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Best Practices and Considerations for a Successful, **Agile Corporate Budget**

It may seem like the word “agile” and “budget” are inherently oppositions– isn’t a budget something that you carefully plan so you can stick to it well? And isn’t mismanaged or insufficient cash flow a top contributor to business failure?

While those points are undoubtedly essential to discussing company success rates, there could be a link between rigid budgets and company stagnation– or even failure.

A budget isn’t a strict prescription for financial health. It’s more like a projected roadmap detailing a clear destination. But this difference allows companies to be usefully prepared for inevitable obstacles and changes.

In this ebook, we’ll cover the following:

Part One: A Typical Budget Creation Process

- Benchmarking estimated spending
- Create Growth and Development Goals
- Compile a Single, Cohesive Budget
- Send for Approval and Comments
- Make Adjustments Until Final Approval

Part Two: Reduce Friction and Increase Utility of Final Budget

- Create Employee Buy-in
- Use the Best Systems for Needs
- Give Your Budget a Story
- Incorporate Proper Forecasting

Part One: A Typical Budget Creation Process

Creating a viable baseline corporate budget requires an accurate assessment of required spending, a plan to leverage assets to continue growth, and making a cohesive, approved plan.

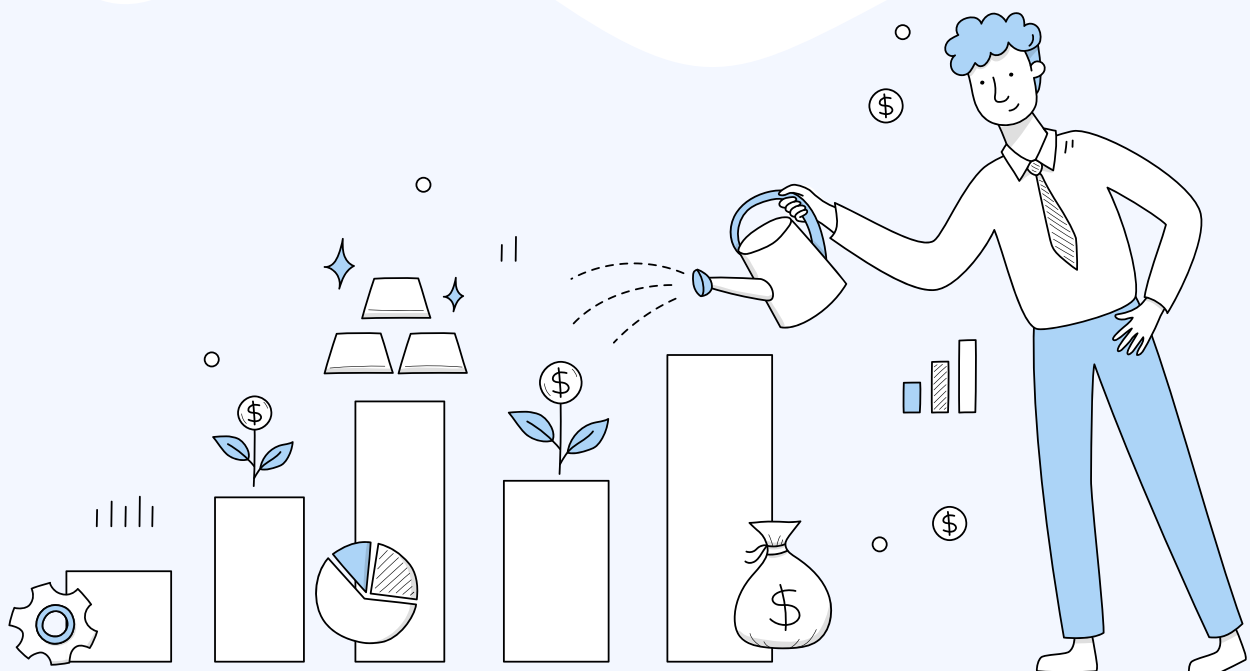
Benchmark Estimated Spending

A correct estimate of spending is the backbone of an empowering budget. Without an accurate assessment, you may have an unrealistic, aspirational budget or make too many promises. It requires detailed and involved planning company-wide to create a usable estimate.

Two common methods include:

- **Top-down:** Giving a rough allocation to each department and allowing them to determine how to spend it. Allows for less employee decision-making but reduces budget iterations.
- **Bottom-up:** Asking departments to submit sample budgets, then compiling them together in a unified vision. Gives greater employee power but increases budget approval time.

You'll need to work with your company's unique structure to determine which method produces the best value for your time.



Create Growth and Development Goals

Covering operational costs is just one part of a successful budget– without an investment in the future, we're only budgeting to survive. Growth can be challenging to manage since new opportunities can arise with little warning.

The annual budget is an excellent time for employee interviews for a birds-eye view of needed innovations. Lay a solid foundation aimed towards specific growth, but maintain a financial culture of preparedness and flexibility to pursue new options as they appear.

Compile Data into One Budget

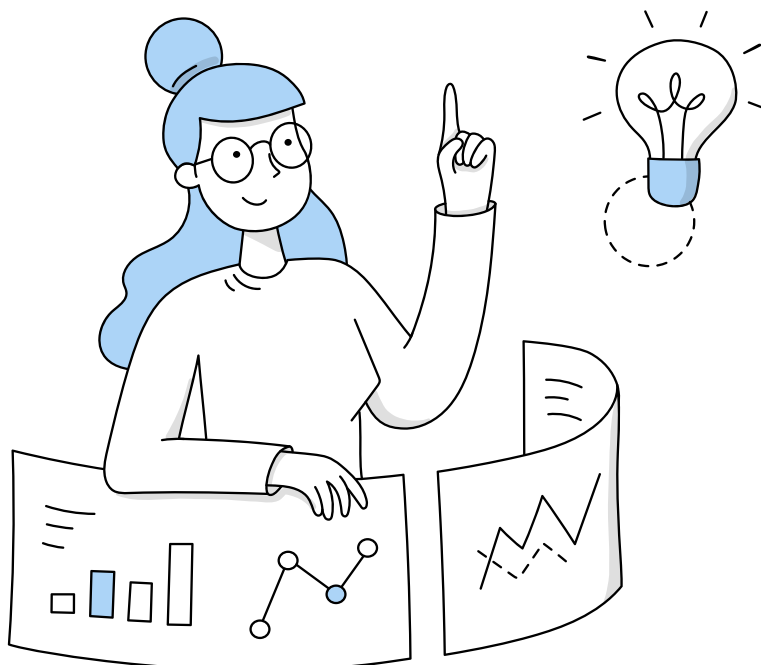
Once you've determined department budgets and allocated money for company growth, it's time to synthesize all the data into a single budget. This can be a very complex project, so having proper software and tools is critical to minimize mistakes and reduce employee hours.

Send for Approval

The approval process can be challenging, as departments may need to compromise or pause funding altogether. Create clear visuals and explanations to encourage a cooperative environment– aiding conversations and helping create buy-in.

Adjust Budget until Final Approval

The final portion of creating a budget is continuing to integrate new needs, find balance, and assist in compromises. Ensure that all parties have an opportunity to see the final budget so you can avoid unpleasant conversations later in the year.



Part Two: Reduce Friction and Increase Utility of Final Budget

An agile budget depends on a company's ability to respond to change, which heavily depends on your company's financial culture and tools.

Create Clear, Employee-driven Goals

Many financial departments engage other department heads to accurately estimate overhead costs and development goals. But there are other essential reasons to involve other departments.

First, having inclusive conversations with other departments (potentially ranging into interviews with mid- and entry-level employees) creates a story behind the budget. We'll talk more about the significance of budget stories later on.

Second, you may likely hear about new opportunities or obstacles from entry-level employees first. A company culture of inclusion is most likely to harness employee talent for innovation, careful spending, and proper equipment care.

Use the Best Systems for Your Needs

Another strategy that separates high-performance company finances from struggling or unsure is the quality of the systems you use. So instead of listing specific softwares, let's cover a few critical functions:

- Live feeds with bank reports and card transactions, reducing time and manual entry errors.
- Eliminate data silos while increasing data security, enabling customized access to required financials.
- Decrease dependency on individuals to maintain spreadsheet formulas, create visuals and interpret data.
- Eliminate or reduce potential data threats through printed financial reports or unsecured email attachments.
- Increased utility of financial data through valuable charts, graphs, and other visuals, supporting transparent decision-making.
- Access to updated information from anywhere, whether working from home or the office.

Financial software and apps significantly impact your finances' transparency, viability, and utility.

Understand the Story Behind the Numbers

Another strategy that separates high-performance company finances from struggling or unsure is the quality of the systems you use. So instead of listing specific softwares, let's cover a few critical functions:

- The quality and availability of your product or service.
- The staffing, motivation, and assets available to your sales and customer support teams.
- The power of your marketing and advertising.
- The reputation of your brand.
- The national or global economic scene, including inflation and interest rate changes.

Companies that report lower-than-expected sales can significantly mismanage their course correction if they "throw money" at the problem without understanding the complexities.

A second scenario demonstrates a "conflict of interest" between departments. For example, let's say that you approve your marketing department's budget for a powerful ad campaign to increase sales by **15%**. But the sales department recently launched a new CRM and requires a three-month implementation period before taking on an influx of new clients.

Moving forward with the marketing team's great idea may backfire by overwhelming sales, decreasing quality transactions, and frustrating the marketing team.

A successful corporate budget is a budget that allows for intelligent decision-making on the fly— which requires clear situational context.

Create Clear, Employee-driven Goals

Our final guiding principle addresses building reliable flexibility into your budget so you're prepared to navigate new challenges or seize unexpected opportunities. Without advanced chain-reaction modeling, your rainy day savings is just a one-size-fits-all solution to a long list of varied complications.

And while you may be able to craft custom formulas, many financial software prepares for common scenarios without the time or maintenance upkeep.

Integrating forecasting software into your financial department also increases the utility of the data. Key decision-makers often lack extensive knowledge of financial reports or methods. But forecasting software can automatically create visuals and high-level views that easily explain complex scenarios for empowered decision-making by all.

Ready to Empower Your Corporate Budget?

While your company software doesn't dictate whether or not your budget will succeed, it does play a vital role in a successful, agile corporate budget. So one of the most powerful investments you can make in your budget success is by using the right tools in the first place.

At Cofi, we provide high-quality software with live integrations, forecasting abilities, and much more.

Get a Demo today

