How to implement quarterly rolling forecasting and quarterly rolling planning– and get it right first time

by David Parmenter

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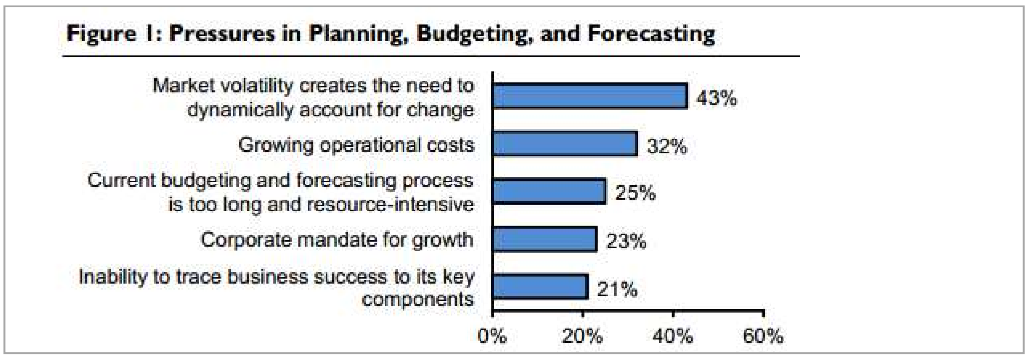
1. Background

1.1. A burning platform

Quarterly rolling planning is a process that will revolutionize any organization, whether public or private sector. It removes the major problems that are associated with annual planning including:

- An annual funding regime where budget holders are encouraged to be dysfunctional building silos and barriers to success
- The monthly budgets set in the annual plan bearing no relation to reality
- Takes too long – often a three-month period where management is not particularly productive
- Using the annual plan as part of a bonus system.
- Costs too much – annual planning costs in time alone runs into the millions each year for larger organizations
- Often needs to be updated during the year to reflect the dynamic and a rapidly changing environment we work in see Exhibit 1.1.
- Is an "anti-lean" process

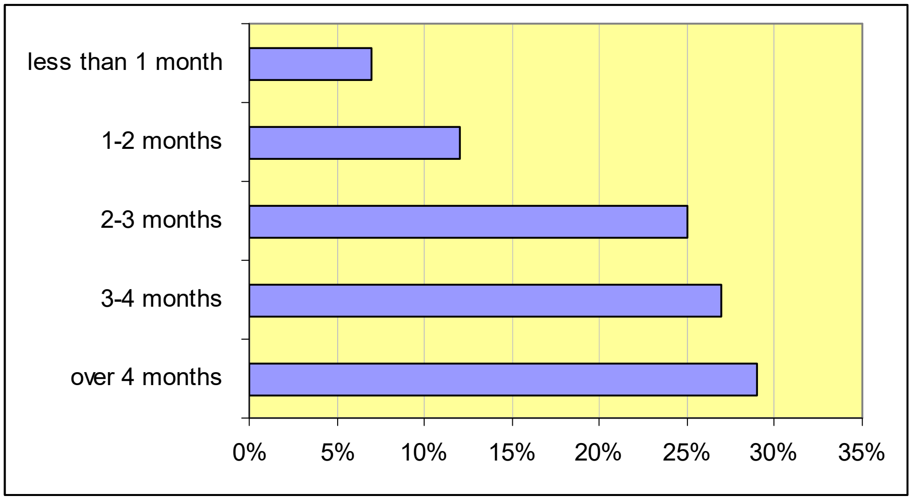
Exhibit 1.1 Findings from a recent study by the Aberdeen Group



This paper will explain why the QRF is the most important management tool of this decade and why the rolling forecasts of the past are a different beast to the 21st century QRF.

In a poll during a webcast to corporate accountants in Canada, see Exhibit 1.2, I asked the attendees "How long does your planning take each year? Around 80% were investing two months or more and 60% were taking three months or more.

Exhibit 1.2 Speed of annual planning (Source: CGA Canada webcast poll)



The only thing certain about an annual target is that it will be wrong; it will be either too soft or too hard for the operating conditions.

The answer is to "throw away the annual budget and its associated processes, smart organisations do not do an annual planning process anymore". These smart organisations have moved to using quarterly rolling planning.

For organisations between 400-700 FTEs you will invest between $1m to $2m for the next annual planning round which equates to $10m to $20m in the next ten years if you do not act now. We need to radically change the annual planning process. We have a burning platform. We need to jump.

1.2. History of annual planning

Annual planning dates back to Charles Dickens time and possibly back to 1494 when Luca Piccioli first wrote in 1494 about double entry book keeping. Annual planning went ballistic with the advent of mass production typified by the Model T ford, see Exhibit 1.3.

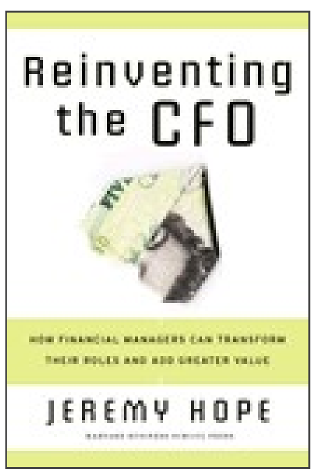
Exhibit 1.3 The birth of management accounting

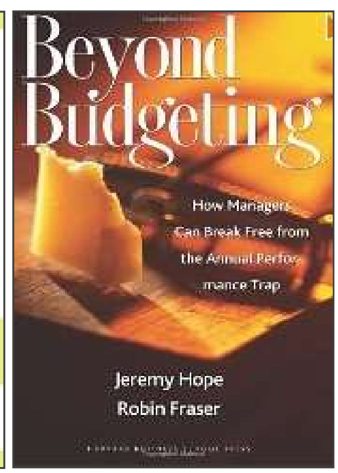
Writers like Charles Horngren in his “Cost Accounting: A Managerial Emphasis” helped lock in what we know today as annual planning.

1.3. Jeremy Hope- thought leader

Jeremy Hope was the world’s foremost thought leader on corporate accounting issues, he sadly passed away a few years ago. Hope had an uncanny ability to always be at least five years ahead of what better corporate accounting practices should be. Hope has stated that not only is the budget process a time consuming, costly exercise generating little value, but it also, and more important, is a major limiting factor on how your organization can perform.

Here are some of his quotes that challenge the very concept of budgeting.





"So long as the budget dominates business planning a self - motivated workforce is a fantasy, however many cutting - edge techniques a company embraces."

"The same companies that vow to respond quickly to market shifts cling to budgeting — a process that slows the response to market developments until it is too late."

"It's no secret that annual budgeting processes are time consuming, add little value, and prevent managers from responding quickly to changes in today's business environment"

Hope and Fraser in their beyond budgeting book[i], pointed out that the annual budgeting process was doomed to fail. If you set an annual target during the planning process, typically 15 or so months before the last month of that year, you will never know if it was appropriate, given that the conditions of that year will never be guessed correctly.

Beyond Budgeting in New Zealand: A Major Road Contracting Company

I was presenting Beyond Budgeting and key performance indicators (KPIs) in New Zealand and was introducing myself to the managing director of a large road contracting company. He politely informed me that he was mainly interested in hearing the KPI part of my presentation, as the beyond budgeting session was of little interest as they were already doing it. In fact, the group had never had an annual planning process. He said if the group could predict when it was going to sunny and when it was going to rain, annual planning would be useful.

The business encompasses concrete, transport (local and rural), fuel distribution, and roading. The group has around 1,000 staff members and a consistent profit growth, the envy of many larger organizations.

The growth path has been either to grow from scratch or buy existing family companies. As the CEO says, expansion is often driven by opportunity. It has 23 companies as well as many joint ventures.

The business has different performance tables depending on the size of operations, so the companies can compare with one another. Each table shows the ranking of the operations within that table with reference to some key ratios. The ratios they monitor include:

- Return per km — revenue and cost per km
- Margin per litre
- Delivery cost per litre
- Concrete cost per cubic meter
- Cubic meter delivered by pay hour

Monthly reports are short and based on major cost categories (not at detail account code level). They do not waste time showing a consolidated result each month; this is done at year -end only.

There is much delegation to the other offices, which manage staff levels within given limits, set staff salaries, and choose which suppliers to use (providing there is not a national contract in place).

There is an in-depth case study on Svenska Handelsbanken and Bulmer cider in the electronic media that supports this paper.

1.4. The myths around annual planning

There are many reasons why your annual planning in your organization is not working. One main factor is a lack of understanding of the myths surrounding annual planning.

Just like six centuries ago we are blind to the realities that are there to see on closer observation. We have for centuries blindly applied old thinking to how we measure, monitor and improve performance.

Myth 1: There is a need to set annual targets

It is a myth that we know what good performance will look like before the year starts and, thus, it is a myth that we can set relevant annual targets. In reality, as former CEO of General Electric, Jack Welch[ii] says, "it leads to constraining initiative, stifling creative thought processes and promotes mediocrity rather than giant leaps in performance". All forms of annual target are doomed to failure. Far too often management spend months arguing about what is a realistic target, when the only sure thing is that it will be wrong. It will be either too soft or too hard.

I am a follower of Jeremy Hope's work. He and his co-author Robin Fraser were the first writers to clearly articulate that a fixed annual performance contract was doomed to fail. Far too frequently organizations end up paying incentives to management when, in fact, they have lost market share. In other words, rising sales did not keep up with the growth rate in the marketplace. As Hope and Fraser point out, not setting an annual target beforehand is not a problem as long as staff members are given regular updates about how they are progressing against their peers and the rest of the market. Hope argues that if you do not know how hard you have to work to get a maximum bonus, you will work as hard as you can.

Just like a high jumper in the Olympics to win they must jump the highest. Having a predetermined height set in their minds will only limit their performance.

Myth 2: We could set meaningful monthly targets from the annual plan

As accountants, we like things to balance and our work to be neat and tidy. Thus, it appeared logical to break the annual plan down into twelve monthly breaks before the year had started. We could have been more flexible. Instead we created a reporting yardstick that undermined our value to the organisation. Every month we make management, all around the organisation, write variance analysis which I could do just as well from my office in New Zealand. "It is a timing difference" "We were not expecting this to happen", "The market conditions have changed radically since the plan" etc.

Myth 3: We only need to forecast out to the current year-end

Typically, corporate accountants reforecast only to year-end. Two months before year-end management appear to ignore the oncoming year. Better practice is to forecast for a rolling period that passes through the year-end barrier.

Myth 4: Giving budget holders an annual entitlement made sense

Doing an annual plan is daft enough but to compound it with eventually giving a budget holder the right to spend an annual sum is the worse form of management accountants have ever presided over.

By forcing budget holders to second - guess their needs in this inflexible regime, you enforce a defensive behaviour, a stockpiling mentality. In other words, you guarantee dysfunctional behaviour from day 1.

Myth 5: We need to budget at account code level

What made accountants ever conceive that we needed to set targets at account code level? It was done by our forefathers so we duly followed in the well-trodden steps. It makes no sense.

Having budgets at account code level has encouraged budget holders to allocate expenditure to an account that that has room for it, thus at a single stroke undermining the purpose of the G/L which is to account for costs and revenue in the right areas.

Myth 6 An annual plan needs to take months to complete

The annual planning process is not adding value, instead it is undermining an efficient allocation of resources, encouraging dysfunctional budget holder behaviour, negating the value of monthly variance reporting and consuming huge amounts of time from the Board, senior management team, budget holders, their assistants and of course the finance team.

When was the last time you were thanked for the annual planning process? At best, you have a situation where budget holders have been antagonized, at worst, budget holders who now flatly refuse to co-operate!

Like a laboratory rat we go down the same pathway each year to find there is no cheese, no passing 'Go' and collecting £200, just mayhem. The annual planning process may have worked for Julius Caesar but certainly not for us.

The nightmare of three to four months arguing over resource allocation when nobody knows the answer, the endless cut-back rounds, and the game playing, the spend–it or lose-it-mentality is not befitting the 21st century.

Myth 7: We had to use Julius Caesar's calendar

Julius Caesar gave us the calendar we use today. It is not a good business tool because it has divided up the year in uneven periods. With the weekdays and number of weekend days, in any given month, being different to the next month it is no wonder forecasting and reporting is unnecessarily compromised.

Even if we are stuck, in the short term with reporting results on calendar months we can and should base our forecasting models around a 4,4,5 quarter e.g. there are two four-week months and one five-week month in a quarter. The model would them smooth back the numbers to the correct working days for monthly targets.

Myth 8: The annual planning process will be quicker this year

Each year I was involved in the annual planning process I thought I had discovered the secret to cut months out of the process. I even had budget holders on my side saying, "Yes we agree that four months is ridiculous, and we will cooperate." As you all know the next annual plan will be as worse as the last one because once the annual planning process has begun budget holders commence their political gesturing. It is just like Pavlov and his dogs.

1.5. Definitions

Throughout this paper the following definitions will be used.

Quarterly rolling forecasts (QRF) normally go out 6 quarters, involve budget holders in providing a "light touch" forecast covering their 10-12 main categories which become the future months reporting benchmarks

Quarterly rolling planning (QRP) takes QRF a step further - budget holders are now funded quarterly based on their forecast, for the next quarter, once it has passed through a rigorous quality assurance process.

Strategic planning – looks at the longer term in a more qualitative way, normally out 3+ years

2. Introduction to quarterly rolling forecast process

2.1. What is a quarterly rolling forecast process?

The quarterly rolling forecasting (QRF) process is where management sets out the required revenue and expenditure for the next 18 months. Each quarter, before approving these estimates, management sees the bigger picture six quarters out. All subsequent forecasts, while firming up the short – term numbers for the next three months, also update the annual forecast. Budget holders are encouraged to spend half the time on getting the details of the next three months right, as these will become targets, on agreement, and the rest of the time on the next five quarters. The quarterly forecast is thus used to:

- fund budget holders, on a quarterly rolling basis, once their forecast has been approved
- set the monthly budgets to be used for month-end reporting (set only one quarter ahead)
- update the annual forecast
- give a view of the next financial year

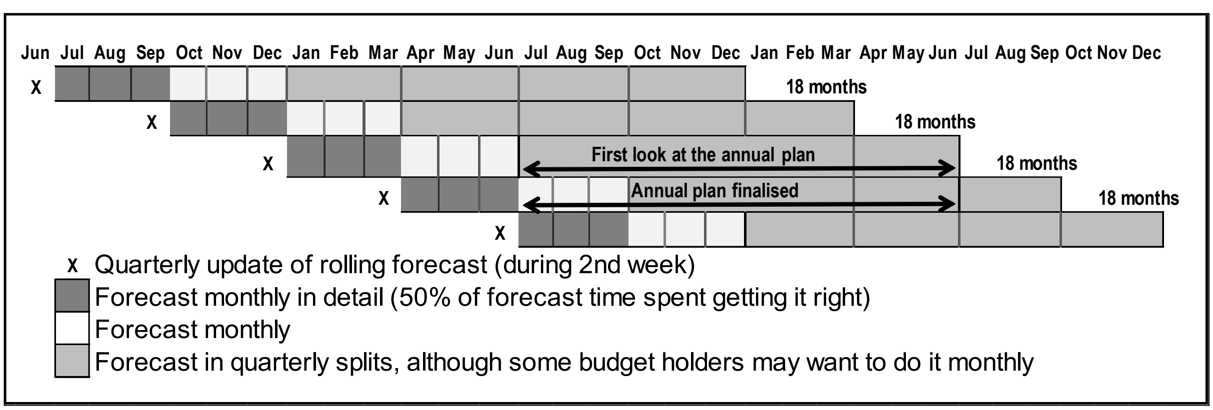
Each quarter forecast is never a cold start as budget holders have reviewed the forthcoming quarter a number of times. With the appropriate forecasting software, management can do their forecasts very quickly; one airline even does this in three days. The recommended elapsed time spent on the four quarterly forecasts during any given year is no more than five weeks.

Exhibit 2.1 shows how the quarterly rolling process works for a June year-end organization. The dark shaded zone is the forecast for the next quarter and the most important part to get right. The light shaded zone is the second quarter. Quarters 1 & 2 will be forecast monthly and quarters 3 to 6 are forecast in quarterly blocks as less detail is required.

As a guide, budget holders should spend 60 percent of their time on the first quarter because first quarter numbers will become targets, 20 percent on the second quarter and 20 percent on the remaining four quarters.

Most organisations can use the cycle set out in Exhibit 2.1 if their year-end falls on a calendar quarter end. Some organisations may wish to stagger the cycle say May, August, November, and February. An explanation of how each forecast works, using a June year - end organization, follows.

Exhibit 2.1 How the rolling forecast works for an organisation (June year-end)



2.2. The process quarter by quarter for June year-end organisation

December update (one-week duration)

In the second week of December, budget holders forecast to the end of the year, with monthly numbers, and the remaining period in quarterly breaks. Budget holders obtain approval to spend January - to - March numbers subject to their forecast, still going through the annual plan goalposts. The budget holders at the same time forecast next year's numbers for the first time. Budget holders are aware of the expected numbers, and the first cut is reasonably close. This is a precursor to the annual plan. This forecast is stored in the forecasting and reporting tool. This update process should take only one elapsed week.

March update and annual plan (two-week duration)

In the second week of March, budget holders re-forecast to year-end in monthly numbers and we should be able to eliminate the frantic activity that is normally associated with the spend - it - or - lose - it mentality. They also forecast the first quarter of next year with monthly numbers, and the remaining periods in quarterly breaks. The budget holders at the same time revisit the December forecast (the previous forecast) of next year' s numbers and fine - tune them for the annual plan. Budget holders know that they will not be getting an annual lump - sum funding for their annual plan. The number they supply for the annual plan is guidance only.

For the annual plan, budget holders will be forecasting their expense codes using an annual number and in quarterly lots for the significant accounts, such as personnel costs. Management reviews the annual plan for next year and ensures all numbers are broken down into quarterly lots. This is stored in a new field in the forecasting and reporting tool called "March XX forecast" This is the second look at the next year, so the managers have a better understanding. On an ongoing basis, they would need only a two - week period to complete this process.

June update (one-week duration)

Budget holders also are now required to forecast the first six months of next year monthly and then on to December in the following year in quarterly numbers. Budget holders obtain approval to spend July - to - September numbers, provided their forecast once again passes through the annual goalposts. This is stored in a new field in the forecasting and reporting tool called "June XX forecast." This update process should take only one elapsed week.

September update (one-week duration)

Budget holders reforecast the next six months in monthly numbers, and quarterly to March 18 months forward. Budget holders obtain approval to spend October - to - December numbers. This is stored in a new field in the forecasting and reporting tool called "September XX forecast." This update process should take only one elapsed week.

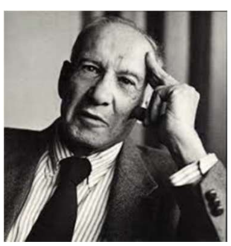
You will find that the four cycles take about five weeks, once management is fully conversant with the new forecasting system and processes.

3. The foundation stones of a rolling forecasting process

There are a number of QRF foundation stones that need to be laid down and never undermined. You need to ensure all the construction of the QRF model is undertaken upon the following foundation stones:

1. Abandoning processes that do not work
2. The QRF model should be built by in-house resources
3. Separation of targets from realistic forecasts
4. A quarterly process using the wisdom of the crowd
5. Forecast beyond year-end (e.g., six quarters ahead)
6. The monthly targets are set, a quarter ahead, from the QRF
7. A quarter-by-quarter funding mechanism
8. The annual plan becomes a by-product of the QRF
9. Forecasting at category level rather than account code level
10. The QRF should be based around the key drivers
11. A fast light touch (completed in an elapsed week)
12. Built in a planning tool – not in a spreadsheet
13. Design the planning tool with four and five-week months
14. Invest in a comprehensive blueprint

3.1. Abandoning processes that do not work



Management guru Peter Drucker[iii] who I consider to be the Leonardo de Vinci of management, frequently used the word '*abandonment*'. I think it is one of the top ten gifts Drucker gave us all. He said

"Don't tell me what you're doing, tell me what you've stopped doing."

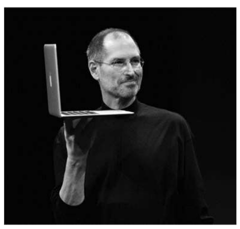
He frequently said that abandonment is the key to innovation, in other words, the key to fast forecasting process.

In planning, many of the processes are carried out, year-in year-out because they were done last year. When staff question why do we do this the answer being "There must be a reason".

All the previous givens with regards forecasting need now to be challenged and all the inefficient processes thrown out. Here is a list, by no means complete of what needs to be abandoned:

Using Excel	Forecasting in Excel, just because we are good at it
At account code level	forecasting in detail, at account code level and to the dollar
Only forecasting to year-end	Only forecasting to the current year-end as if next year did not exist
An annual entitlement	Giving budget holders an annual

	entitlement, they have not got a clue as what the next year is really going to be, nor do we in Finance
Forcing numbers	Forcing the annual plan to be the same number that the Board want to see - we have just lied!
A three-month process	A three-month process when it can be done in two weeks – both will be wrong. You may as well be wrong quickly!
Setting the monthly targets	Setting the monthly targets from the annual plan - since we cannot see into the future this breakdown of the annual plan has always been a stupid activity
Written instructions	Annual plan written instructions – nobody reads them and if they say they have don't believe them.



Your time is limited, so don't waste it living someone else's life. Don't be trapped into living with the results of other people's thinking. Don't let the noise of other's opinions drown your own inner voice"

Steve Jobs

3.2. The QRF model should be built by in-house resources

The project team must always design the model themselves. You need to use the planning tool consultants more as advisors and trainers and make sure you drive the mouse. The planning tools are relatively simple to use providing the in-house staff have attended in-depth training.

If the model is built by the consultants, not only will the project cost more money, you have the added risk of bringing someone who may not fully understand your business, and who will endeavour to build you a better annual planning model, the very thing you need to migrate away from!

The in-house team has a better chance of designing a model that fits your industry and your decision-making processes than an external consultant. Consultants, with the best will in the world, cannot help but design a model based on their prior experiences, which may be adrift of techniques described in this white paper.

In other words, it's just like learning to drive a car, the team will need a series of lessons and hopefully practise first on "quiet country roads" (pilot the model) before they drive on the motorway (unleash the model to all budget holders).

3.3. Separation of targets and realistic forecasts

Generating realistic forecasts rather than forecasts the board or senior management want to achieve is vital. We need to get this foundation stone agreed with the Board.

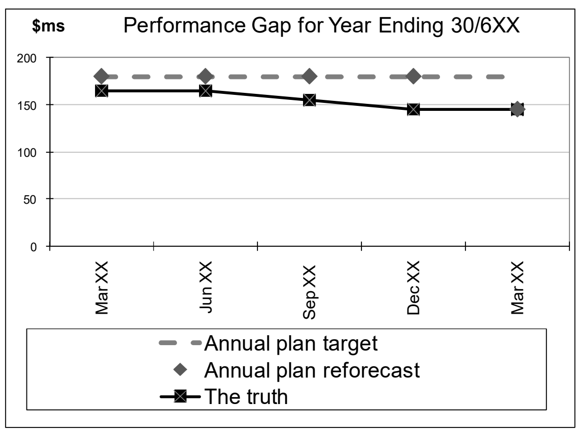
Dialogue with the board

You can say to the board, "Setting a stretch target is desirable but you must accept that we might not be able to achieve this. We understand that the bonuses might well be pegged against the goal and we are not trying to lower the threshold to get the bonus, but merely informing you of the performance gap so you can think strategically about how we are to close the gap up."

The board might want a 20 percent growth in net profit, yet management might see that only 10 percent is achievable with existing capacity constraints. The board then must make strategic decisions to manage the shortfall. However, if the forecasting team reports what the board wants to hear, they are simply hiding the truth.

Exhibit 3.5 shows what happens if the team reports what the board wants. Only in the final quarter does the real situation become clear, a year-end performance below expectations. In this example, the annual plan, which was prepared in March for the new year that starts in July, is forced to match the stretch target and subsequent forecasts in June, September and December to keep up this charade. In reality, the truth was always a shortfall, as the dark line in Exhibit 3.1 illustrates.

Exhibit 3.1: Hiding the performance gap



The fudged forecast

The Forecaster: "I have just updated the forecasts: the forecast EBIT this month is $1.2m"

CEO: "Our budget shows EBIT of $2.0m: go away and review the forecasts but make sure they show an EBIT of at least $2m".

The Forecaster: " But when we did the budget we didn't realise that we would have production problems and that the domestic markets would suffer so much from the economic downturn"

CEO: "Don't argue with me: review these forecasts as instructed.... or else"

The end result might be that the forecast gets "fudged" to say $1.5m or $1.6m.

3.4. A quarterly process using the wisdom of the crowd

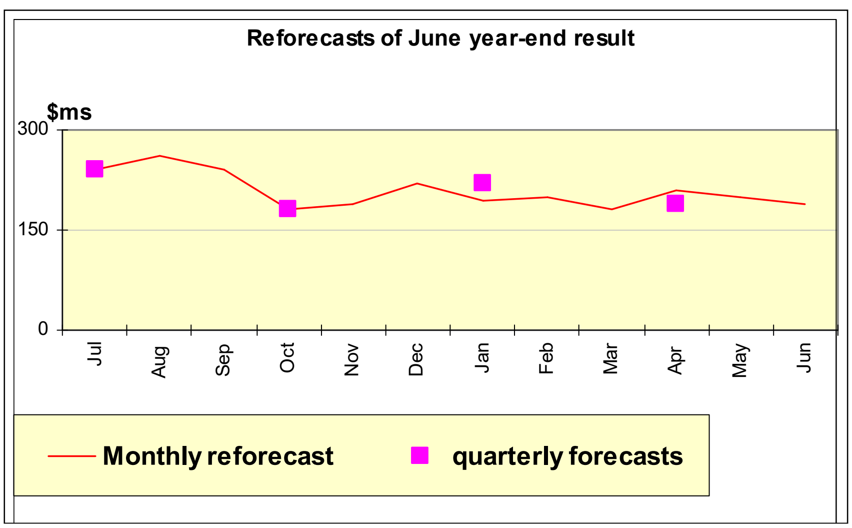
Typically, corporate accountants have reforecast the year-end numbers every month. This is flawed on several counts. Firstly, there will be too many oscillations in the forecast as shown in Exhibit 3.2. Why should one bad month, one good month translate into a change of year-end position. We gain and lose major customers; key products rise and wane; this is the life cycle we have witnessed many times. Secondly, the forecast is a top-top forecast with little input and no buy-in from the budget holders. Such a centralized approach can slow down the forecasting process, limits the budget holders' buy-in to the planning tool and does not take advantage of collective knowledge. Thirdly, management and the Board know whatever number you have told them is wrong -You will change it next month.

A planning tool model should be designed with a view to involving budget holders in updates four times a year. The goal is for them to buy into the targets that they will report against and accept the new funding level. Monthly forecasting is too costly and the benefits not worth the effort.

To achieve a bottom-up process, all budget holders should be able to enter their data. Training and adequate support from forecasters is needed and you should have sufficient licenses to enable budget holders to enter data during the 2-3 day window for data entry.

To ensure you get a bottom-up forecast you may need to extend the help offered by in-house advisors to include some outside contractors who can support more remote locations, or offer them remote virtual one-on-one training with virtual meeting technologies.

Exhibit 3.2: quarterly re-forecasting



Only businesses that are in a volatile sector would need to forecast monthly (e.g., the airline industry). Even for these organizations, you do not need to get all budget holders to participate in a monthly reforecast. You may be able to limit this extra work to sales and production, with the major all - embracing cycle still being quarterly.

James Surowiecki wrote that "a large group of people are often smarter than the smartest people in them." Hence the term "wisdom of the crowd was born"[iv]. In other words, a group's aggregated answers to questions that involve quantity estimation have generally been found to be as good as, and often better than, the answer given by any of the individuals in the group. Involving a "crowd" in planning and forecasting can have a major positive impact on the process because:

- A great deal of trend information is being noted by those at the workplace, such as unsold products that are piling up, products that are being returned and customer comments.
- Groups are less motivated to forecast what management wants to see.
- A small group of forecasters can only process a tiny fraction of the information available whereas a crowd can take in an almost unlimited "harvest of data."
- Experts tend to have a bias of optimism, especially if they are looking at sales from inside the company rather than from the customer perspective. A very interesting paper has been written about this called "Delusions of Success—How Optimism Undermines Executives' Decisions."[v]

3.5. Forecast beyond year-end (e.g., six quarters ahead)

As mentioned it is a myth to believe that you only need to forecast out to year-end. There are various options as to how far forward you go, including:

- Always forecast two years ahead –this is particularly relevant where the business is very seasonal, and much activity happens in the last quarter
- Forecast six quarters ahead
- Use variations such as four or five quarters ahead

I advocate the six quarter ahead (18-month) rolling forecast regime, as it has some substantial benefits that include:

- You see the full next year half way through the current year (e.g. the third-quarter forecast can set the goal posts for next year's annual plan).
- The QRF is consistent each time it is performed, as opposed to organisations that always look ahead for two financial years where the period will vary between 15 to 24 months.
- Your annual plan is never set from a cold start as you have seen the whole of the next financial year in the previous quarter's reforecast.

3.6. Monthly targets are set, a quarter ahead, from the QRF

As mentioned earlier it is a myth that we **could set meaningful monthly targets from the annual plan.**

We instead should report against more recent targets derived from quarterly rolling forecasting process. This process will give us the monthly targets for the next quarter. It is important to realise that monthly targets are not set any further out than the quarter ahead. In fact, information for quarters 3,4,5 and 6 are set only quarterly. In other words, we patiently wait until the relevant quarter is upon us before putting the BHs estimates in the reporting tool.

This change has a major impact on reporting. We no longer will be reporting against a monthly budget that was set, in some cases 17 months before the period being reviewed.

As an organisation matures in this environment targets for departments that respond directly to the customer demands become flexible. Their progress is measured by observing ratios, cost per unit etc. To understand more read Jeremy Hope's work[vi] and Jeffery Liker's "The Toyota Way"[vii].

3.7. A quarter-by-quarter funding mechanism

As mentioned it is a myth that we needed to give budget holders an annual entitlement to spend. The key to a better allocation of resources is to fund budget holders on a rolling quarter - by - quarter basis. In this process the management asks, "Yes, we know you need $1 million for the year and we can fund it, but how much do you need in the next three months?" At first the budget holder will reply, "I need $250,000 this quarter." The management team replies, "How is this? Your last five quarterly expenditures have ranged between $180,000 and $225,000". "Pat, you are two team members short and your recruiting is not yet underway, realistically you will only need $225,000 tops"

It will come as no surprise that when a budget holder is funded only three months ahead the funding estimates are much more precise and there is little or nowhere to hide those slush funds.

This means that the approval process through the senior management team (SMT) will be quicker as the SMT are approving only the annual number and can adjust the quarter - by - quarter allocations as the conditions and environment dictate.

By funding quarterly, and not yearly, the quarterly rolling planning process thus highlights "free funds" that can be reallocated for new projects earlier on in the financial year.

The released funds can fund new initiatives that the budget holder could not have anticipated at the time of the budget round. This will get around the common budget holder dilemma "We cannot undertake that initiative, though we should, as I did not include it in my budget". In the new regime, the budget holder would say "I will put it in my next update and if funds are available I am sure I will get the go-ahead".

This more flexible environment, if it is communicated clearly and frequently to budget holders will have good buy-in. The logic of quarterly rolling funding can be shown in an analogy.

> *The quarterly rolling funding process has a lot in common with the cutting of a nine-year old' s birthday cake. A clever parent says to Johnny, "Here is the first slice. If you finish that slice and want more, I will give you a second slice." Instead, what we do in the annual planning process is divide the cake p and apportion all of it to the budget holders. Budget holders behave like the nine-year olds who lick the edges of their cake so even if they do not need all of it nobody else can have it. Why not, like the clever parent, give the managers what they need for the first three months and then say, "What do you need for the next three months?" and so on. Each time we can apportion the amount that is appropriate for the conditions at that time.*

3.8. The annual plan becomes a by-product of the QRF

With quarterly rolling forecasting one of the quarters also generates the annual plan. The QRF process will allow you to have a quick annual planning process, as:

- Budget holders will become more experienced at forecasting (they are doing it four times a year), and they have already looked at the next year a number of times
- Politics is taken out of the annual planning cycle as budget holders realise that they no longer obtain an annual entitlement. There is no use demanding

Appendix two: Prospective project team members checklist

Has candidate received training or had experience in:	**Candidate ________**	**Candidate ________**	**Candidate ________**	**Candidate ________**
re-engineering ("post-it re-engineering)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
problem-solving techniques	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
brainstorming techniques	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
"story-boarding" report writing	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
designing informative graphs	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
delivering motivational presentations	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
interviewing skills	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
"active" listening skills	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
project management	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
database design and use	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
Does the candidate have the following traits:	**Candidate ________**	**Candidate ________**	**Candidate ________**	**Candidate ________**
a self starter	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
innovative (demonstrated innovation in the past)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
advanced computer skills (access, Excel, internet)	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
ability to bring others "on board"	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
ability to market concepts	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
ability to focus on the matter in hand	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
a good track record in finishing projects they have started	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No
able to see "the wood from the trees"	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No	☐ Yes ☐ No

Appendix three: Implementing QRF regime -checklist

This checklist is an evolving tool, and is designed to ensure that, while you are juggling the balls, you do not drop the ones that matter.

Implementing QRF checklist	Tick if done
Secure Senior Management Team (SMT) commitment	
1. Prepare comprehensive presentation to management	
2. Big sell to management using the emotional drivers (historic evidence including costs, better practices, benefits to them) via a presentation	
3. Get commitment for the foundation stones	
4. Work closely with the executive. assistants regarding diary bookings so SMT are present during the first forecast	
5. Ensure that management understand what is going to be delivered, and what their required involvement will be.	
6. Ensure that the CEO is committed to participate in road show of the new planning system	
Getting the Green light from influential sages at your business	
7. Hold a focus group, one day workshop, made up of a mix of key individuals around the different businesses and administrators who have a good understanding of operation issues • ascertain hurdles and barriers to a quarterly rolling forecast process • perform the post-it re-engineering workshop of the planning cycle • ascertain the main value drivers	
Selection of a project team	
8. Ensure project team has no more than four members	
9. Mix between people with forecasting, systems structure and design expertise	
10. Look for personality fit (see checklist for prospective project team members to complete)	
11. Have project champions in the businesses who are exposed to the new concepts and won over by selling the changes through their emotional drivers	
12. Team leader assigned to the project	
Project Research, Planning and training	
<u>Establish your quarterly pattern to best fit your needs and external requirements</u>	
13. Ascertain whether you are going to move to 4,4,5 forecasting and reporting (the best practice solution).	

14. Determine when the forecast cycle is to be performed e.g. commence 2nd Monday March, June, September, December avoiding peak or holiday months	
15. Set forecasting pattern that best fit with monthly / quarterly / ½ yearly external reporting requirements	
16. Communicate dates to budget holders	
Revisit last year's forecasting process and ascertain lessons learnt	
17. Interview two to three members of the Senior management team (SMT) for a debriefing	
18. Interview four to six budget holders for a debriefing on their views of the annual planning issues	
19. Report back findings to SMT and obtain sign-off for next phase	
20. Gather historic information which can be used to help with the new forecasting system e.g. trends, averages, etc.	
21. Obtain agreement from the SMT to abandon all processes that are not delivering value.	
Evaluation of system requirements and building the blueprint (incl. Focus group meeting)	
Evaluating potential Planning tools	
22. Contact your general ledger supplier and ask "Who is a very sophisticated user of this general ledger and who uses a planning tool?"	
23. Appraise systems and short list to five to six applications before RFP	
24. Arrange to visit at least three who are using different planning tool applications and see how they have linked the two systems.	
25. The planning tools packaged with general ledgers seldom are the best in their field	
Evaluating your forecasting requirements	
26. Secure an outside planning tool expert to lead the organisation and project team through the blueprint process	
27. Hold a series of workshops to develop the blue print requirements (Note that Balance held three two week workshops to achieve their 140 page blueprint)	
28. Have one application demonstrated at the focus group workshop	
29. Road map for development drafted	
30. Select at least four to five in-house staff to become experts on the forecasting system and ensure they are in the focus group	
31. Assess the organisation's skill set regarding implementation (extra training may be required to fill gaps)	