

Introduction to
Budgeting
with
DataWise Pro-active
Report Writer



Introduction

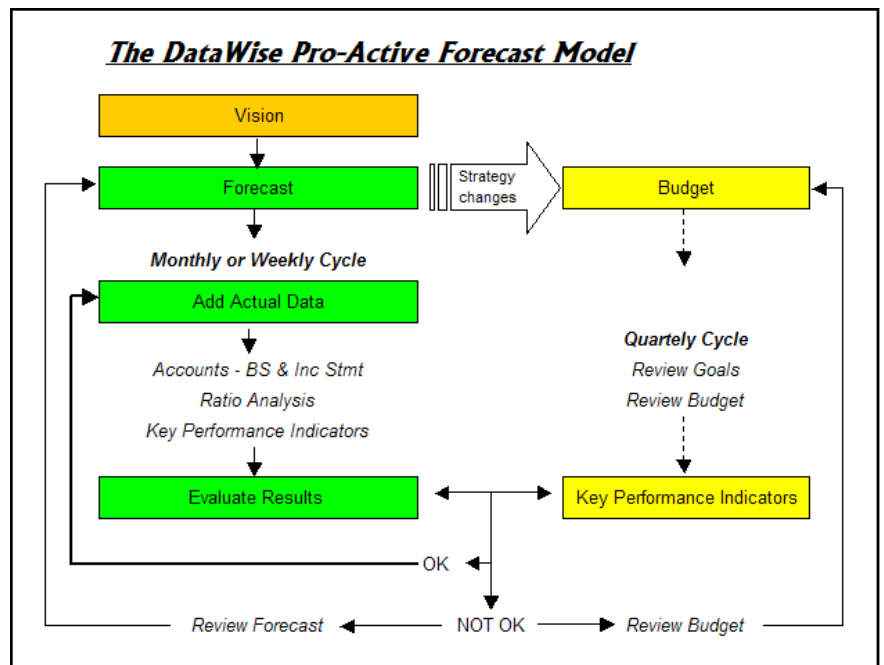
Business Decision making is probably the biggest challenge of business today. It is vital that decisions are made with the best possible information available.

In today's environment, cash flow, budgeting, forecasting and what-if scenarios must be done quickly and accurately. The traditional accounting systems and budgeting processes no longer cater for the sophisticated information requirements of a modern business.

The traditional budgeting process has become an adaptive process using more frequent revisions. Recently, a number of companies have dropped their extensive, annual budgeting process and instead have begun to rely on continuous forecasts, called rolling forecasts. Many companies review these forecasts on a monthly or quarterly basis, as major internal or external events change. This process allows them to meaningfully project 5 years ahead. Rolling Forecasts are without doubt the better management tool, because they give a continuously updated picture with specific goals for the future, which management can utilize in their decision making.

DataWise Limited is committed to providing well supported software with all the powerful features and extensive reports while keeping it fast, accurate and simple to use.

In much the same way as a good map will ensure you get to your destination via the quickest safest route, we encourage all businesses to keep their accounting records up to date monthly and produce a 5 year Budget and Rolling Forecast that is in line with their Company Vision.



People often *overestimate* what can be achieved in a few months or a year, but *underestimate* what can be achieved in a decade so take a long-term view of your business.

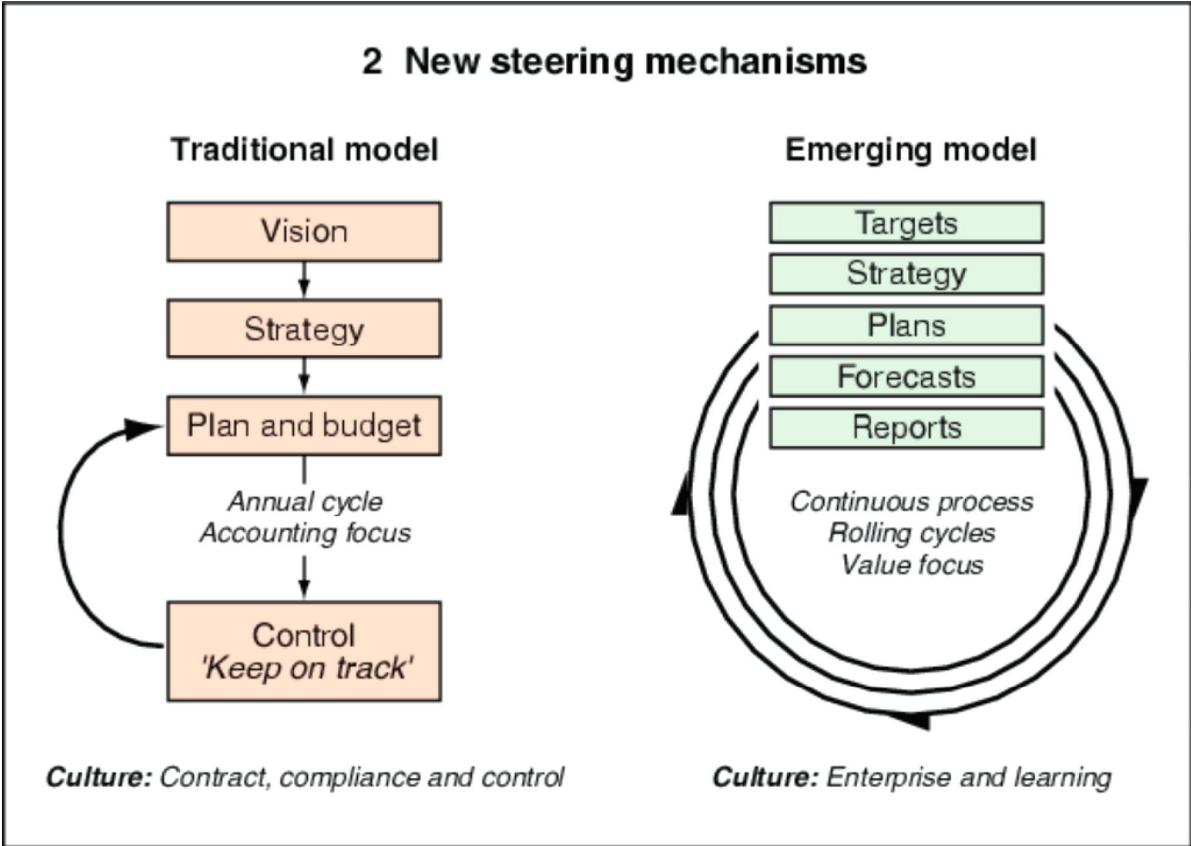
Ian Wrigley

Beyond Budgeting Model - From centralized hierarchies to devolved networks

The "beyond budgeting" model enables a more decentralized way of managing. In place of the traditional hierarchy and centralised leadership, it enables decision-making and performance accountability to be devolved to line managers and creates a self-managed working environment and a culture of personal responsibility. This leads to increased motivation, higher productivity and better customer service. Getting everyone involved in the data gets buy-in from the participants. Monthly feedback and the chance to change the future, encourage staff to try harder.

The changing role of management

Strategies and plans need to unfold continuously as new knowledge emerges. Management accounting is moving from a discipline that seeks to manage costs to one that seeks to manage value. Above all it should be concerned with the future and ensuring that the right questions are asked and the right decisions taken that add maximum long-term value. The process is outlined in the diagram below.



DataWise Pro-Active Report Writer Features

There is a vast amount of valuable business information stored within MYOB. Especially if customers are using items and inventory for recording their sales.

MYOB offers a limited range of standard reports to assist with this.

DataWise Pro-Active Reporting enhances reporting of historic data via

- Standard set of advanced reports
- User customisable data query
- User customisable reports
- Numerous output options to assist with data analysis and presentation including Word and Excel Automation, PDF and Outlook.

DataWise Budgeting and Forecasting offers future data planning and reporting via:

- 5 Years of budget data
- 5 Years of Actuals plus Rolling Forecast Data
- Variance analysis
- Scenario Planning
- Ratio Analysis
- Graphical Reporting
- Company consolidations

Consolidations

Branches and companies can be consolidated in a variety of ways.

1. Using a standard chart of accounts for all branches/companies.
 2. Mapping branches\ companies to a %Consolidated+chart of accounts.
- Multiple combinations of consolidation companies can be set up.

Two different levels of Budgeting and reporting

Level 1 . By account number
Single level of budgeting and forecasting using the Chart of accounts.

Level 2- By Job number
One level of Job headers with jobs is available.
Reporting can be by job, header or combinations of these.

DataWise Customisation assists data collaboration via

- High speed data capture forms.
- Integration with other databases and applications.

How DataWise Pro-Active Report Writer Works

DataWise Pro-Active Report Writer seamlessly attaches to your MYOB file using the ODBC (Open Database Connectivity) driver. It then extracts the data and rearranges it in different ways to produce reports.

DataWise Pro-Active Report Writer also has its own data storage that allows additional budget information to be stored.

Setup allows the user to create 60 periods covering any required date range. (weeks, months or years or a mixture). Company and sales tax rates are entered with the appropriate linked accounts. Contra accounts, auto journals and other settings are then reviewed. This process will normally take 2 to 5 hours depending on the complexity of the company, number of branches etc.

Budget data can then be entered manually or imported directly from spreadsheets. The DataWise calculation engine will then process this information and produce a number of reports. All these reports are self generating and have auditable integrity.

Balance sheet and P & Loss reports

- 12 Months per page per year

- 5 Years on single portrait page

- Monthly variance comparisons with

 - Current month, Year to date, Actual and Forecast Full Year, Last Year

- Print for actuals, budgets or variances only

- Standardised P& Loss report (All amounts shown as a % of sales)

Cash Flow reports

- Per individual bank account or all accounts combined.

- Summarised by account, description or showing full detail.

Company 3 page Summary Report

- Page 1 . B/Sheet and P&Loss showing EBIT, EBITDA and EAIT

- Page 2 . Monthly Ratio analysis showing 19 common ratios.

- Page 3 . 4 KPI graphs (user defined from list)

Customised reporting

- Additional reports and report customisation, including exporting to Excel, Word and PDF are available to the user and also as an additional service by DataWise and its approved consultants.



DataWise Pro-Active Report Writer Benefits

The result is a budgeting process that is:

Quick and easy to setup (usually under 5 hours)

Easy to manage on a monthly basis as all historic data form MYOB is imported at the click of a few buttons.

Accurate reporting that can be understood for decision making.

Easily updated to allow for changing circumstances.

Standard report formats and ratios that can be understood by stake holders and bank managers.

Getting Started with DataWise Pro-active Report Writer

DataWise offers 3 levels of the same product so you can start small and grow with the product over the years to come.

Products

DataWise Basic

Runs the Standard library of reports
See www.datawise.co.nz for the latest list of reports

DataWise Standard

Report customisation
Custom application programming
Monthly Budgeting and Forecasting
Company consolidations

DataWise Plus

Report customisation
Custom application programming
Monthly Budgeting and Forecasting
Company consolidations
Job Budgeting and Forecasting
Category Budgeting and Forecasting

Why DataWise?

DataWise Pro-Active Report Writer can resolve many of the problems associated with traditional budgeting methods.

1. **Budgets are time consuming and expensive.** The initial setup process and maintenance of ongoing budgets must be simple, quick and fit into the time and financial constraints of the business.
 - DataWise achieves this via using spreadsheets only for the simple calculations and where it works best. The real complex calculations are handled by our application.
 - Automated importing of historic transactions mean that monthly updates take only minutes to do.
2. **Budgets provide poor value to users.** The perception of the value provided by the budgeting process varies widely. Owners, bank managers, company managers and employees must all be able to get value from the time and effort they put into the process. It is important that budgets cover all the different users requirements.
 - DataWise makes rolling forecasts quick and easy to update so that the information available to managers reflects both the original budget and the current likely outcomes.
3. **Bottom-up versus Top-down budgets.** The conflict between Managements view and what can be produced at the rock-face often results in managers ignoring the budget data.
 - DataWise solves this by allowing the Top-down budget to be set by management and the rolling forecast to be set by line managers. This allows for an accurate comparison to be made between expectations and reality. Getting the two different views to merge then become the challenge.
4. **Budgets are too rigid and prevent fast response.** Doing a budget once a year and setting it in concrete is not an appropriate tactic in today's rapidly changing environment.
 - DataWise makes it easy to review the rolling forecast and save it as the new budget with the click of a button.
5. **Budgets stifle product and strategy innovation.** "Never take risks." It is just not worth it. Today's budgeting process must be the tool to encourage change.
 - DataWise achieves this by monthly reporting comparing actuals against budget and forecast, allowing managers to review different scenarios and adjust business activities to achieve these outcomes.
6. **Budgets focus on sales targets rather than customer satisfaction.** Though everyone wants to satisfy customers, that is not how they are measured and rewarded. So they meet the sales target, persuade customers to buy their products, and convince them that their slow-moving stock really is a great deal! Today's budgets should measure more than just dollars.
 - DataWise allows staff to be measured on what really counts. Meeting the long term financial goals of the company by focusing on 5 year goals that may require short term pain for long term gain.

7. **Budgets are divorced from strategy.** Budgets must be the tool to assist in testing strategic decisions.
 - DataWise allows for Scenario planning. Multiple what-if scenarios can be created so that the financial outcomes of decisions can be easily predicted, resulting in better faster decisions.
8. **Budgets reinforce a dependency culture.** The way to survive and prosper in a budgeting environment is to do what you're told, meet the budget (but never beat it!). Allowing for continuous improvement processes in the budget will create a culture of engagement.
 - DataWise encourages a long term view and with data available via the rolling forecast adjustments can be made to balance this effect. eg: a reduction in service levels expenditure may look good against budget in the short term, but will affect future sales.
9. **Budgets stifle employee responsibility.** Employees do what is measured, resulting in a self serving ethic.
 - DataWise aids this by changing the focus from short term gains to long term company goals. Keeping the reporting focus long term means that the long term consequences of decisions will be considered above quick fixes.
10. **Budgets lead to unethical behaviour.** Managing the results (also known as cooking the books) is a frequent outcome of budgeting. Many finance managers are well versed in "managing the slack" and feeding it into the results when needed.
 - DataWise resolves the need for this by measuring performance over the 5 year period so that performance need not be affected by % slack management +

Where to next?

Visit our website at: www.datawise.co.nz for more information and a list of contacts in your area that can help you get started with DataWise right away.

Contact us on New Zealand - 09 478 0530
From overseas on - (0064) 9 478-0530

The website has information on:
Budgeting and reporting information
Products and services available
News, training and events
Pricing and Purchasing information
Contact Details

