. Visual dashboards let your management team track up-to-the-minute performance against the goals defined in your business plan.



## 5

# Will the budget highlight any cash or balance sheet surprises?

**Knowing the timing, amount and predictability of future cash flows is critical for assessing both the current health of your organization and making key business decisions.** Most companies invest working capital before realizing a profit or return on investment.

Spreadsheets simply don't support any kind of cash flow forecasting very well. Legacy budget software, while a step forward, focuses only on the income statement and offers poor visibility into the financial condition and future viability of the company. As a result, businesses develop budgets that reflect their revenue aspirations but can lead to cash difficulties before goals are met.

By contrast, Smart Budgets automatically generate accurate forward-looking balance sheet and cash flow statements that are synchronized to the underlying budget. Because the budget model links your GL account or account groups to various components of the statement of cash flow, a Smart Budget's built-in accounting rules can ensure every GL transaction is correctly reflected and applied across the budget.

Forecasting cash requirements during the planning period, along with the ability to drill down into the underlying data lets you understand risks, variances and opportunities, and initiate faster changes to meet the anticipated cash needs well ahead of time.



# Ready To Migrate Away From Spreadsheets?

**Smart Budgets** are easy to build and change by the people who need them most. They let all budget owners work together, so your budget aligns the needs of each team with needs of the business. They show you how well your business is performing, and help you forecast its future financial health.

Whether starting your move away from spreadsheets or implementing corporate performance management, Smart Budgets will work for you. You'll get a real-time line of sight into your business, speed decision making and deliver useful business information all year long.

**To learn how Smart Budgets will work for your business, or to schedule a demonstration:**

**Visit: [centage.com/contact-centage-corporation/](http://centage.com/contact-centage-corporation/)**

**Phone: (800) 366-5111**

**Email: [info@centage.com](mailto:info@centage.com)**

## Budget Maestro®

Budget Maestro® by Centage is an easy-to-use, scalable, cloud-based budgeting and forecasting solution that eliminates the time-consuming and error-prone activities associated with using spreadsheets. It is designed for small to mid-market companies to support a comprehensive Smart Budgets approach to corporate planning. Its built-in financial and business logic allows users to quickly create and update their budgets and forecasts, and never worry about formulas, functions, links or any custom programming. It is the only solution in the market that offers synchronized P&L, balance sheet and automatically generated cash flow reporting. Budget Maestro serves more than 9,000 users worldwide. Visit us at [Centage.com](http://Centage.com), follow us on Twitter, or visit the Centage Blog for the latest insights on budgeting and forecasting strategies.





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