

LEVERAGE THE POWER OF THE ACCORDION ROLLING FORECAST



BLACKDIAMOND
ADVISORY

Modern CPM Planning should strive to eliminate the traditional static approach to Budgeting by leveraging a thorough Forecasting methodology

What is an Accordion Style Rolling Forecast?

It adjusts as you progress through the fiscal year. Periods will range from the current forecast month through the end of the next year. It ensures you always have next year's Budget



Driver Based Planning

One of the key factors supporting an accordion style rolling forecast is leveraging Driver Based Planning. Making the investment to determine and build driver-based models allows for the pre-calculation of the Forecast baseline

During the monthly rollover process, as prior month actuals are consolidated, planning driver calculations are automatically refreshed. Planners open the forecast cycle with 80-90% of their forecast already completed and are free to now plan by exception

The power of this driver-based process is that it makes pushing out the forecast into year two a systemic effort and eliminates the need for a separate Budget scenario built from the ground up



EXTEND YEAR 2 OF THE ROLLING FORECAST TO OTHER SCENARIOS

Accordion RF - Balance of the current year and ENTIRE next year

	CURRENT YEAR: Actual + Forecast (Year 1)												NEXT YEAR: Forecast (Year 2)												LRP		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Y3	Y4	Y5
3+9	A1	A2	A3	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	F13	F14	F15	F16	F17	F18	F19	F20	F21	Y3	Y4	Y5
4+8	A1	A2	A3	A4	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	F13	F14	F15	F16	F17	F18	F19	F20	Y3	Y4	Y5
5+7	A1	A2	A3	A4	A5	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	F13	F14	F15	F16	F17	F18	F19	Y3	Y4	Y5
6+6	A1	A2	A3	A4	A5	A6	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	F13	F14	F15	F16	F17	F18	Y3	Y4	Y5
7+5	A1	A2	A3	A4	A5	A6	A7	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	F13	F14	F15	F16	F17	Y3	Y4	Y5
8+4	A1	A2	A3	A4	A5	A6	A7	A8	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	F13	F14	F15	F16	Y3	Y4	Y5
9+3	A1	A2	A3	A4	A5	A6	A7	A8	A9	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	F13	F14	F15	Y3	Y4	Y5
10+2	A1	A2	A3	A4	A5	A6	A7	A8	A9	A10	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	F13	F14	Y3	Y4	Y5
11+1	A1	A2	A3	A4	A5	A6	A7	A8	A9	A10	A11	F1	F2	F3	F4	F5	F6	F7	F8	F9	F10	F11	F12	F13	Y3	Y4	Y5

Year End Rollover (Seeding the Budget Scenario)

AOP	NEXT YEAR: Budget											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	B1	B2	B3	B4	B5	B6	B7	B8	B9	B10	B11	B12

Accordion Forecasts...



The Forecast period range adjusts to ensure a **complete year 2** is planned every month



At any point during the current fiscal year, you can leverage year 2 of the forecast to **seed the Budget** or LRP Scenarios



Eliminates the stress, frustration, and complexity of a separate Budget process

Budgets....



Take **too long to prepare** & approve – typically up 6 months



Are dated, and **not responsive** to what is actually happening in the business



Do **not incent the right** behavior of an organization