

Improving SMB Planning, Budgeting, and Forecasting

SMB Quick Reference Series

Technology Creates “Best-in-Class” SMBs

Smaller companies have historically lacked tools to help formulate and execute against solid financial plans and budgets. Yet in today’s uncertain economy, operating by the ‘seat of the pants’ is like setting a boat adrift in a stormy sea. Tools and technologies are the rudder by which to successfully steer a course through the turbulent economy. Small and medium businesses that have taken notice of prior warnings, are better armed, and are achieving results superior to the upper ranges of mid-size companies. What have they done and what have they accomplished?

First, SMBs have cut in half their use of spreadsheets as their primary financial planning tool (Aberdeen Group Study April 2008 – April 2009). Instead, spreadsheets have become a support tool to enterprise financial applications. Enterprise applications have become the centerpiece of SMBs financial planning, budgeting, and forecasting as a critical weapon in creating new value, tighter operational integration, and anticipating the future. The use of enterprise applications has allowed the SMB immediate feedback on the financial transactions and trends, driving quick updates to planning assumptions and re-forecasting of the business – all benefiting the business by being exactly ‘tuned’ to the current and future business climate.

Second, there has been widespread adoption of formalized query and reporting tools along with workflow automation. Both give the SMB the ‘hands on’ tools to see the exact condition of the business at any point in time as well as to virtually eliminate ‘human error’ within the execution of the business transactions – most notably during the planning and budgeting process. Together, these two deliver lower business costs, better forecasting and budgeting accuracy, along with the ability to more quickly react to an ever-changing business environment.

Third, “Best-in-Class” SMBs have created ‘end-to-end’ visibility throughout the planning and budgeting process. Additionally, they’ve continued to improve transparency with respect to performance throughout all fiscal periods. Doing so has increased the adaptability of the business to change, driven innovation around business process (lowering costs), while accelerating the pace at which business can occur.

So, what can your business do?

- Formalize your planning and budgeting process. Don’t use the excuse of market volatility or uncertainty to put this off. Rapidly changing business conditions heighten the need to formalize business processes, plans, and budgets all the more important.
- Continually adapt to the changing market. Don’t enforce budgetary rigidity within the organization. If need be, reforecast each quarter instead of relying upon the original annual agreed-to budget. Less than half (44%) of SMBs reforecast more than once a year (Aberdeen, 2009).
- Invest in new tools. Fully exploit the use of technology – specifically enterprise resource planning – across the entire business. Such tools add speed and flexibility by allowing more frequent and formalized forecasting. Additionally, using technology to handle routine business tasks brings lower cost, eliminates redundancy, and drives new competitive advantage into the market.

SMBs are far better positioned than they were just a year ago. Now is not the time to slow down or ease up on the ‘throttle.’ As each SMB weathers the current storm, companies of all sizes can benefit from automating and streamlining processes and adding visibility to performance against plan.

Discover how you can substantially improve your planning, budgeting, and forecasting. Discover the SMB Suite. Designed specifically for the unique needs of SMBs, this solution allows you to create formalized processes, transactional and planning transparency, increase collaboration, and deliver new competitive value to the business.

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