



Annual Planning with Jirav

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Your expert panel



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Questions? Drop them in the Q&A tab and we will cover during the session and at the end of the presentation



Want a replay? We will send a recording to the email you registered with



Engage with our polls (check all your screens!) and post to social with #jirav

What will you learn?



Four step framework for annual planning



How to build plans, scenarios and share reports in Jirav



Advice from the panel on keeping the process on track



Do you usually refer to this process as Annual Planning or Annual Budgeting?

- Annual Planning
- Annual Budgeting
- Depends!

Annual Planning : The Basics

The screenshot shows a blog post on the Jive website. The header includes navigation links for Product, Solution, Customer Stories, Pricing, Accounting Firms, Resources, and Company, along with search and sign-in options. The main content area features a large blue circular graphic with a white circle inside, and a profile picture of Drew Murphy. The article title is 'Wear Your FP&A Hat to Find Annual Plan Growth in 3 Key Areas'. Below the title are social media sharing icons and a '6 minute read' indicator. The article text begins with 'Hey there. Is your company in the middle of a turbulent financial journey in 2023? You are not alone. This was expected and may continue into 2024. As the gatekeeper of financial information, YOU can help your company and your clients (for those of us who are accounting firms) prepare. How? By using this secret weapon: the company's annual plan. Today, in collaboration with Jive, we will help you put your FP&A hat on to find annual plan growth in 3 key areas. Along the way, we'll cover the following:' followed by a bulleted list: 'What is an annual plan?' and 'Why an annual plan is important'. A bio for Drew Murphy is also visible, stating he is the co-founder of FP&AHEY, a community for FP&A professionals, and has over 20 years of experience.

What is the Annual Plan

Why is it important?

Who should be involved?



“Annual Plan” or “Annual Budget”?

What gets in the way of annual planning?



Recap

- A plan defines the financial, physical, and human resources to be allocated to achieve business goals
- Make your plan a thoughtful roadmap
- Bring everyone along on the journey

Planning Framework

The Planning Framework

How to Build an Annual Operating Plan

- 1 Goal setting
- 2 Model building
- 3 Forecasting & budgeting
- 4 Tracking progress to goals

THE PLANNING FRAMEWORK

Goal Setting

What are your goals for next year?

- Revenue Growth
- Cost Control
- Profit Margin Improvement
- Cash Flow Management
- Inventory Management
- Debt Reduction
- Market Share Growth
- Customer Satisfaction
- Employee Productivity

Identify KPIs to track goals

Revenue Growth	Increase Annual Revenue by 20%	<ul style="list-style-type: none">• YoY Growth Rate• Customer Lifetime Value• Monthly & Quarterly Sales Targets
Cost Control	Reduce Operating Expenses by 10%	<ul style="list-style-type: none">• Expenses as a % of Revenue• Monthly & Quarterly Expense Tracking
Cash Flow Mgmt	Become Cash Flow Positive by End of Year	<ul style="list-style-type: none">• Monthly Cash Flow Forecast• Days Sales Outstanding (DSO)• Working Capital Ratio
Reduce Debt	Reduce Debt by 8%	<ul style="list-style-type: none">• Debt to Equity Ratio• Debt Service Coverage Ratio
Employee Productivity	Improve Employee Efficiency by 5%	<ul style="list-style-type: none">• Revenue per Employee• Operating Expenses per Employee



How many goals do you set for the year?

- 1 - 2
- 3 - 5
- 5+



Panel Discussion

- What are some good principles to have in mind while goal-setting?
- What would goals for a growth company look like?
- When does a top-down approach make sense vs. a bottoms-up approach?

Goal Setting Tips

- Have a few, simple goals
- Identify KPIs that you can clearly tie to the goals
- Evaluate the approach that fits the company
- Be realistic!

Meet Simba

- **SaaS Vendor**
- **Planning two scenarios for next year**
 - **Scenario A: Sustained Growth**
What happens if we grow at the same rate we did last year?
 - **Scenario B: Best-Case Growth**
What happens to headcount and expenses if we grow double our ARR Target?



SIMBA

THE PLANNING FRAMEWORK

Building the Model



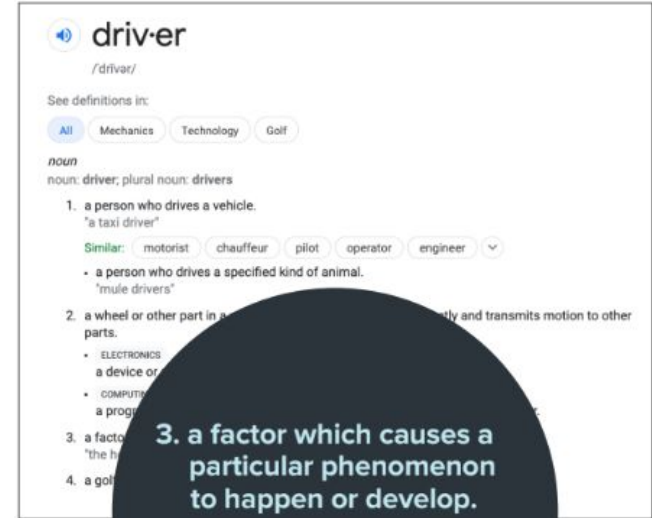
What is a model?

A financial model is the summary of a company's performance, based on certain variables, that help the business forecast future financial performance.

Identify key Drivers

Ask:

- What people and products in my business generate revenue?
- Who are the people I need to fulfill orders and support my customers?
- What are my operating expenses to support all of this?



driver
/ˈdraɪvər/

See definitions in:
All Mechanics Technology Golf

noun
noun: driver; plural noun: drivers

1. a person who drives a vehicle.
"a taxi driver"

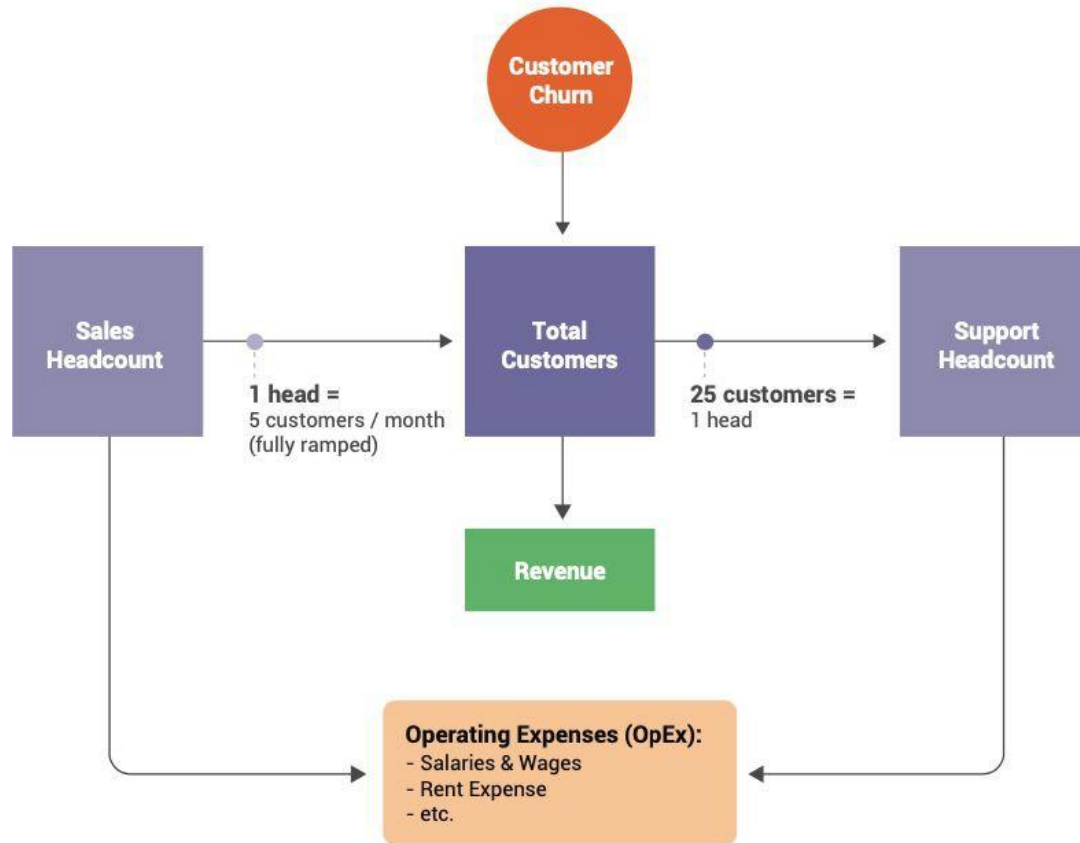
Similar: motorist chauffeur pilot operator engineer

2. a wheel or other part in a vehicle that rotates and transmits motion to other parts.
 - ELECTRONICS
a device or component that controls the flow of electrons in a circuit
 - COMPUTERS
a program that controls the operation of a computer
3. a factor which causes a particular phenomenon to happen or develop.
"the hope of achieving such monopolies becomes the main driver of investment"
4. a golfer

Driver examples

- Sales Headcount
- Gross Margin
- Customer Churn
- Acquisition Cost
- Website Traffic for e-commerce

How drivers help us build a model



Drivers can have input from leadership, teams or the planning team.



Panel Discussion

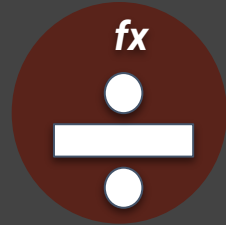
- What is the role of finance in setting best-in-class drivers?
- How do you ensure that your drivers are relevant over time?

THE PLANNING FRAMEWORK

Forecasting & Budgeting

Forecasting & Budgeting: Defining Assumptions

Assumption



Common Assumptions

Workforce-driven:

- Payroll taxes & benefits
- Software subscriptions
- Travel & entertainment

Revenue-driven:

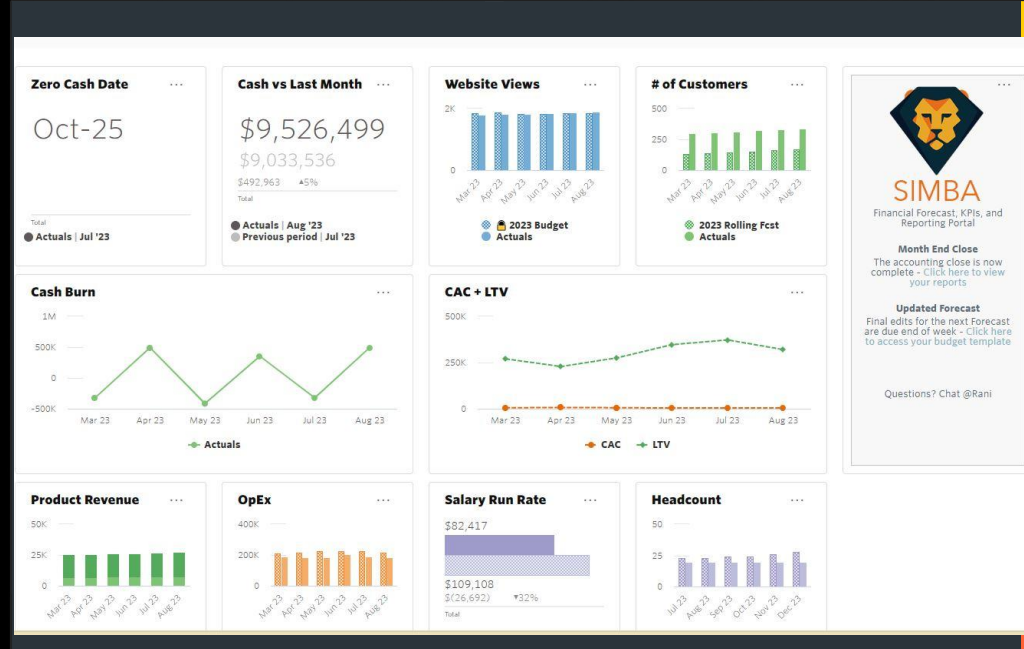
- Marketing budgets
- Sales & marketing KPIs

Customer-driven:

- COGs (supplier-driven)
- Support requirements

Goal: Double ARR Growth

- Forecast
- Headcount impact
- Expense impact
- Compare scenarios





Panel Discussion

- What is the importance of having multiple scenarios and dynamic plans?
- What are some real-life examples of events you can plan for?
- How do you balance speed and accuracy?

Forecasting Tips

- Strive for long term accuracy over short-term precision
- Model at least two scenarios at all times
- Collaborate with your team to validate assumptions (and save time)
- Establish a monthly reporting cadence to fine-tune and reforecast your model

THE PLANNING FRAMEWORK

Tracking Process

A stylized, dark olive-green silhouette of a giraffe, facing right, positioned on the left side of the slide. The giraffe's neck is long and straight, and its body is simple and blocky.

Panel Discussion

- Why should you roll-forward your plan?
- How important is it to have a tool that helps you report in a flexible manner?

Reporting Best Practices

- Create reporting packages customized to your stakeholders
- Think back to your KPIs and Goals and make sure the information is readily available in the report
- Track progress on a regular cadence that makes sense for your business

What's next?



Leadership
discussed Goals



Goals connected to
KPIs and Metrics



KPIs
communicated to
the company



Q

A

W

R

T

Y

S

D

F

G

H

Z

X

C

V

B

N



Annual Planning Resources



[Jirav.com/annual-planning-guide](https://jirav.com/annual-planning-guide)



New Customers: Complimentary Finance expert consulting to set up your annual budget for 2024. Mention this webinar.