

Budge-IT

While the word "budget" almost invariably elicits a groan, Adaptive Planning's Rob Hull has championed a series of strategies to make that arduous process more manageable. As the co-founder, CFO and now vice president of professional services and support for the budgeting software concern, he is among an emerging genre of CFOs with a heavy background in information technology.

SMB: The "Big Bang" budgeting process is often a nightmare of long hours and stress, but at least it only happens once a year. You suggest moving to rolling forecasting, which would seem to make the nightmare constant. What's the benefit?

RH: Part of the reason that "Big Bang" is a nightmare is that you have accumulated a year's worth of knowledge into work that must be completed in a short time frame. Rolling forecasts allow you to make incremental changes over time. Imagine if you didn't close your books monthly, and instead attempted to capture a year's worth of transactions in one three-month closing period. The ability to create monthly or quarterly forecasts after a plan is established provides you with a much better sense of where your business is truly headed.

SMB: How has new technology like Adaptive Planning's changed the budgeting process?

RH: Budgeting, forecasting and reporting have traditionally been accomplished using Excel. This creates problems, including calculation errors, multiple versions of the truth, poor collaboration among managers and untimely variance analysis. Adaptive Planning changes the tools used in planning without forcing a change in the business process *per se*.

SMB: You believe that chargebacks aren't the most efficient way for IT departments to track expenditures by department.

RH: Chargebacks are an appropriate accounting mechanism for allocating historical costs. But when you talk about chargebacks in the planning context, they're of little value to line managers who are planning for their business unit. The typical line manager has little to no control over IT chargebacks, and they don't enhance the forecast or change the behavior. For chargebacks to be meaningful in a planning context, the line manager must be a part of the IT planning process.

SMB: Do you feel that CFOs in general are becoming more IT savvy?

RH: Yes, and it's necessary. Access to information is crucial, so a strong understanding of the information systems within the company is invaluable for helping to plan for appropriate data collection systems, and then for obtaining and disseminating information.

SMB: CFOs have become integral components of their companies' strategic planning process. How has your role evolved at Adaptive Planning?

RH: As a founder of the company, I have always played an integral role in company strategy, and I played a similar role in my prior positions as CFO. The CFO must not only understand where the company has been, but also where the company is headed. **SMB**

