

Adaptive Planning

Implementation Guide

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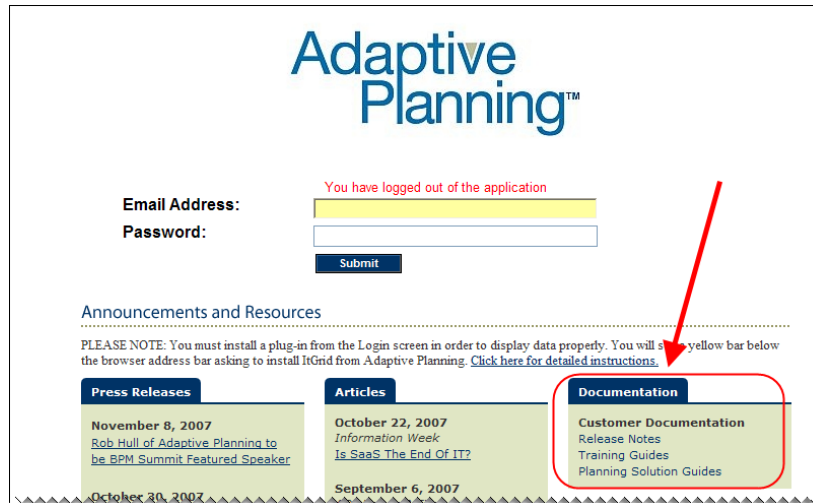
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1. Introduction

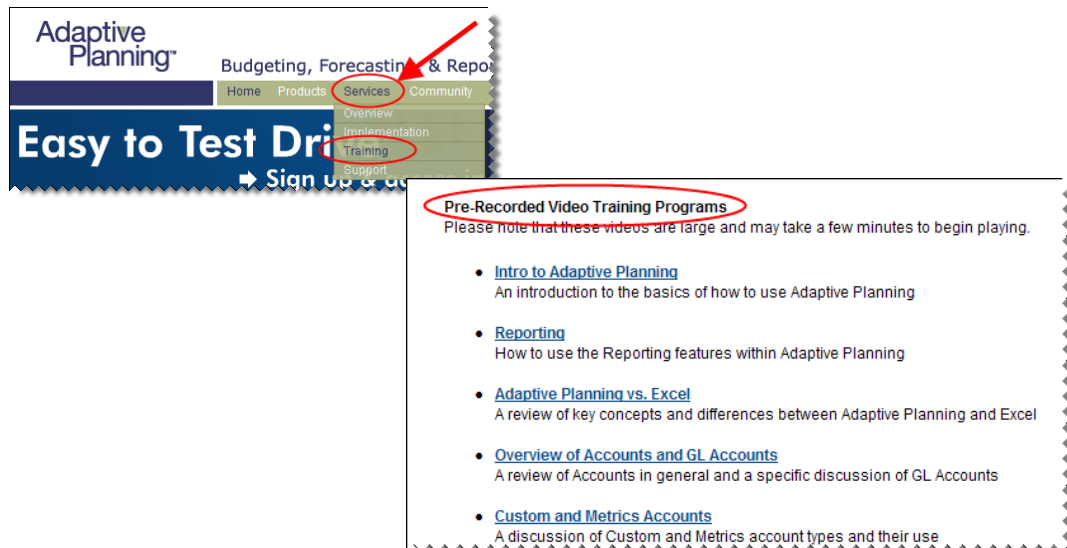
This guide suggests a process for creating a corporate plan using the Adaptive Planning system. It can be used by an implementer who is an employee or partner of Adaptive Planning, assisting customers, or by Adaptive Planning customers who have chosen to perform their own implementations.

This guide assumes pre-existing knowledge of the Adaptive Planning system. Following are recommended sources for Adaptive Planning training (in addition to live training provided by the Adaptive Planning Customer Service team):

- **Customer training guides** can be found by following the Documentation links presented on the Adaptive Planning login page.



- **Recorded training sessions** can be found on the Adaptive Planning website (www.adaptiveplanning.com). Click on the Services menu, and then choose Training. The next page will display links to pre-recorded video training programs on various topics.



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2. Documenting the Implementation

The implementer should do as thorough a job as possible of documenting what has been built in the customer's model. This serves several purposes:

1. **The documentation can be used as a training guide** for teaching the customer how to use the model. This can be useful for whomever is conducting the training, either the implementer or someone else in the Adaptive Planning Professional Services organization.
2. **The documentation will be a useful reference point for the administrator.** When the implementation and training are complete, the documentation will be delivered to the customer. The more thorough this document is, the fewer questions the administrator will have down the road for the implementer or Adaptive Planning technical support.
3. **The documentation will be a useful reference point for Adaptive Planning technical support.** Later, if the customer calls Adaptive Planning with questions, it will be helpful if technical support has access to this document. For this reason, the implementer should make sure that this document resides with all other pertinent customer files.

3. Before Setting Up the Plan

Once the Adaptive Planning Services team has initialized the plan, the implementer can log in to begin modeling. The following elements of the plan can be created and modified in the application.

Setup Element	Source	Description
Departments	GL or existing spreadsheet model	Departments, cost centers, business units, etc.; includes rollup hierarchy
Accounts	GL or existing spreadsheet model	The GL chart of accounts or a subset thereof; includes rollup hierarchy
Dimensions	GL or existing spreadsheet model	Optional; provide additional sorting and reporting; e.g. projects, job codes
Sheets	Create with wizards in Adaptive Planning	Data entry sheets; include some automatic calculations like benefits, depreciation
Assumptions	Existing spreadsheet model	Can ensure consistency across the plan; e.g. constants to be used in calculations, such as T&E per head
Formulas	Existing spreadsheet model	Default formulas for certain accounts in some or all departments; allocations; etc.
Reports	Create in Adaptive Planning using Report Builder	Multi-dimensional reports can sort and subtotal data in many ways and provide drilldown; variance reports, etc.
Users	Existing spreadsheet model	Users have specific roles, permissions, and access to certain departments and accounts
Currency Exchange	Existing spreadsheet model	Optional; which departments plan in which currencies; what are exchange rates? (conversion is automatic)

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Understand the Company's Structure/Design AP Structure

The implementer should thoroughly understand how the company organizes itself and its data, in order to translate this into the structure in Adaptive Planning. The simplest and most basic example is a company that has departments that roll up into traditional functional areas (Sales, Marketing, Engineering, Customer Service, etc.), and views its data using the typical General Ledger chart of accounts. This may be the case in many implementations.

However, it is important for the implementer to ask probing questions in order to determine all the ways planning data will need to be created and viewed. These questions might include:

- How is personnel data sorted, or, how is headcount viewed, e.g. by job code?
- Is project coding and planning used anywhere in the company, e.g. in Engineering?
- How is revenue planned and organized, e.g. by Product Line?
- How is the user community organized; i.e. what groups of data are users responsible for managing and planning?

The plan is going to be a relational database that can be sorted in many ways. But in order to set up the database so that these sorts are meaningful, the Implementer should understand up front how the user community is organized, and all the different ways the company wants to tag its data (although additional planning dimensions can be added later.)

GL Segments

A good place to start is with the segment codes in the company's GL. Some or all of these segments will be used in Adaptive Planning. Adaptive Planning has two required identifiers, Plan and Account. These trees should be designed to be as productive as possible. This may reduce or even eliminate the need for additional dimensions.

Following is an **example** of a company's GL segments, of which there are four:

111-222-3333-444

- The first segment (111) designates Geographic Entity, of which there are 10.
- The second segment (222) designates departments, which are organized into Functional Rollups, e.g. Marketing. There are 50 departments. **Any given department may be repeated in multiple geographies.** E.g. each geographic entity may have a department called 300 Marketing. (This is an important question to ask.)
- The third segment (3333) designates Natural Account. There are 200 of these.
- The fourth segment (444) designates Customer Code. There are 50 of these. Customer code is used on all revenue and CGS items, and some operating expense items.

This company's users are organized so that each user is responsible for managing and planning expenses for a given functional area. Furthermore, different departments plan in different currencies.

How best to design this company's structure in Adaptive Planning? The goals are as follows:

- Design plan and account trees to accommodate user organization and multiple currency planning. Know that currency and users are assigned to individual plans.
- Build as much of this structure as possible into the plan and account trees, to minimize dimensions that a user must select during data entry, and to maximize reporting flexibility.

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The optimum structure in Adaptive Planning for this company is as follows:

Put the second segment (222) into the Plan tree. Embed the first segment (111, Geography Code) into the plan identifier. Organize the plan tree first by Geography, then by Function. Create a plan dimension called Function, and attach the appropriate function to each subplan. (For more information on this topic, please see the section below called Create Plan Structure.)

For example:

111 US

111 300 Marketing US [Function = Marketing]
111 400 Finance US [Function = Finance]
111 500 Engineering US [Function = Engineering]

112 Europe

112 300 Marketing EUR [Function = Marketing]
112 400 Finance EUR [Function = Finance]
112 500 Engineering EUR [Function = Engineering]

This way, users can be assigned to all plans within a given function or within a given geography. For example, The marketing VP could have access to Marketing in the US and in Europe. The COO in Europe could have access to the section of the plan tree under 112 Europe.

Also, reports can be created to sort data by Geographic Entity (the plan tree itself provides this sort) or by Function (the plan dimension provides this sort.)

And the Marketing department in Europe can use a different currency than the Marketing department in the US.

The third segment, 3333 Natural Account, should be set up in the GL Account tree. Whenever possible, the GL account tree should mirror the Income Statement/Balance Sheet structure.

The fourth segment, 444 Customer Code, should be set up in a custom dimension, which can be added to the Sales sheet and other standard or modeled sheets as necessary. Since this identifier is not always required, and does not have a one-to-one correlation with either the plan identifier or the account identifier, it must be a separate dimension.

Projects or Jobs

If a company has need for a Project or Job identifier, many times this can be set up as a custom dimension, to be used across plans and accounts as needed. This how the Customer code is described in the example, above.

However, this may be burdensome for companies who engage in extensive project or job planning. It may be tedious and error-prone for a user to have to choose a project dimension over and over on sheets. It may be possible to incorporate such a dimension into the plan tree.

If a project is planned in only one department, projects can be set up as subplans, like this:

111 500 Engineering US
 Project ABC
 Project DEF
 Project FHI

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Note that this makes sense only if a project is not planned by multiple departments.

Alternatively, projects or jobs can be added at the bottom of the plan tree, like a special section of the company structure. This makes sense only if project spending does not need to rollup with other departmental spending.

Obtain Data from Other Systems

The plan administrator should be asked up front to obtain the data necessary to create and populate the plan. This will include at a minimum a list of identifiers such as departments and accounts, probably from the General Ledger, or from the existing spreadsheet plan. These identifiers are necessary to begin the implementation.

This step also includes obtaining actual information from the GL, and headcount data from the personnel tracking system. Most companies will be able to easily obtain this.

Understand Assumptions

Time will be saved down the road if the Plan Administrator begins the process of gathering information about assumptions and calculations used in the company's existing plans. For example, which expenses are variable, and for those expenses, what are the drivers and other important factors? A typical expense plan will contain many items that are driven by headcount, e.g. benefits, travel and entertainment, office supplies, etc. This information may or may not be readily available from the existing planning system. Regardless, it will be useful to obtain a list of such expenses, along with information about the drivers (e.g. headcount for each department) and the variables (e.g. office supplies, \$60/head.)

Other expenses may be fixed, not in the sense that the value never changes, but in the sense that the values are assigned to a department by the Plan Administrator, and the department planner has no authority to modify these values. Examples are allocations in and out of departments, and depreciation expense.

Furthermore, most companies have already established planning patterns regarding depreciation, revenue recognition, and invoicing. These timing patterns need to be identified up front if the company wishes to use Adaptive Planning for revenue or capital planning.

This modeling setup does not need to happen now, at the very beginning of the implementation, but it is helpful to identify these items and be aware of how much effort might be needed to create these calculations. This helps to eliminate surprises down the road. The administrator may be available to document and summarize these assumptions, or the implementer may have to study the existing planning system to gather this information.

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4. Initial Setup: Provide Information to Adaptive Planning

Initialization elements are the initial setup items that are necessary to get a company started on the Adaptive Planning product. Initialization Elements are items that Adaptive Planning engineers must have to initiate a company plan.

Company Information

Adaptive Planning provides a **Company Creation** form to ensure that basic company data is presented in a format that can be used for setup. This data, described below, includes company address and contact information; login information for the implementer; and plan version information, such as start date and end date of the initial plan.

Once the Company Creation form has been completed, it is submitted to the Adaptive Planning Services team for processing. The implementer is notified once the company is available for use. Once the company has been created, any of these elements can be later modified by contacting Adaptive Planning Services. (These elements can also be changed by any user with a login that begins with "adaptive", e.g. adaptive@xyzcorp.com. Go to Admin, Company Setup to access these items.)

Following is the information required in the Company Creation form:

1. Code: short abbreviation for the company, e.g. NYSE ticker symbol, to be used only by Adaptive Planning staff; will not be seen by the company users
2. Name
3. Address
4. City
5. State
6. Zip
7. Contact Name: this should be someone who works at the company; generally, the person who signed the contract
8. Contact Phone

Implementer User Information

The implementer will be set up as the initial and primary user. (Other users will be added during the implementation, using the Adaptive Planning user interface.)

The following user attributes are required for this user:

1. Email – This will become the user's log in ID. Adaptive Planning recommends that this email address be modified to be "adaptive@", followed by the company domain
2. Name
3. Position/Title

Initial Version Information

The initial set up of the first plan version requires the following information:

1. Name of the plan, e.g. "2005 Annual Budget"; this will be seen in pull-down menus in the plan
2. Description, a free-form field
3. Status: choices are Hidden, Active, or Locked
4. Fiscal year start month, e.g. January
5. Start date of the plan, e.g. 01/01/2008
6. End date of the plan, e.g. 12/31/2009
7. Date that historical data will begin, e.g. 01/01/2006 (Left Scroll Limit)

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8. Plan owner –the email address of the implementer, as setup in the previous step; this can be changed later to be the administrator

The Start and End dates of the plan must be set at fiscal year start and end, but they can span several years, as in the example above.

5. Set Up Departments and Accounts

Not much can happen in the implementation until departments and accounts are set up. (Modeled sheets, dimensions, and patterns can be set up prior to this, but no formulas can be written.) Therefore, setting up departments and accounts is usually the first step in the implementation.

Most companies organize themselves by departments (or cost centers), which then roll up in a hierarchy to the top of the company. The term “department” will be used in this guide. In the Adaptive Planning application, the term “plan” is synonymous with department.

- Please read the section above, called “Understand the Company’s Structure/Design AP Structure,” before proceeding with the Plan structure.

Create Plan Structure

The implementer should obtain a list of departments, and a tree showing how departments roll up into groups (e.g. Marketing, Sales), or any other rollup information, with something like “Corporate Plan” being at the top of the tree.

- **Note:** The same list of departments may be rolled up in more than one way. If this is the case, determine which organizational structure is the most commonly used. This is the structure which will be created in Admin, Manage your Plan Structure. The alternative rollup can be accomplished by using a plan dimension. More on this, below, in the section called “Multiple Plan Rollups.”

Import Plans

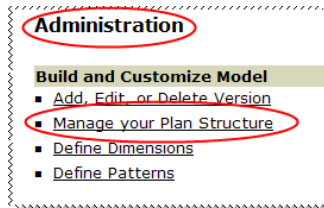
The customer should provide a spreadsheet which includes the department number, name, and the rollup structure. The sheet should look something like this:

	A	B
1	Dept Code	Department Description
2		
3	40-000	Services
4	40-100	General Service
5	40-200	Field Service
6	40-300	Internet Service
7		
8	50-000	General & Administrative
9	50-100	General Admin
10	50-200	Finance & Accounting
11	50-201	Financial Planning
12	50-202	Accounting
13	50-300	Information Technology
14	50-400	Facilities
15	50-500	Human Resources
16		
17	60-000	Marketing
18	60-100	General Marketing
19	60-200	Marketing Communications
20	60-201	Advertising
21	60-202	PR
22	60-300	Product Marketing
23	60-400	Lead Generation

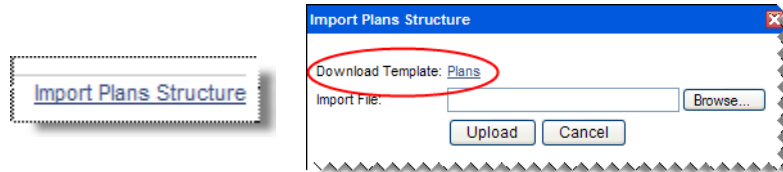
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This is not quite the format necessary for importing into Adaptive Planning, but it contains all of the necessary information and can be manipulated in Excel. Go into Adaptive Planning and open the plan structure import template to see the required format.

Click on Admin, Manage Your Plan Structure



To open the plan import template, click on the "Import Plans Structure" link in the upper right corner, then click on Download Template: Plans.



The import template displays the required fields for importing plan structure. (This template would also show optional fields, depending on what has been created in the model. For example, if multiple currencies have been established, an optional field would be "Currency.")

	A	B
1		
2		
3		
4	Name	Rolls up to
5		

Since there is only one identifying field for a plan, called "Name," it is common practice to concatenate the plan number and name, and put this combination in the name field (e.g. 50-202 Accounting.)

In Excel, the Concatenate function can be used to concatenate the department number, followed by a space (or a dash), followed by the department name.

Function Arguments

CONCATENATE

Text1: A3 = "40-000"

Text2: "" = ""

Text3: B3 = "Services"

Text4:

=CONCATENATE(A3," ",B3)

	A	B	C	D	E
1	Dept Code	Department Description			
2					
3	40-000	Services	40-000 Services		
4	40-100	General Service	40-100 General Service		
5	40-200	Field Service	40-200 Field Service		
6	40-300	Internet Service	40-300 Internet Service		
7					
8	50-000	General & Administrative	50-000 General & Administrative		
9	50-100	General Admin	50-100 General Admin		
10	50-200	Finance & Accounting	50-200 Finance & Accounting		
11	50-201	Financial Planning	50-201 Financial Planning		
12	50-202	Accounting	50-202 Accounting		
13	50-300	Information Technology	50-300 Information Technology		

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Then, this concatenated value can be transferred to the “Name” column of the plan structure import template, via copy/paste special/value. Be sure to delete any blank rows. Fill in the appropriate value in the “Rolls up to” column, for each row (copy/paste can be helpful here). Departments that roll up to the top of the company should have the name of the Corporate Plan in this field.

	A	B
1		
2		
3	Required	
4	Name	Rolls up to
5	50-000 General & Administrative	Corporate Plan
6	50-100 General Admin	50-000 General & Administrative
7	50-200 Finance & Accounting	50-000 General & Administrative
8	50-201 Financial Planning	50-200 Finance & Accounting
9	50-202 Accounting	50-200 Finance & Accounting
10	50-300 Information Technology	50-000 General & Administrative
11	50-400 Facilities	50-000 General & Administrative
12	50-500 Human Resources	50-000 General & Administrative
13	60-000 Marketing	Corporate Plan
14	60-100 General Marketing	60-000 Marketing
15	60-200 Marketing Communications	60-000 Marketing
16	60-201 Advertising	60-200 Marketing Communications
17	60-202 PR	60-200 Marketing Communications
18	60-300 Product Marketing	60-000 Marketing
19	60-400 Lead Generation	60-000 Marketing

The plan structure can now be imported.

→ Please see the user guide called “Importing and Exporting Data” for more information on this topic.

In Adaptive Planning, the Plan Access field for each department defaults to the implementer, as shown here in this example. The implementer name is “Adaptive Planning”:

Plans	Plan Access
Corporate Plan	Adaptive Planning
50-000 General & Administrative	Adaptive Planning
50-100 General Admin	Adaptive Planning
50-200 Finance & Accounting	Adaptive Planning
50-201 Financial Planning	Adaptive Planning
50-202 Accounting	Adaptive Planning
50-300 Information Technology	Adaptive Planning
50-400 Facilities	Adaptive Planning
50-500 Human Resources	Adaptive Planning
60-000 Marketing	Adaptive Planning
60-100 General Marketing	Adaptive Planning

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Manually Add Plans

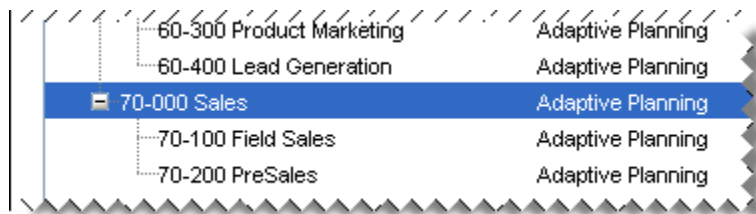
Alternatively, the “Add New” button can be used to add plans. This may be necessary if additional departments are to be added after the initial import has been completed and modeling has begun. (Importing a plan structure deletes any existing plan structure.)

If departments are being added this way, parent plans should be created first, followed by subordinate plans (subplans.)

For example, to manually create the Sales rollup of departments:

- Click on the plan which is to be the parent of the new plan, e.g. Corporate Plan. Choose Add New.
- Name the plan “70-000 Sales.”
- An owner must be assigned to each plan, but this can happen later, after the users have been created. (Please see the section below, called “Create Users,” for more information on this topic.) Similarly, the owner will be granted sheet access at that point. This can be skipped for now.
- Choose Accept.

Once the Sales plan has been created, the subplans below it can be created. These plans will inherit the properties of the parent department’s plan, unless otherwise changed.



→ **Hint:** When manually creating plans, it is most efficient to add subplans in the order in which they should be listed under the parent. In other words, add the first subplan first, the second subplan second, etc.

Multiple Plan Rollups

As mentioned above, the same list of departments may be rolled up in more than one way. For example, in addition to the traditional functional rollup, a company may want to see its departments rolled up by physical location. The most commonly used rollup structure should be chosen for the basic plan structure. The alternative rollup(s) can be accomplished by using a plan dimension.

→ **Hint:** The most efficient way to create an alternate rollup is to go through the following steps as part of the initial plan import. Alternatively, if the plans have been established without the dimension, and modeling has begun, the dimension can be added to each plan manually. This would be more time-consuming than establishing the plan dimension and including it in the initial plan import, as described below.

The first step is to create a dimension, in this example called “Location,” and populate it with the different location values. The dimension can be set up manually, or it can be imported.

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Import a Plan Dimension

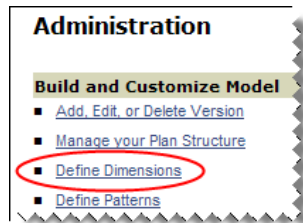
The customer should provide a spreadsheet which includes the dimension name, a list of the dimension values, and a rollout structure, if applicable. The sheet should look something like this:

	A	B
1	Locations	
2		
3	Southwest	
4	Phoenix	
5	Los Angeles	
6	San Diego	
7	San Francisco	
8	East	
9	Boston	
10	New York	
11	Philadelphia	

This is not quite the format necessary for importing into Adaptive Planning, but it contains all of the necessary information and can be manipulated in Excel. Note that this example contains some empty spaces in the names of the different locations. The implementer may want to remove these when transferring these values to the import template.

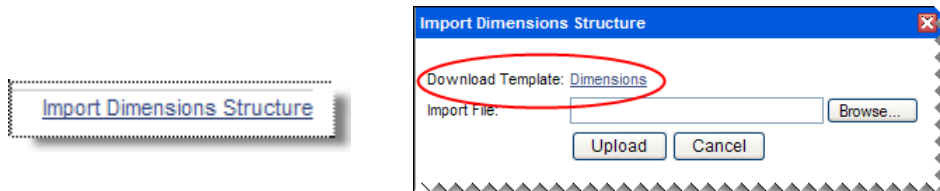
Go into Adaptive Planning and open the dimension structure import template to see the required format.

Click on Admin, Define Dimensions



→ **Note:** New custom dimensions and values can be imported at any time, not just during the initial model implementation. New dimensions can be imported without deleting existing dimensions. If a dimension import includes a dimension name that is already set up in Adaptive Planning but not in use, the existing dimension will be deleted and replaced with the data on the template. If a dimension import includes a dimension name that is already set up in Adaptive Planning and is in use, the import will not be completed, and there will be an error message.

To open the dimensions import template, click on the "Import Dimensions Structure" link in the upper right corner, then click on Download Template: Dimensions.



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The import template displays the required and optional fields for importing dimension structure.

	A	B	C	D	E
1					
2					
3	Required		Optional		
4	Dimension Name	Type	Dimension Value	Parent	Description
5					

The “Dimension Name” field refers to the name of the overall dimension, in this case “Location.” This should be filled in for the first row only. This first row should have nothing filled in under “Dimension Value” or “Parent.”

The “Type” field should have “Plan” filled in for all rows.

For all rows except the first row, The “Dimension Value” field should contain the different locations, e.g. Phoenix.

The “Parent” field should be filled in only on rows whose dimension values rollup in a hierarchical fashion (e.g. Phoenix rolls up to Southwest.) If there is no hierarchy within this dimension, this field should be left blank. Be sure to include a row for the parents such as “Southwest.” These rows will have nothing in the Parent field.

The “Description” field is optional.

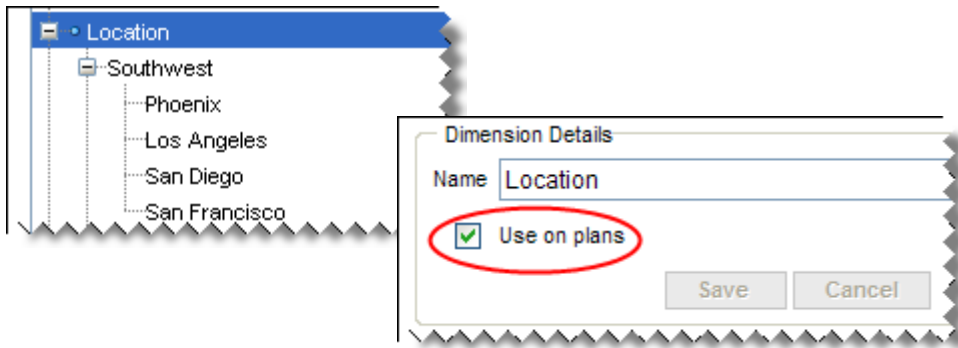
	Required		Optional		
	Dimension Name	Type	Dimension Value	Parent	Description
5	Location	Plan			
6		Plan	Southwest		
7		Plan	Phoenix	Southwest	
8		Plan	Los Angeles	Southwest	
9		Plan	San Diego	Southwest	
10		Plan	San Francisco	Southwest	
11		Plan	East		
12		Plan	Boston	East	
13		Plan	New York	East	
14		Plan	Philadelphia	East	

The dimension structure can now be imported.

→ Please see the user guide called “Importing and Exporting Data” for more information on this topic.

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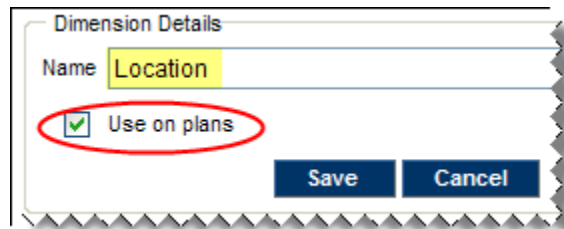
The imported dimension should look something like this:



Manually Add a Plan Dimension

Alternatively, the plan dimension can be created by using the Add New button.

First, click on the New Dimension button. Name the dimension (e.g. "Location") and check the Use on Plans box.



Then, use the New Value button to create the dimension hierarchy and values.

Import Plans with Dimension

The next step is to download the import plan template, according to the instructions above. If the template was downloaded before the plan dimension value was added, it should be downloaded again. This time, it will contain an optional column called "Location."

	A	B	C
1			
2			
3			
4	Name	Rolls up to	Optional Location
5			

Alternatively, simply add a column called "Location" to the previously downloaded plan import template. Make sure that the name of the dimension is exactly as it appears in Adaptive Planning.

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Obtain from the customer the mapping of location to plan. Fill in the appropriate location next to each plan. The plan import template should look something like this:

	Required	Optional
Name	Rolls up to	Location
50-000 General & Administrative	Corporate Plan	Phoenix
50-100 General Admin	50-000 General & Administrative	Phoenix
50-200 Finance & Accounting	50-000 General & Administrative	San Diego
50-201 Financial Planning	50-200 Finance & Accounting	San Diego
50-202 Accounting	50-200 Finance & Accounting	San Diego
50-300 Information Technology	50-000 General & Administrative	San Francisco
50-400 Facilities	50-000 General & Administrative	Phoenix
50-500 Human Resources	50-000 General & Administrative	Phoenix
60-000 Marketing	Corporate Plan	New York
60-100 General Marketing	60-000 Marketing	New York
60-200 Marketing Communications	60-000 Marketing	New York
60-201 Advertising	60-200 Marketing Communications	Boston
60-202 PR	60-200 Marketing Communications	Boston
60-300 Product Marketing	60-000 Marketing	Philadelphia
60-400 Lead Generation	60-000 Marketing	Philadelphia

Make sure that each location exactly matches one of the dimension values. Otherwise, an error message will be displayed, saying "Invalid Dimension value."

60-202 PR	60-200 Marketing Communications	Boston
60-300 Product Marketing	60-000 Marketing	Philadelphia
60-400 Lead Generation	60-000 Marketing	Invalid Dimension value

After a successful import, the plan structure will look the same as in the previous example, but this time the Plan Details box of each plan will display its location:

Plans

- [-] Corporate Plan
 - [-] 50-000 General & Administrative
 - 50-100 General Admin
 - [-] 50-200 Finance & Accounting
 - 50-201 Financial Planning
 - 50-202 Accounting
 - 50-300 Information Technology

Plan Details

Name:

Rolls up to:

Plan access:

Location:

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Create General Ledger Account Structure

The GL account structure can be imported into Adaptive Planning. Prior to this, however, there are a few things to consider and decisions to be made.

Entire COA, or Subset

The entire chart of accounts can be used for planning, or a shorter subset can be used instead. Either approach has advantages and disadvantages.

Scenario #1: Import the entire chart of accounts. The advantage of this approach is that users will be able to drill down into a low level of detail in imported actual data, even if that level of detail is not used for plan data. The disadvantage is that sheets may include many more accounts than are necessary for planning; this can be cumbersome and confusing. (The extra accounts can be made read only, or even hidden from a sheet, but if a sheet displays some months of actual data, the hidden accounts may include actual data. In this case, a user might see an incomplete picture of actual data.)

Scenario #2: Import a shorter subset chart of accounts. The advantage of this approach is that users do not see any more accounts than are necessary for planning. Sheets are more concise. When actual data is imported, the accounts which are not set up in Adaptive Planning can be mapped to the fewer accounts which are (e.g. if there are several T&E accounts used in the GL, but only one used in the plan, the mapping would point the several to the one.) The disadvantage of this approach is that the lowest level of detail is lost in the actual data, because several accounts are rolled into one.

These two different approaches should be explained to the customer, so that a decision can be made as to which accounts should be set up in Adaptive Planning. If the chart of accounts is not extensive, the customer may prefer to have the entire chart imported.

→ **Note:** Particularly in balance sheet planning, scenario #2 is often desirable. It is often the case that there are many more balance sheet accounts used in the General Ledger than are necessary for planning. One method can be chosen for P&L accounts, and another for Balance Sheet accounts. For example, import all P&L accounts but only a subset of Balance Sheet accounts.

P&L and Balance Sheet

If the customer wants to plan both P&L and balance sheet, it is most efficient to set up all of these accounts in Adaptive Planning at the beginning. This is because importing GL accounts replaces all previously existing GL accounts (and any data therein.) So if possible, all GL accounts should be imported at the beginning of the implementation. Otherwise, tedious manual account setup may be the consequence. Following is an example:

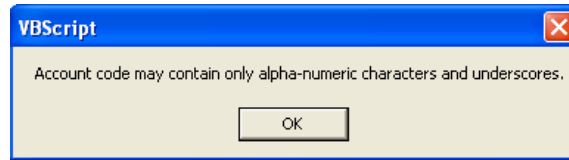
Only revenue and expense accounts are imported at the beginning, because the balance sheet is not pressing, and will be the last step of the implementation. Extensive modeling is completed in the revenue and expense accounts. The P&L model is fully built. Now, the implementer turns his attention to the balance sheet. At this point, if the balance sheet account structure were to be imported, this would replace all of the existing GL accounts. The revenue and expense accounts would be deleted, along with the modeling and data in those accounts. So at this point the implementer must manually create the balance sheet accounts.

To avoid this scenario, it is most efficient to obtain at the beginning all accounts which need to be set up in Adaptive Planning.

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Account Numbering Convention

In Adaptive Planning, each account must have a code. Account codes may contain only alpha-numeric characters, and underscores.



Sometimes a customer's GL codes contain other characters, such as periods, which cannot be used in Adaptive Planning, e.g. 7000.01. If this is the case, the periods must be replaced with something else, typically an underscore. This replacement can be easily accomplished in Excel prior to importing the account structure, as described below.

However, when the first import of actual data occurs, none of the account codes in Adaptive Planning will match the account codes in the GL. This can be addressed in one of two ways.

Scenario #1: Change the periods to underscores prior to each import of actual data. The advantage of this approach is that the replacement of one character with another in Excel is fairly easy to accomplish. The disadvantage is that this presents an additional step which the customer must go through, each time actual data is to be imported. One of the goals of plan setup is to simplify ongoing administration as much as possible.

Scenario #2: Map each GL account to the corresponding account in Adaptive Planning. The advantage of this approach is that once this mapping is performed, it need not be done again, and subsequent imports are simplified. This is clearly the best solution for the customer on an ongoing basis.

Import Accounts

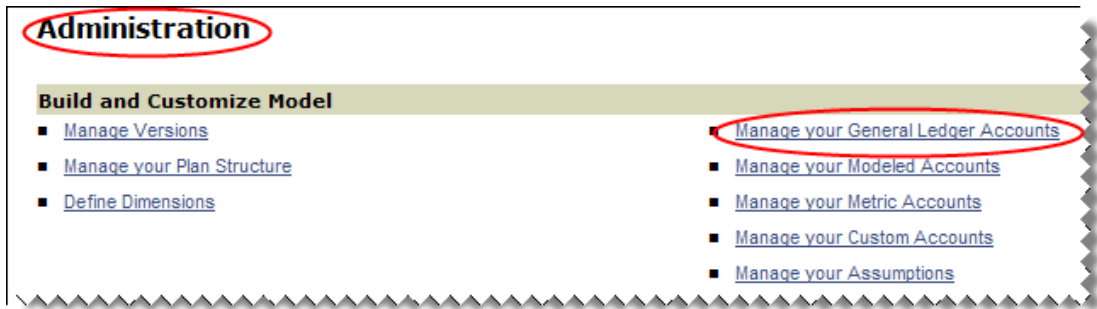
The customer should provide a spreadsheet which includes the account number, name, and the rollup structure. The sheet should look something like this:

	A	B
1	Number	Account Name
2		
3	7000	Payroll & Related
4	7000.01	Salaries & Wages
5	7000.03	Employee Benefits
6	7000.04	Payroll Taxes
7	7000.05	Employee Bonus
8	7000.08	Other Payroll
9		
10	7100	Outside Services
11	7100.01	Professional Fees
12	7100.02	Accounting Fees
13	7100.03	Legal Fees
14		
15	3000	Sales
16	3000.1	Sales Discounts
17		
18	1000	Cash
19	1100	Accounts Receivable
20	1200	Prepaid Expenses
21	1200.01	Prepaid Insurance
22	1200.02	Prepaid Software Maintenance
23		
24	1300	Property & Equipment
25	1300.01	Hardware
26	1300.02	Software
27	1300.03	Office Equipment
28	1300.04	Leasehold Improvements

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This is not quite the format necessary for importing into Adaptive Planning, but it contains all of the necessary information and can be manipulated in Excel. Open the account structure import template to see the required format.

Click on Admin, Manage your General Ledger Accounts



To open the GL account import template, click on the “Import General Ledger Accounts Structure” link in the upper right corner, then click on Download Template: General Ledger Accounts.

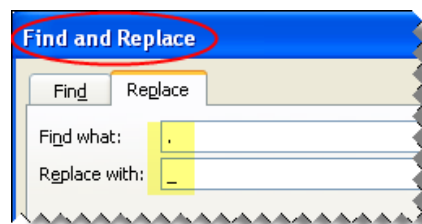


The import template displays the required and optional fields for importing GL account structure. There are three required fields: “Name”, “Rolls up to”, and “Code”.

	A	B	C	
1				
2				
3				
4	Name	Rolls up to	Code	Type
5				

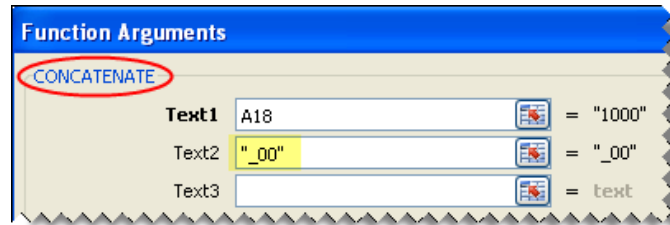
Code

First, address the **account code** structure to see if any changes need to be made to the codes. As described above, for example, periods should be changed to underscores, e.g. 7000.01 should be changed to 7000_01. This can be done in Excel, by using the Find and Replace command.



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There may be other adjustments necessary to the account codes, for purposes of consistency. For example, if sub-accounts are coded such as 7000_01, parent accounts should be coded such as 7000_00, instead of simply 7000. This kind of adjustment can be performed manually on the Excel spreadsheet, or by using the Concatenate command.



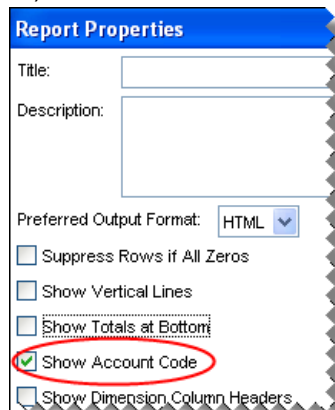
Other Account Code Ideas

Account codes and names in Adaptive Planning can be set up in any fashion that makes them easy to find, understand, and use in formulas and on reports. For example, Cost of Goods Sold account codes could begin with "COGS." This isn't exactly necessary, since when using the Formula Assistant, for example, all of the COGS accounts are listed under the group called PL COGS. But this kind of naming convention can be used if desired. The GL accounts would have to be mapped one by one to these altered accounts, but this is a one-time effort.

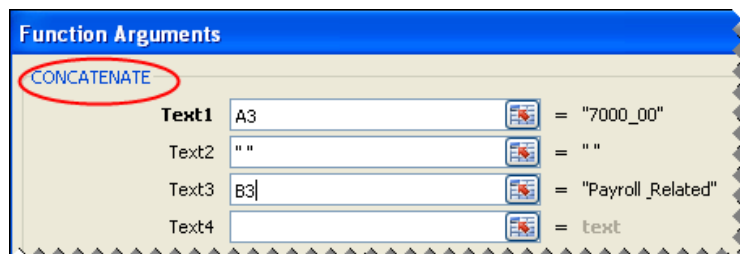
Name

The second field for each account is "Name." Since only the name is displayed on sheets, it is common practice to concatenate the account code and name into one field, and put this combination in the name field (e.g. 70000_01 Salaries and Wages.)

(Reports display account names by default, but codes can also be displayed by selecting "Show Account Code" in Report Properties.)



In Excel, the Concatenate function can be used to concatenate the account code, followed by a space (or a dash), followed by the account name.



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	A	B	C	D	E
1	Number	Account Name			
2					
3	7000_00	Payroll & Related	7000_00 Payroll & Related		
4	7000_01	Salaries & Wages	7000_01 Salaries & Wages		
5	7000_03	Employee Benefits	7000_03 Employee Benefits		
6	7000_04	Payroll Taxes	7000_04 Payroll Taxes		
7	7000_05	Employee Bonus	7000_05 Employee Bonus		
8	7000_08	Other Payroll	7000_08 Other Payroll		

Then, this concatenated value can be transferred to the “Name” column of the GL account structure import template, via copy/paste special/value. Copy and paste the codes into the “Code” column. Be sure to delete any blank rows.

Rolls Up To

Fill in the appropriate account **name** in the “Rolls up to” column, for each row (copy/paste can be helpful here). Accounts that roll up to a top level or “root” account, e.g. Current Assets or PL Expense, should have the name of that top level account in this field. Those “root” accounts are automatically established in the Adaptive Planning application, and are displayed in italic font in the list of accounts.

Name	Code	Type
Assets	Assets	Asset
+ Current Assets	Current_Assets	Current Asset
+ Fixed Assets	Fixed_Assets	Fixed Asset
Long Term Assets	LongTerm_Assets	Long Term Asset
Other Assets	Other_Assets	Other Asset
+ Liabilities and Equities	Liabilities_Equities	Liability and Equity
+ Liabilities	Liabilities	Liability
+ Equity	Equity	Equity
Net Income	Net_Income	Net Income
+ PL Income	Income	Income
Non-Operating Income	Non_Operating_Income	Non-Operating Income
PL COGS	Cost_Of_Goods_Sold	Cost of Goods Sold
+ PL Expense	Expenses	Expense
Non-Operating Expenses	Non_Operating_Expenses	Non-Operating Expense

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Note that these “root” accounts can be renamed. If they have been renamed, be sure to use the new name in the “Rolls up to” field.

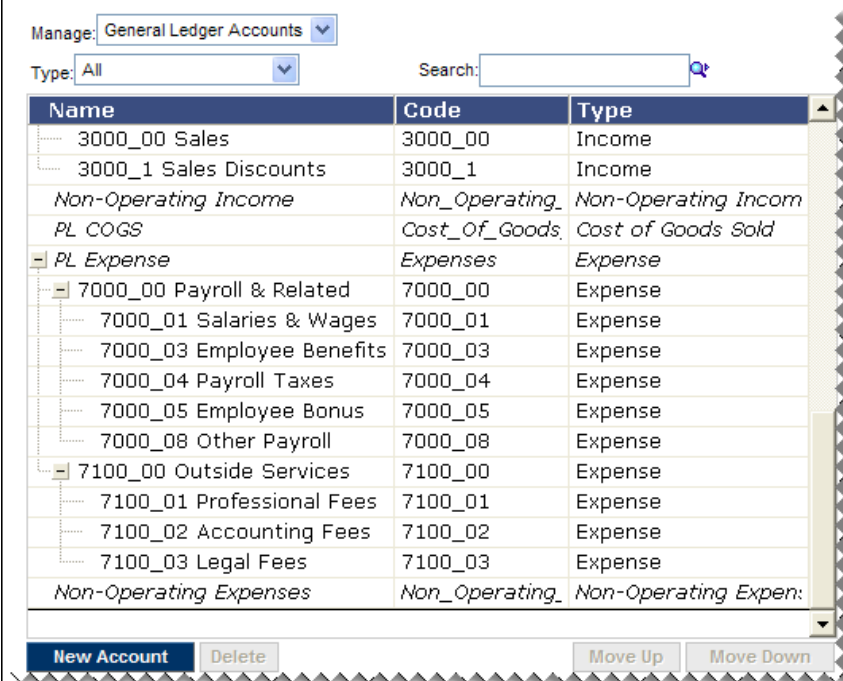
	A	B	C
1			
2			
3	Required		
4	Name	Rolls up to	Code
5	7000_00 Payroll & Related	PL Expense	7000_00
6	7000_01 Salaries & Wages	7000_00 Payroll & Related	7000_01
7	7000_03 Employee Benefits	7000_00 Payroll & Related	7000_03
8	7000_04 Payroll Taxes	7000_00 Payroll & Related	7000_04
9	7000_05 Employee Bonus	7000_00 Payroll & Related	7000_05
10	7000_08 Other Payroll	7000_00 Payroll & Related	7000_08
11	7100_00 Outside Services	PL Expense	7100_00
12	7100_01 Professional Fees	7100_00 Outside Services	7100_01
13	7100_02 Accounting Fees	7100_00 Outside Services	7100_02
14	7100_03 Legal Fees	7100_00 Outside Services	7100_03
15	3000_00 Sales	PL Income	3000_00
16	3000_1 Sales Discounts	PL Income	3000_1
17	1000_00 Cash	Current Assets	1000_00
18	1100_00 Accounts Receivable	Current Assets	1100_00
19	1200_00 Prepaid Expenses	Current Assets	1200_00
20	1200_01 Prepaid Insurance	Current Assets	1200_01
21	1200_02 Prepaid Software Maintenance	Current Assets	1200_02
22	1300_00 Property & Equipment	Fixed Assets	1300_00
23	1300_01 Hardware	1300_00 Property & Equipment	1300_01
24	1300_02 Software	1300_00 Property & Equipment	1300_02
25	1300_03 Office Equipment	1300_00 Property & Equipment	1300_03
26	1300_04 Leasehold Improvements	1300_00 Property & Equipment	1300_04

The rest of the fields are optional.

→ Please see the user guide called “Importing and Exporting Data” for more information on this topic.

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After import, the GL account structure should look something like this:



The screenshot shows a software interface for managing General Ledger Accounts. At the top, there is a 'Manage:' dropdown menu set to 'General Ledger Accounts' and a 'Type:' dropdown menu set to 'All'. A search box is also present. Below these is a table with three columns: 'Name', 'Code', and 'Type'. The table lists various accounts, including '3000_00 Sales', '3000_1 Sales Discounts', 'Non-Operating Income', 'PL COGS', 'PL Expense', '7000_00 Payroll & Related', '7000_01 Salaries & Wages', '7000_03 Employee Benefits', '7000_04 Payroll Taxes', '7000_05 Employee Bonus', '7000_08 Other Payroll', '7100_00 Outside Services', '7100_01 Professional Fees', '7100_02 Accounting Fees', '7100_03 Legal Fees', and 'Non-Operating Expenses'. At the bottom of the interface, there are buttons for 'New Account', 'Delete', 'Move Up', and 'Move Down'.

Name	Code	Type
3000_00 Sales	3000_00	Income
3000_1 Sales Discounts	3000_1	Income
Non-Operating Income	Non_Operating_	Non-Operating Incom
PL COGS	Cost_Of_Goods_	Cost of Goods Sold
PL Expense	Expenses	Expense
7000_00 Payroll & Related	7000_00	Expense
7000_01 Salaries & Wages	7000_01	Expense
7000_03 Employee Benefits	7000_03	Expense
7000_04 Payroll Taxes	7000_04	Expense
7000_05 Employee Bonus	7000_05	Expense
7000_08 Other Payroll	7000_08	Expense
7100_00 Outside Services	7100_00	Expense
7100_01 Professional Fees	7100_01	Expense
7100_02 Accounting Fees	7100_02	Expense
7100_03 Legal Fees	7100_03	Expense
Non-Operating Expenses	Non_Operating_	Non-Operating Expen:

Manually Add Accounts

Alternatively, the “New Account” button can be used to add accounts. This may be necessary if additional accounts are to be added after the initial import has been completed and modeling has begun. (This is because importing a GL account structure deletes any existing GL account structure.)

- **Hint:** When manually creating accounts, it is most efficient to add sub-accounts in the **reverse** order in which they should be listed under the parent. In other words, add the last sub-account first, the second-to-last sub-account second, etc. This is because each sub-account is added directly under the parent account, instead of at the bottom of any existing sub-accounts.

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6. Set up Custom Dimensions

Dimensions can be set up now, if they are known, or they can be added later. Please refer to the Administrator's User Guide, specifically the section called Dimension Administration, and the User Guide called "Importing and Exporting Data" for instructions on adding dimensions.

Following are a few hints about designing dimensions:

No additional hierarchy can be attached to a dimension. Plans can be tagged with a plan dimension, to provide a secondary way to roll up the plan tree on reports. But a dimension such as Customer cannot be associated with another dimension. Therefore, it is important to design a dimension hierarchy tree to be as productive as possible.

This is particularly true when a dimension, such as Customer, is to have a large number of dimension values. When a user accesses a dimension on a sheet, the drop-down menu lists the dimension tree just as it is set up in Dimension Administration. (However, even though a dimension can be set up in a hierarchical, fashion, no hierarchy indentations will be seen by the user in the drop-down menu.)

For example, a long list of customer values can be organized alphabetically, or organized by country, or by type of user. Try to determine the organization that will be the most useful to users on sheets.

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Import Actual Data

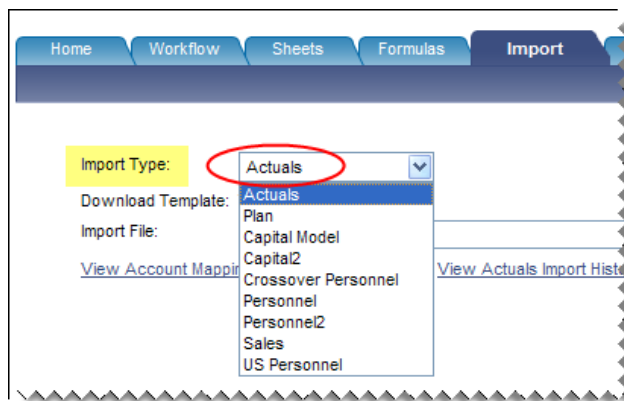
Actual data can be imported at any time during an implementation, once the departments and accounts have been set up. But even if actual data does not need to be imported before the plan rollout, it can be useful to perform an import of actual data now, for the following reasons:

- If any account mapping needs to be done, the implementer can do it now so that the administrator does not have to do it later. This mapping may require some minor maintenance going forward, but the bulk of the mapping effort will be completed after the first import. Also, this provides an opportunity to iron out any kinks in the account structure before the plan is built upon it.
 - If the administrator does not understand how to obtain actual data in an appropriate format, better to learn this now when help can be provided.
 - If the actual data needs to be modified prior to import, the implementer can document this so that the administrator has helpful notes going forward.
- **Note:** Imported actual data resides in its own version, called Actuals. This version is created automatically upon the initial import of actual data. Subsequent imports either add to or replace existing data in the Actuals version. An import of actual data will overwrite any existing data in the intersection of a plan/account/time period. For example, if data already exists in the month of January 2007, in the plan called Marketing, in the account called Office Supplies, this data will be replaced by an import of data in that same month, plan, and account. If data is imported into an intersection of plan/account/time period which does not already contain data, this imported data will be added.

Click on the **Import** tab



Start by downloading the Import Data template.



- Please see the user guide called "Importing and Exporting Data" for more information on this topic.

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7. Import Past Plan Data

The customer may want to bring old plan data into Adaptive Planning, for any of the following reasons:

- For comparison purposes (e.g. how does revenue in the old plan compare to revenue in the new plan?)
- For trending purposes (e.g. the customer is eight months into the planning year, and wants to import eight months of actual data and four months of old plan data, then begin planning the next fiscal year in Adaptive Planning.)

Plan data can be imported at any time during an implementation, but if the data is available at the same time as the actual data, it is convenient to import both now.

Choose a Version

Plan data is imported into the currently-selected version. An import of plan data will overwrite any existing data in the intersection of a plan/account/time period. If data is imported into an intersection of plan/account/time period which does not already contain data, this imported data will be added.

Since plan data is imported into the currently-selected version, it is especially important to be careful not to import plan data into plan/account/time period intersections which contain data modeled or entered in Adaptive Planning. If modeling has already been created, the imported plan data would override the formulas or data in those plan/account/time period intersections. If plan data is imported first, and modeling occurs later, the modeling would override the imported plan data in those plan/account/time period intersections.

For this reason, consider the following solutions:

- Create a separate version whose only purpose is to hold old plan data. This way there is no danger of interfering with modeling or new plan data. Reports could be created to include time period columns from any of three (or more) versions: Actuals, Old Plan, and New Plan(s).
- Import the old plan data as if it were actual data, into the Actuals version. For example, import eight months of actual data. Then, using the Actuals import procedure, import the remaining four months of old plan data. The Actuals version would then contain eight months of actual data, followed by four months of old plan data. The old plan data could be subsequently replaced by importing of actual data after each month-end close. Columns on reports could be renamed to reflect whether the “Actuals” data is actual or old plan.

→ Please see the user guide called “Importing and Exporting Data” for more information on this topic.

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8. Headcount and Related Expenses

Headcount

Once the departments and accounts have been set up, the implementer can commence with building the plan. In most cases, headcount planning is the first step.

→ Please see the user guides called “Creating Modeled Sheets” and “Allocations” for more information on the topics presented below.

Headcount Dimensions

The section above, called “Understand the Company’s Structure,” discusses how the implementer should ascertain how the company tags and sorts its personnel, e.g. by job code. Some further probing may be necessary in order to fully understand the different ways that headcount must be classified. For this reason, it is a good idea to look at the customer’s existing plan spreadsheets (or other system,) paying particular attention to formulas in the payroll-related accounts. Headcount dimensions and lookup tables may need to be established in order to calculate related expenses. Following are some examples of what this kind of exploration can reveal:

- **Salaries and Wages are planned in different accounts.** To accommodate this, a headcount dimension called “Employee Type” can contain values of “salaried” and “hourly.” Or, two different personnel sheets can be used, one for salaried headcount, and the other for hourly headcount. Either method would provide a way for a formula to capture modeled salaries separate from modeled wages.
- **Workers’ Compensation insurance is driven by salaries and Workers’ Comp codes.** To accommodate this, all headcount can be tagged with a dimension called “WC Code.” This dimension can be associated with a monthly lookup table on the personnel sheet.
- **Some employees are entitled to a company car.** To accommodate this, a headcount dimension called “Auto” can contain values of “yes” and “no.” This dimension can be associated with a monthly lookup table on the personnel sheet.
- **Different types of employees receive different types of bonuses.** To accommodate this, all headcount may need to be tagged with a dimension called “Bonus.” This dimension can be associated with a monthly lookup table on the personnel sheet.
- **Some employees receive different types of overtime pay.** Similar to the bonus dimension, to accommodate this, all headcount may need to be tagged with a dimension called “OT.” This dimension can be associated with a monthly lookup table on the personnel sheet.

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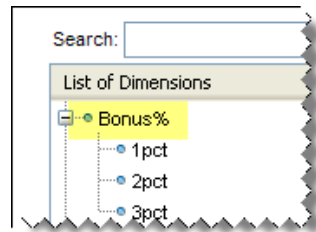
Create Headcount Dimensions

Once the different headcount dimension needs have been identified, the dimensions can be created either manually, or by importing. Both processes are the same as those described above for plan dimensions, with one exception. The “Type” field can be left blank.

When Dimension Values are Percentages

Sometimes dimension values, particularly those used on Personnel sheets, are percentages. For example, Overtime % or Bonus %. Different employees can be subject to different percentages. One employee might receive a 2% bonus, while another might receive a 3% bonus, for example.

Dimension values are labels, not values. The Bonus dimension values could be set up in a few different ways. One way is to name the values such as 1pct, 2pct, etc. This is the recommended approach, because there are no issues with how the label is displayed in different places.



Another naming convention is to name the values such as 1%, 2%, etc. This is acceptable but is potentially confusing. Entering “1%” in the Dimension Value Details Name field creates a dimension value of 1%, and this is what is displayed on the drop-down menu of the Personnel sheet. But in Define Dimensions, the values are displayed as 0.01, 0.02, and 0.03. This can be confusing because the dimension value name, which is used in formulas, is actually 1% and not 0.01.

Similarly, a dimension name of .03 is displayed as .03 in the Personnel sheet drop-down menu. But in Define Dimensions, it would be shown as 0.03. This can be confusing because .03 is what must be included in a formula.

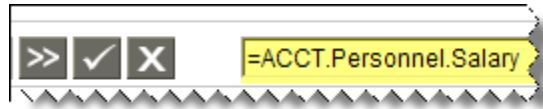
Multiple Personnel Sheets

More than one Personnel sheet may be necessary. If this is the case, it is most efficient to understand this requirement upfront, if possible, before the first personnel sheet is created. This is because when a modeled sheet is created, its account group name is chosen.



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Later, the names of the sheet's modeled accounts can be changed, but this account group name cannot. This account group name appear in formulas.



This can be somewhat confusing if a Personnel sheet is created for one purpose (e.g. to hold all employees) and is later changed to have another purpose (e.g. to hold only hourly employees.) The name of the sheet can be changed (e.g. to Hourly Personnel,) and the names of the modeled accounts can be changed (e.g. Hourly.Personnel.Salary) but the account group of the modeled accounts cannot be changed. Therefore, ACCT.Personnel.Salary would really represent only hourly salaries. This might be confusing.

The original sheet could be deleted, and a new one created in its place, but this might not be acceptable if extensive modeling has already occurred based on the existing sheet.

This issue is not significant, but is something to consider, and provides a good reason to think about multiple Personnel sheets at the beginning of the implementation.

Multiple Personnel sheets may be required for reasons such as the following, some of which have already been mentioned above:

- **Different types of employees receive raises either at different times of the year or in different percentages.** For example, full-time employees may receive raises in a fashion different from part-time employees, or contractors, for whom raises may not be planned at all.
- **Existing headcount will be frequently re-imported.** If a company has imported existing headcount, and has added planned new hires to the same Personnel sheet, all of this headcount would be deleted if existing headcount is re-imported. Existing headcount could be planned on one Personnel sheet, and new (future) headcount planned on another. The advantage of this is that existing headcount could be frequently re-imported without affecting planned new hires. The disadvantage of this approach is that users must take care to not "double-count" headcount which might have been originally planned as a new hire, but is now part of existing headcount.

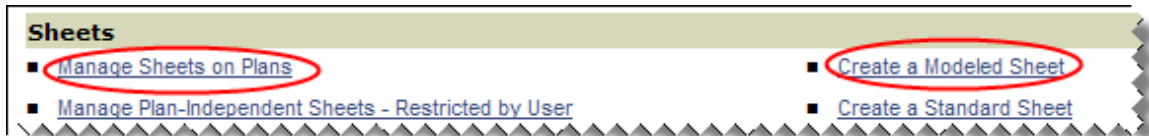
Using multiple personnel sheets is a good idea when different groups of employees are treated differently for either raises and/or benefits. This way the modeled sheet's automatic calculations can still be utilized. For other employee-related expenses, headcount dimensions on one sheet may be all that is necessary, as described above.

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Create Personnel Sheets

Once any necessary headcount dimensions have been created, the benefit and raise assumptions examined, and the issue of possible multiple sheets has been considered, one or more Personnel sheets can be created. (Headcount dimensions can also be created and added to Personnel sheets later.)

Go to Admin, Manage Sheets on Plans, or Create a Modeled Sheet



→ Please see the User Guide on Creating Modeled Sheets for more information on this topic.

Import Existing Personnel

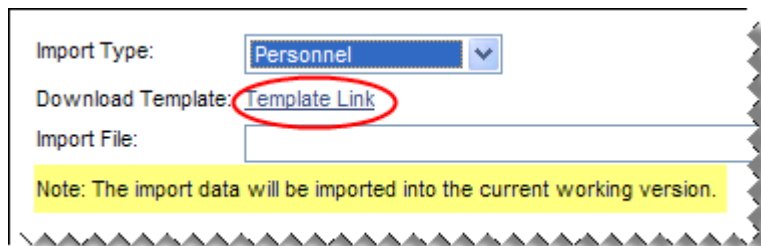
Planning headcount and related expenses can begin well before the import of existing headcount. If the existing headcount data is not yet available, the import can wait. If this case, it can be useful to add a few “dummy” heads in several departments to test calculations.

If the existing headcount information is available, import it now.

Click on the **Import** tab



Start by downloading the Import Personnel template. The source data must be formatted in a specific fashion, so some manipulation in Excel may be necessary. The Import Personnel template gives explicit instructions. Add columns for any headcount dimensions that have been created.



→ Please see the user guide called “Importing and Exporting Data” for more information on this topic.

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Headcount-Related Expenses

Headcount-related expenses include salaries and benefits as calculated by the Personnel sheets. They also may include other expenses, such as overtime, bonuses, and office supplies. What these expense accounts have in common is that they are all driven in some way by either number of heads or salary/wage values.

Link Modeled Personnel Accounts to GL Accounts

Implementers should be sure to have a solid understanding of modeled sheets, modeled accounts, and using the Formulas tab. All of these topics are covered in the written user documentation and recorded training sessions.

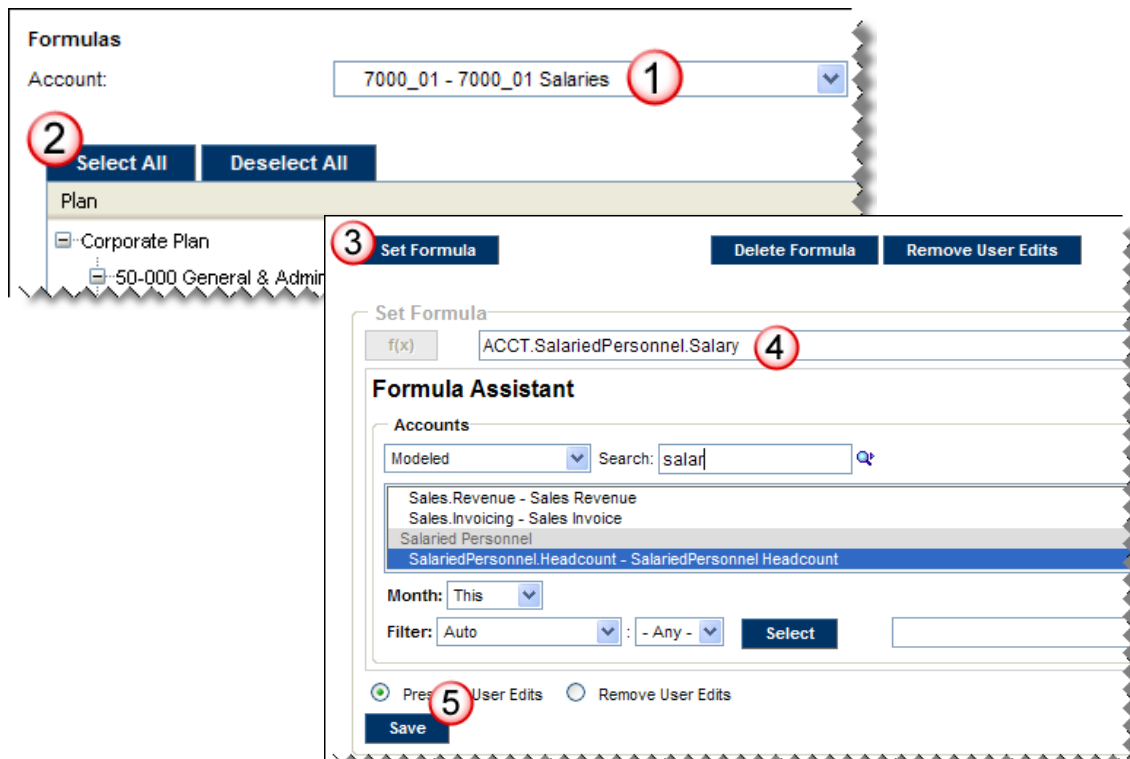
The modeled salary and benefits accounts must be linked to the appropriate GL accounts with formulas.

The calculated values in the modeled accounts do not appear in any sheets or reports until a link is made to the appropriate planning accounts.

Using the **Formulas tab**, the GL salaries account (e.g. 7000_01 Salaries & Wages) in every department can be populated with a formula, linking it to the modeled account. Example:

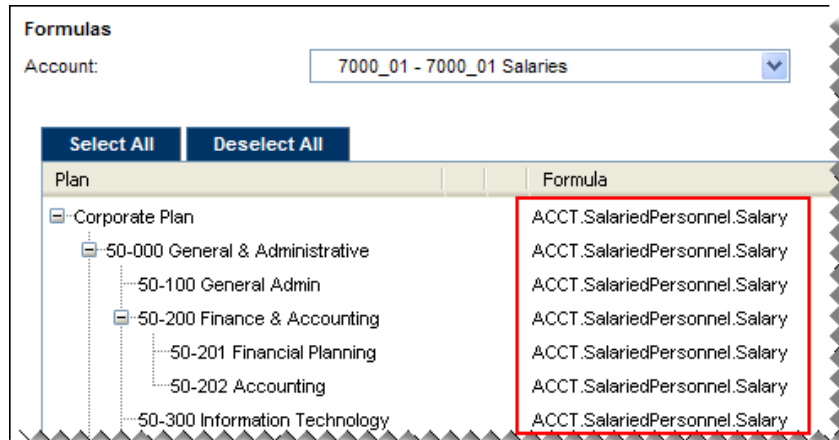
Go to the Formulas tab, and select the GL salaries account that should display the results of the Personnel sheet calculation (e.g. 7000_01 Salaries & Wages.) Using the Formula Assistant, link the account to the appropriate modeled account with a formula (e.g. =ACCT.Personnel.Salary.)

→ **Hint:** After choosing the GL account, select all the plans, using the “Select All” button. Then choose “Set Formula,” and use the Formula Assistant to create a link to the appropriate modeled account, as shown here. This will establish the same formula for this account, across all plans. Click Save when complete.



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After saving the formula this way for all plans, the screen will look like this:



→ **Note:** Once an account's formula is set up this way, if a new plan is later added, the formula will be added to the new plan.

Repeat this exercise for other GL accounts which should be linked to the personnel sheet(s), e.g. Benefits expense.

Personnel Audit Sheet

If multiple Personnel sheets have been created, and the resulting calculated salaries and/or benefits are linked to multiple GL accounts, it can be useful to create an audit sheet to ensure that all of the calculated (modeled) values are included in GL accounts. Create a standard sheet that displays the modeled and GL salary/wage accounts, and the modeled and GL benefits accounts. The modeled account totals should equal the GL account totals. (This sheet can be a plan-independent sheet, which is useful if only the administrator needs access to it.)

Audit Salaries & Benefits			
Accounts	Jan-2009	Feb-2009	
Modeled Salaries			
SalariedPersonnel Salary	13,381	13,381	
HourlyPersonnel Salary	26,016	26,016	
Total	39,397	39,397	
GL Salaries			
7000_01 Salaries	13,381	13,381	✓
7000_02 Wages	26,016	26,016	
Total	39,397	39,397	
Modeled Benefits			
SalariedPersonnel Benefits	803	803	
HourlyPersonnel Benefits	780	780	
Total	1,583	1,583	
GL Benefits			
7000_03 Employee Benefits	1,583	1,583	✓
Total	1,583	1,583	

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Create Formulas for Other Headcount-Related Expenses

Now is a good time to set up formulas for any expenses that are driven from headcount in any way. Usually these expenses are calculated the same way for all (or most) departments, so the Formulas tab is the place to create the formulas.

First identify all of the expenses which are driven by either headcount or salary/wage values, and consider the formulas. Some of these formulas may rely on headcount dimensions, used on the Personnel sheets. Several such examples are listed above, in the section called “Headcount Dimensions.”

Create Assumptions

Some of these calculations may require the use of global assumptions. If this is the case, go to Admin, Manage your Assumptions to create the assumptions, then go to the Assumptions sheet to populate them with values or formulas.

The screenshot shows the 'Manage: Assumptions' dropdown menu with 'Assumptions' selected. Below it is a search box and a table with columns 'Name' and 'Code'. The table lists 'Assumptions' with 'Office Supplies per Head' and 'Off_Supp_per_Hd'.

The 'Assumptions' table is also shown, with columns 'Accounts', 'Jan-2009', and 'Feb-2009'. The 'Office Supplies per Head' row is highlighted, showing values of 63.75 for both Jan-2009 and Feb-2009.

Accounts	Jan-2009	Feb-2009
Assumptions		
Office Supplies per Head	63.75	63.75

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Use the Formulas Tab

Following are a few illustrations of using the Formulas tab to create calculations for headcount-related expenses:

- **Office Supply expense** is driven by headcount x a standard amount. The formula is:

$$ACCT.Total_Headcount*ASSUM.Off_Supp_per_Hd$$

Plan	Plan State	Formula
Corporate Plan		ACCT.Total_Headcount*ASSUM.Off_Supp_per_Hd
50-000 General & Administrative		ACCT.Total_Headcount*ASSUM.Off_Supp_per_Hd
50-100 General Admin		ACCT.Total_Headcount*ASSUM.Off_Supp_per_Hd
50-200 Finance & Accounting		ACCT.Total_Headcount*ASSUM.Off_Supp_per_Hd

- **Auto expense** is driven by headcount who have been tagged with Auto = Yes x a standard amount. The formula is:

$$ACCT.Total_Headcount[Auto=Yes]*ASSUM.Auto_Exp_per_Hd$$

- ➔ **Hint:** [Auto=Yes] must be typed into the formula; it cannot be chosen using the Formula Assistant. For this kind of qualifier, use square brackets. The name of the dimension (in this case, "Auto,") must exactly match the name as set up in Dimensions. The dimension value (in this case, "Yes,") must exactly match one of the values as set up in Dimensions. These names and values are not case-sensitive.

Plan	Plan State	Formula
Corporate Plan		ACCT.Total_Headcount[Auto=Yes]*ASSUM.Auto_Exp_per_Hd
50-000 General & Administrative		ACCT.Total_Headcount[Auto=Yes]*ASSUM.Auto_Exp_per_Hd
50-100 General Admin		ACCT.Total_Headcount[Auto=Yes]*ASSUM.Auto_Exp_per_Hd
50-200 Finance & Accounting		ACCT.Total_Headcount[Auto=Yes]*ASSUM.Auto_Exp_per_Hd

- **Bonus expense** is driven by salaries of employees who have been tagged with a Bonus% dimension. There are three different dimension values in the Bonus% dimension: 1%, 2%, and 3%. The formula is:

$$(ACCT.Total_Salary[Bonus%=1pct]*.01)+(ACCT.Total_Salary[Bonus%=2pct]*.02) \\ +(ACCT.Total_Salary[Bonus%=3pct]*.03)$$

Plan	Plan State	Formula
Corporate Plan		(ACCT.Total_Salary[Bonus%=1pct]*.01)+(ACCT.Total_Salary[Bonus%=2pct]*.02)+(ACCT.Total_Salary[Bonus%=3pct]*.03)
50-000 General & Administrative		(ACCT.Total_Salary[Bonus%=1pct]*.01)+(ACCT.Total_Salary[Bonus%=2pct]*.02)+(ACCT.Total_Salary[Bonus%=3pct]*.03)
50-100 General Admin		(ACCT.Total_Salary[Bonus%=1pct]*.01)+(ACCT.Total_Salary[Bonus%=2pct]*.02)+(ACCT.Total_Salary[Bonus%=3pct]*.03)
50-200 Finance & Accounting		(ACCT.Total_Salary[Bonus%=1pct]*.01)+(ACCT.Total_Salary[Bonus%=2pct]*.02)+(ACCT.Total_Salary[Bonus%=3pct]*.03)

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Create Expenses Sheet

A standard Expense sheet can be created at any time during the implementation, but now is a good time because it can be used to check the results of the headcount-related formulas. Mistakes can be made in the Formulas tab during the creation of calculations, especially when formulas contain qualifiers such as [Bonus%=0.01]. Make sure that there is some real or “dummy” headcount in the plan, tagged with at least one of each possible dimension value, so that calculations can be checked for accuracy.

Go to Admin, Manage Sheets on Plans, or Create a Standard Sheet



- For more information on this topic, please see the User Guide for Administrators, in the section called Sheet Administration.
- **Hint:** Add an extra group at the bottom of the Expense sheet to included modeled headcount. This will allow department managers to view their headcount detail at the bottom of the sheet.



Troubleshoot Formula Errors

Go to the Expenses sheet for the Corporate Plan rollup, and look at the expenses that contain formulas. If there is a problem with any formula, the cells in that account will be red and will display f(x)? Cell Explorer can be used to drill down into an underlying cell, in order to see an error message such as “Invalid Formula Syntax.”

Return to the Formulas tab for this account, and check the formula for accuracy.

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9. Other Expenses

In some implementations, there are no expenses to be modeled outside of headcount-related expenses. Others, however, may have other expenses modeling needs, such as:

- **Travel** expense as a function of number of trips, air fare and hotel rates, etc. (This may have already been considered during analysis of headcount-related expenses.) Consider creating a standard sheet called Travel. Include on this sheet custom accounts called “Number of Trips,” “Days per Trip,” etc. as shown below. Then, using formulas, link the appropriate travel GL accounts to these drivers. Managers would enter their drivers on the travel sheet, and the travel GL accounts, shown on the Expense sheet, would be read-only.

Accounts	Jan-2010	Feb-2010	Mar-2010
Travel Drivers			
Number of Trips	1	1	2
Days/Trip	4	1	3
5000 Travel and Entertainment			
Airfare	400	400	800
Hotel	480	120	720
Rental Cars	280	70	420
Meals	220	55	330
Other Travel & Ent	0	0	0
Total	1,380	645	2,270
Travel Rates			
Rate - Air Fare/Trip	1,200	1,200	1,200
Rate - Hotel/Day	300	300	300
Rate - Rental Car/Day	210	210	210
Rate - Meals/Day	165	165	165

- Rent expense as a function of occupied square footage
- Property tax expenses as a function of occupied square footage and tax rates
- Commissions and marketing expenses as a function of sales (these calculations may have to wait until the revenue model is built)
- Allocations (please see the user guide called “Solution: Allocations” for more information on this topic.)

The need for modeling these other expenses can be discovered by interviewing the customer, and by exploring the previously-used spreadsheets or other planning system.

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10. Capital Planning & Depreciation Expense

Capital spending and depreciation expense modeling can occur at any time during the implementation, once departments and accounts have been created. This planning is usually less significant than headcount planning, both in terms of modeling effort and importance to the customer.

The implementer should have answers to the following questions:

- Which departments are involved in capital planning (in other words, which departments need access to the Capital sheet)?
- What are the asset classes (e.g. Computer Hardware, Software, Office Furniture & Equipment, Leasehold Improvements)?
- What is the depreciation method used for each asset class?
- Which departments plan depreciation expense? (Some companies have individual departments planning capital expenditures; those departments' expense plans then include the resulting depreciation. Other companies might have many departments planning capital expenditure, but all the depreciation is planned in one overhead or G&A department.)
- Is accumulated depreciation on the balance sheet planned by asset class, or in one amalgamated total? (Most companies are not interested in asset class break-down of depreciation expense or accumulated depreciation. If this level of detail is desired on the balance sheet in accumulated depreciation, then depreciation expense must also be planned that way. This is unlikely but is important to ask. The implementer may want to steer the customer away from this level of detail.)

The customer should be asked to provide a depreciation schedule for existing assets, already owned by the company. This should include depreciation expense by department and account (and by asset class, if necessary; see previous question.)

Create the Capital Sheet

Once the above questions have been answered, and depreciation patterns set up, the Capital sheet can be created. Normally one Capital sheet is sufficient. (Depreciation patterns can also be created and added to Capital sheet later.)

Go to Admin, Manage Sheets on Plan, or Create a Modeled Sheet



→ For more information on this topic, please see the User Guide for Creating Modeled Sheets.

In order to test depreciation expense formulas (to be set up next), populate the Capital sheet with some “dummy” data.

→ **Hint:** Explain to the administrator that asset purchases can be planned either by cost x units, or by asset value x cost of \$1.

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Create Depreciation Accounts

Depreciation will be planned in two separate ways. Depreciation on existing assets will be entered or imported, based on information from an asset-tracking system. Depreciation on future (planned) assets will be automatically calculated by the Capital sheet. Therefore, required are either two splits within one depreciation account, or two separate depreciation accounts.

The most efficient solution is usually two separate depreciation accounts. This is because a formula will need to be written to link the GL depreciation account to the modeled depreciation account. This formula will likely need to reside in many or all departments, so the Formulas tab should be used. The Formulas tab cannot be used to set up formulas in splits. The solution using splits would require that the same formula be created on the expense sheet for each applicable department.

Create two sub-accounts under an existing depreciation account. Name one something like "Deprec Existing Assets" and the other something like "Deprec New Assets."

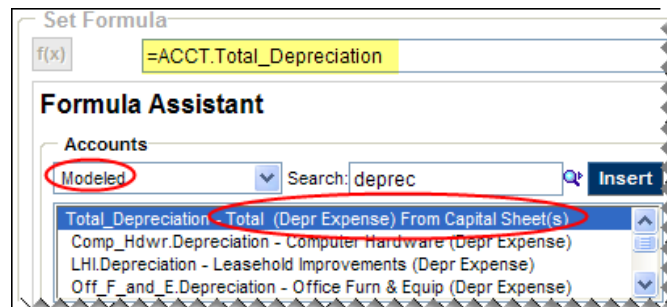
7900_00 Deprec & Amort	7900_00	Expense
7900_10 Depreciation	7900_10	Expense
7900_11 Deprec Existing Assets	7900_11	Expense
7900_12 Deprec New Assets	7900_12	Expense

→ **Hint:** Name the first new sub-account "Deprec Existing Assets." This is because any values that reside in a non-rollup account will be moved to the first new sub-account. Therefore, if there are any actual or old plan values in the original depreciation account, they will be moved to the first new sub-account, "Deprec Existing Assets."

Link Modeled Depreciation Accounts to GL Accounts

Please see the section above under "Headcount" about linking modeled personnel accounts to GL accounts. The process for linking modeled depreciation to GL depreciation is similar.

Go to the Formulas tab, and select the new account "Deprec New Assets." Select All, and use the Formula Assistant to create a formula like this: =ACCT.Total_Depreciation



Be sure to reference the modeled account which summarizes all depreciation from all asset classes on the Capital sheet. (If depreciation expense and accumulated depreciation need to be planned by asset class, set up a separate GL sub-account for depreciation for each asset class. Link each sub-account to the appropriate asset class depreciation, e.g. =ACCT.Off_F_and_E.Depreciation etc.)

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- **Hint:** If an additional Capital sheet is to be used for Prepaid expenses and the resulting amortization, be sure to exclude that amortization from this depreciation formula. In this case it would be inaccurate to include all modeled depreciation from all Capital sheets. Be sure to include only modeled depreciation from non-prepaid Capital sheets. For more information on this topic, please see the section below called “Balance Sheet, Prepaid Expenses.”

Enter Depreciation of Existing Assets

It is not necessary at this point to have accurate numbers in the plan for depreciation on existing assets. But the implementer should make sure that the administrator knows how to obtain these numbers in the desired format. It would be a good idea to document in the customer notes the information regarding the different depreciation accounts and how they are used.

In the meantime, dummy numbers can be entered into this account. This will be helpful when building the balance sheet and testing accumulated depreciation calculations.

- **Note:** A Capital sheet can also be used to plan prepaid expenses and the resulting amortization of those expenses. Please see the section below under “Balance Sheet,” called “Prepaid Expenses,” for more information.

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11. Revenue Planning

Revenue planning varies widely from customer to customer. Most implementations will take advantage of one or more Sales sheets, especially if balance sheet planning is going to be included. (The automatic calculations inherent in the Sales sheet are useful in driving Accounts Receivable.)

Sales Dimensions

Even in the simplest revenue implementations, customers usually use one or more sales dimensions to sort and subtotal sales data. Examples include Customer, Channel, Product Line, Region, and Project.

Sales dimensions can be created either manually, or by importing. Both processes are the same as those described above for plan dimensions, with one exception. The type of dimension can be left blank if it is to be used only on a modeled sheet like Sales.

Revenue and Invoicing Spreads

The sales sheet may need to include spread lookup tables for revenue recognition and/or invoicing timing.

When building revenue recognition and invoicing spreads, consider when the pattern begins. For example, a pattern may have revenue spread over three months following the booking. Does the revenue recognition begin in the month of booking, or the month after the booking? If it is the latter, the pattern would have a four-month range with zero in the first month, and 1/3 in each of the next three months.

Multiple Sales Sheets

More than one Sales sheet may be advantageous. Please see the section above, called "Multiple Personnel Sheets," to understand why it is most efficient to understand this need upfront, prior to creating the first Sales sheet.

All of a company's sales planning needs could be met by using one Sales sheet, because a Sales sheet can utilize multiple dimensions and patterns, and the sheet can be available to multiple sales managers. There are no confidentiality issues, because each sales manager would see only his own data. There are no currency exchange issues, because each department would be planning sales in its own currency, and conversion occurs automatically as the data is rolled up.

However, multiple Sales sheets may be desirable for reasons such as the following:

- **Different sales departments use different dimensions.** For example, US Sales plans by customer and project, but UK Sales plans by product and region. All four dimensions (customer, project, product and region) could be included on one Sales sheet, but this could be confusing. It might be less cluttered for each sales manager to see only the dimensions necessary for planning in his department.

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- **Different types of sales use different patterns.** For example, one type of business has revenue recognized 50% upfront when the contract is booked, 25% upon completion of the implementation, and the rest ratably over the life of the contract. Invoicing is spread between contract booking and completion of implementation. Another type of business (e.g. software maintenance) has revenue recognized ratably over the life of the contract. Invoicing occurs up front. All of these patterns could be included on one sales sheet, and if the volume of planned business is small, this wouldn't be a problem. However, if the volume of planned business is extensive, it might be most efficient to separate the two types of business into two Sales sheets, for organizational purposes. Each sheet would have access only to the patterns necessary for that type of business.
- **Some sales are planned by units x price, some just by dollars.** One Sales sheet can contain some rows which are planned as units x price, and other rows which are planned as booking value x price of \$1. Combining these two methods on one sheet is not a problem as long as **units** are not used elsewhere in the plan. If, however, units are an important driver of cost of goods sold, for example, then these two methods should not be combined in one sheet. One Sales sheet can be created for the units x price type of business, and another for business which is not a function of units. This separate-sheet system will preserve the integrity of the unit values, which can then be used to drive other values in the plan.
- **Different types of sales are planned in different GL revenue accounts.** For example, Division A uses separate revenue accounts than Division B. One Sales sheet could be used, and data could be segregated by using a dimension called something like "Division." This would allow formulas to capture modeled revenue by division. However, a better solution might be to create a separate Sales sheet for each division. This way, the extra dimension is not needed. Division A revenue is driven by Division A Sales sheet, and so forth. Again, this is simply an organizational device.

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Create the Sales Sheets

Once any necessary sales dimensions and patterns have been created, and the issue of possible multiple sheets has been considered, one or more Sales sheets can be created. (Sales dimensions and patterns can also be created and added to Sales sheets later.)

Go to Admin, Manage Sheets on Plan, or Create a Modeled Sheet



→ For more information on this topic, please see the User Guide for Creating Modeled Sheets.

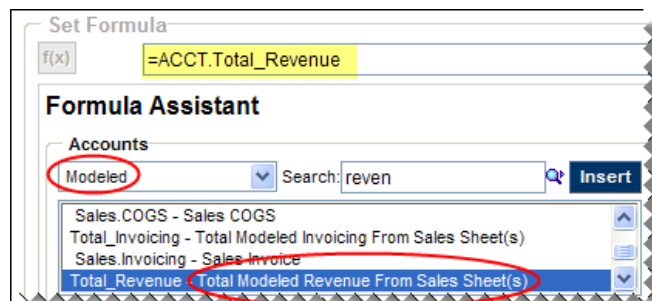
Sorting and Subtotaling Sales Data

Once detail on the Sales sheet has been tagged with various identifiers (e.g. product, regions, project,) this data can be sorted and subtotaled by any of those identifiers. The data that can be sorted and subtotaled includes values in all of the modeled accounts associated with the Sales sheet, e.g. Units, Discount, Bookings, Booked COGS, COGS (recognized), Revenue, and Invoice.

Reports can be created to sort and subtotal any of these modeled accounts by any of the sales dimensions. In this way, it is possible to view, for example, revenue by product and by region, or bookings by project, or units by product line, and so forth. Multiple modeled accounts and multiple dimensions result in a large number of possible data permutations. These are all easily accommodated using reports and these modeled accounts.

Link Modeled Accounts to GL Revenue Accounts

Until some formulaic links are established between modeled accounts and GL accounts, none of the data from the Sales sheet is part of the P&L. There are some decisions to be made about how much revenue detail is necessary on the P&L itself. The simplest scenario would be to link one revenue account to the modeled account called "Total Modeled Revenue from Sales Sheet(s)."



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This would result in all of the revenue calculated by the Sales sheet going to the P&L, which is probably accurate. However, users would have no ability to drill-down from the P&L report into underlying detail by channel, customer, product, project, etc. This may be acceptable, since that detailed information is available on separate reports, which sort and subtotal the modeled accounts from the Sales sheet.

It is important for the implementer to understand how much revenue detail (sorted and subtotaled by which identifiers) is necessary on the P&L report itself. Whatever that level of detail is, it must be built into the links between modeled and GL revenue accounts.

For example, consider a company that plans sales using dimensions called Product Line, Region, Type, and Project. On the P&L, the level of desired detail is revenue by product line. (Again, revenue can be sorted and subtotaled in a variety of other ways, using other reports and modeled revenue accounts.)

In order to capture revenue by product line on the P&L, the GL revenue accounts must contain product line detail. Create a revenue sub-account for each product line. The following sections will describe how to link these accounts to the modeled Revenue accounts for each product.

Name	Code	Type
PL Income	Income	Income
3000_00 Revenue	3000_00	Income
Revenue Product A	Rev_Prod_A	Income
Revenue Product B	Rev_Prod_B	Income
Revenue Product C	Rev_Prod_C	Income
3000_1 Sales Discounts	3000_1	Income

Create a Standard Revenue Sheet

Often a Sales sheet is used by one sales department. If this is the case, then the formulas linking modeled accounts to GL accounts can be created on a standard sheet, instead of using the Formulas tab. (Even if the Formulas tab is going to be used to create formulas, it is still a good idea to create this sheet for audit purposes, as described below.)

Create a standard sheet called something like "Revenue." Include in it all the GL revenue accounts, and all the modeled revenue accounts. The purpose of this will be to compare one group to another, to make sure that all modeled revenue is being reflected somewhere in the GL.

Accounts for Sheet
GL Revenue
3000_00 Revenue
Revenue Product A
Revenue Product B
Revenue Product C
Modeled Revenue
Sales Revenue

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→ **Hint:** If there is more than one Sales sheet, for reasons as described above, it may be desirable to have more than one standard Revenue sheet. For example, if Division A uses one sales sheet and Division B uses another, and they use separate revenue accounts, two standard Revenue sheets are not necessary but might be most efficient.

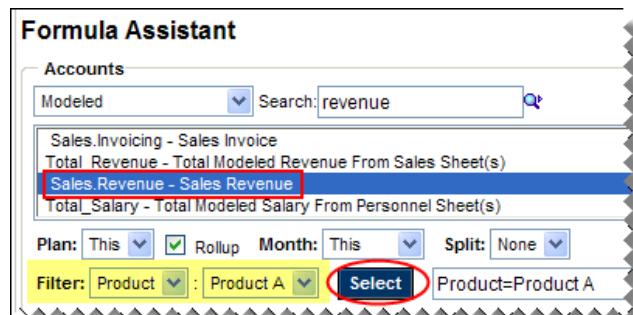
Then, on the standard Revenue sheet, use the plan selector to go the department which uses the Sales sheet (e.g. the Sales department.) Or, in the case of multiple departments using the Sales sheet, go to the Sales rollup department, or the Corporate Plan department, in Edit Plan mode. In this case, be sure to use [rollup=Yes] in formulas. (Or, go to the Formulas tab and create the formula in all departments which are involved in sales planning.)

Create a formula in each product-specific revenue account, such as this:

=ACCT.Total_Revenue[Product=Product A]

This formula references total revenue from all Sales sheets, for Product A. [Product=A] must be typed into the formula.

It may be that only one Sales sheet is referenced in the formula, as in the case with different Sales sheets going to different revenue accounts. In this case, Product A can be chosen in the Filter section of the Formula Assistant. Be sure to click on Select after choosing the dimension. Then click "Insert" to include it in the formula.



When the formulas are complete, use the Revenue sheet to check the total of the GL revenue accounts against the total of the GL modeled accounts. The totals should equal one another. If they do not, check the GL revenue account formulas to make sure that all of the modeled revenue is included.

Revenue		
Accounts	Jan-2009	Feb-2009
3000_00 Revenue		
Revenue Product A	19,000	19,000
Revenue Product B	7,200	7,200
Revenue Product C	9,600	9,600
Total	35,800	35,800
Modeled Revenue		✓
Sales Revenue	35,800	35,800
Total	35,800	35,800

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The purpose of this sheet could be expanded to display all of the calculations resulting from the Sales sheet(s.) In this case, name the sheet something like “Sales Summary.” Include the modeled accounts which summarize units, bookings, invoicing, revenue, and even cost of goods sold, if desired.

P&Ls Using Modeled Accounts

A company may want to see its revenue sorted and subtotaled more than one way, on more than one P&L. For example, the same company described above also wants to see a P&L with revenue sorted by project. This can be accomplished by creating a P&L which uses modeled revenue accounts (instead of GL revenue accounts) to subtotal revenue by project.

Because the standard revenue sheet has been used to confirm that GL revenue equals total modeled revenue, one can be confident that this alternate P&L displays the correct total for revenue.

Using Custom Accounts to Summarize Sales Data

Custom accounts can also be created to summarize data from sales sheets. These accounts can gather sales sheet data based on a dimension such as “product”, or even on the row label if further splits have been planned within that product dimension. These accounts can then be displayed on a standard sheet called something like “Sales Summary,” or on reports.

- **Hint:** To avoid confusion about what kinds of accounts are being displayed on sheets and reports, use a naming convention to differentiate custom accounts from GL accounts. For example, name a custom account “cRevenue Project 1.” The small letter “c” at the beginning of the account name identifies it as a custom account.
- For more ideas on this topic, please see the User Guide called “Solution: Top-Down and Bottom-Up Sales Planning.”

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Drive Expenses from Sales

The sales plan can be used to drive expenses, such as a marketing expense called Lead Generation Programs. For example:

- This planned expense is to be calculated as the monthly number of new leads * \$0.75.
- New leads are calculated as 10% of the Product A unit forecast 3 months out, plus 20% of the Product B unit forecast 2 months out.

Following is a step-by-step demonstration of how this can be set up.

1. Unit forecasts are entered into the Sales sheet. Each item is tagged with a product, as described above. In this case, the Sales sheet uses the units x price method of planning.

Label	Region	Product	Jan-2009	Feb-2009
Region 1, Widget 1	Region 1	Product A	5,000	5,000
Region 2, Widget 1	Region 2	Product A	6,000	6,000
Region 1, Widget 2	Region 1	Product B	2,500	2,500
Region 2, Widget 2	Region 2	Product B	1,200	1,200
Region 1, Widget 3	Region 1	Product C	2,500	2,500

2. The next step is to create an assumption to calculate the number of sales leads required in order to generate the planned level of bookings. This calculation is:

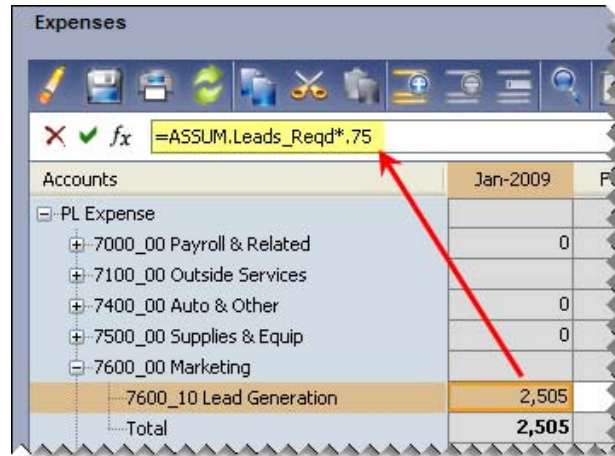
$$=ACCT.Sales.Units[time=THIS+3,rollup=yes,Product=Product A]*.10$$

$$+ACCT.Sales.Units[time=THIS+2,rollup=yes,Product=Product B]*.20$$

Accounts	Jan-2009	Feb-2009	Mar-2009	Apr-2009	May-2009	Jun-2009	Jul-2009	Aug
Assumptions								
Office Supplies per Head	63.75	63.75	63.75	63.75	63.75	63.75	63.75	63.75
Auto Exp per Head	450	450	450	450	450	450	450	450
Leads Required	3,340	3,340	3,340	3,340	3,340	3,340	3,340	3,340

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3. Finally, an expense item is created in the Marketing plan, in a marketing expense account, calculated as the monthly number of new leads * \$0.75.

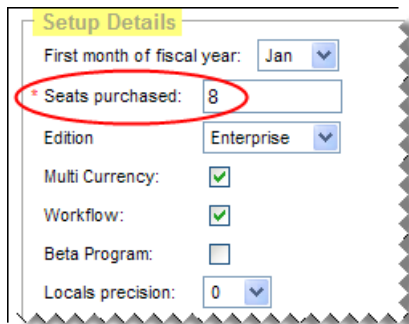


Accounts	Jan-2009	PL
PL Expense		
7000_00 Payroll & Related	0	
7100_00 Outside Services		
7400_00 Auto & Other	0	
7500_00 Supplies & Equip	0	
7600_00 Marketing		
7600_10 Lead Generation	2,505	
Total	2,505	

12. Create Users

User set up can occur at any time during the implementation. Setting up users is not difficult; in many cases the administrator assumes responsibility for this after the model is completed.

The number of authorized users can be found on the user's contract. Also, a user whose login begins with "adaptive" (e.g. adaptive@xyzcorp.com) can find the number of users in Admin, Company Setup, Setup Details.



Setup Details	
First month of fiscal year:	Jan
* Seats purchased:	8
Edition	Enterprise
Multi Currency:	<input checked="" type="checkbox"/>
Workflow:	<input checked="" type="checkbox"/>
Beta Program:	<input type="checkbox"/>
Locals precision:	0

The Adaptive Planning application does not limit the number of users that can be created. (If a customer creates more users than allowed per the contract, they will be invoiced accordingly.)

Only the user whose login begins with "adaptive" has the ability to delete users. This is usually the login of the implementer.

Since each user must be assigned a role, the Roles and Permissions should be set up first. Then the users can be created, roles and plans assigned to them, and sheet access granted.

- For more information on this topic, please see the User Guide for Administrators, in the section called "User, Role, and Permission Administration."

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13. Create Reports

Reports can be created at any time during the implementation. The implementer should review the customer's existing reports to determine reporting requirements. Most of the time the reports which need to be created are different views of a P&L. The balance sheet and cash flow statement already exist in sheets, but may also be set up in reports to take advantage of additional formatting available there.

Click on the Reports Tab



→ Please see User Guide called "Reporting" for more information on this topic.

Net Income & Other Metric Accounts

Adaptive Planning does not automatically calculate Gross Margin, Net Operating Income, Net Income Before Taxes, Net Income, etc. In order for these calculations to appear on reports, or to be included on the balance sheet, or to be included in other calculations, they must be created and their formulas defined.

The best place to create these calculations is in metric accounts. This is because metric accounts (which must always contain a formula) perform calculations in a slightly different fashion from other accounts.

GL and custom accounts sum the parts of a formula before evaluating the formula. For example, consider the following gross margin percentage calculation:

$$=DIV((ACCT.Income-ACCT.Cost_Of_Goods_Sold),ACCT.Income)$$

If this calculation were set up in a custom account, the system would divide (income minus cost of goods sold) by income for each plan, and then add these results together. But if the calculation is set up in a metric account, the system first rolls up revenue for the entire plan, and then rolls up g for the entire plan, then performs the calculation specified in the formula. This way of calculating gross margin percentage is more appropriate. Because of this, metric accounts are particularly appropriate when the account's calculation includes division and is to be performed at the corporate level.

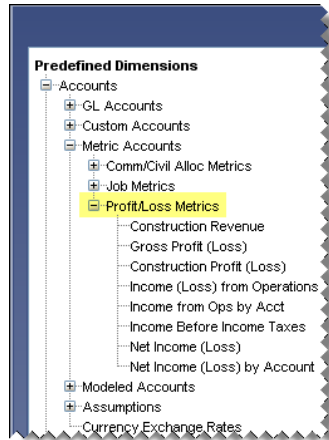
Following are some examples of this type of metric account, and sample formulas:

Gross Profit (Loss)	ACCT.Constr_Rev-ACCT.Cost_Of_Goods_Sold
Income (Loss) from Ops	ACCT.Gross_Prof_Loss-ACCT.Expenses
Income Before Taxes	ACCT.Inc_from_Ops+ACCT.Oth_Inc_Exp
Net Income(Loss)	ACCT.Inc_from_Ops_by_Acct+ACCT.Non_Operating_Income- ACCT.Non_Operating_Expenses

→ **Hint:** Organize these metric accounts by creating a group called something like "Profit/Loss Metrics."

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Then, in the report builder, select these custom accounts to be included on P&Ls.

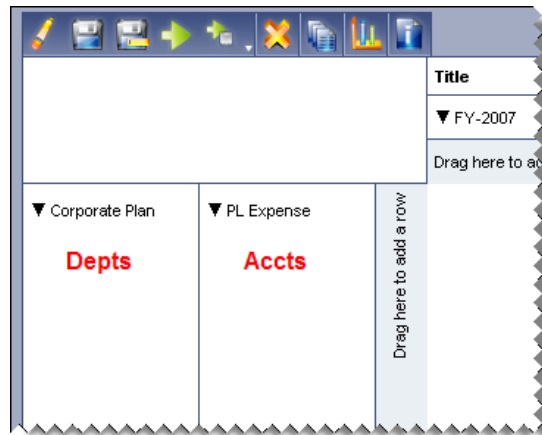


Compound P&L

A compound P&L is one whose rows are a combination of departments and accounts. The report row structure might look like this, for example:

Revenue: A range of income accounts
Cost of Goods: Certain departments, plus some accounts from other departments
Operating Expenses: Operating departments, plus some accounts from other departments

In Adaptive Planning reports, the rows axis can contain departments and accounts, but this selection is for the entire axis. A report cannot have departments in the first nine rows, followed by accounts in the next seven rows, followed by departments in the remaining rows, for example.



The solution to creating a compound P&L is to use custom accounts.

→ **Hint:** First, in custom accounts, create a group called something like “Custom Accts for P&L” as an organizational device.

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The starting point for the compound P&L in Adaptive is a report with accounts in the rows axis. A custom account must be created for each row on the compound P&L which refers to departments, or a combination of accounts from multiple departments. Then, the report is built using a combination of GL and custom accounts in the rows axis. The GL accounts can be drilled into, but the custom accounts cannot. (Separate reports can be created for those pieces – reports with departments in the rows axis, and the custom account(s) in the filter. The rows in these reports can be drilled into.)

Continuing the example above, the Revenue section of the report does not require any custom accounts, because it displays accounts. GL accounts will meet this need.

However, custom accounts will need to be created for all the rows in the Cost of Goods Sold section, which refer to specific departments. For example, there are three departments which roll up into COGS, departments 40-100, 40-200, and 40-300. Create three custom accounts, with names and formulas such as this:

40-100 Expenses =ACCT.Op_Exp (in department 40-100 only)
40-200 Expenses =ACCT.Op_Exp (in department 40-200 only)
40-300 Expenses =ACCT.Op_Exp (in department 40-200 only)

When creating the custom account, click on the link to set plan values and formulas.

Account Details

* Code: 40_100

* Name: 40-100 Op Exp

Type: Periodic

Rolls up to: Indirect Construction Costs

Display as: Number

Decimal places: 0

Plan: [Set default values and formulas](#)

Actuals: Enable Actuals (Specify default formulas)
 No Actuals for account (show plan data)

This opens the Formulas tab, with this new custom account selected. The formula should be placed in the one department it pertains to. For example, in the account called 40-100 Expenses, the formula =ACCT.Op_Exp should be placed only in department 40-100.

When these accounts are placed in the rows axis of the compound P&L, they will be viewed at the total company (rollup) level. But each one will still display the results of the formula for one department each.

For rows on the P&L which represent an account across several departments, a slightly different approach is used in the custom account formula. Continuing the example above, the operating expense section of the compound P&L contains some rows which sum values from accounts across several departments.

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Create the custom account as described above. Then, in the Formulas tab, place the formula (e.g. = ACCT.40_000) in each appropriate department. Remember that on the P&L, this custom account will be viewed at the total company (rollup) level. The account total will sum the results of the formula across more than one department.

Once the custom accounts and their formulas have been created, they can be chosen in the rows axis of the compound P&L, along with GL and metric accounts. As described above, in the report builder, place accounts in the rows axis.

- **Hint:** Create separate metric accounts to calculate Gross Margin, Net Income, etc. for this compound P&L. In the metric account formulas, use the accounts (GL and custom) which are to be displayed on this particular report. This way, these calculations are sure to reflect the values on this report.

▶ PL Income	GL Account
▶ PL COGS	GL Account
Gross Margin %	Metric Account
▶ PL Expense	GL Account
Net Income	Metric Account

- **Hint:** For auditing purposes, create another P&L, with a traditional account sort. In the rows axis, place all of the GL and metric accounts necessary to complete a P&L by account, as shown in this example: The metric accounts (e.g. Net Income) used in this P&L reference the accounts shown on this report in their formulas. Compare the bottom line (Net Income) of this P&L to the bottom line of the Compound P&L. They should equal one another. If they do not, check the formulas in all the metric accounts to make sure they are accurate. Also check the combination of GL and custom accounts used on the compound P&L, to make sure their formulas are accurate, and no revenues or expenses are being left out of the compound P&L.

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14. Create Balance Sheet and Cash Flow Statement

Balance Sheet

The GL balance sheet “root” account categories are standard in the Adaptive Planning application. (In other words, they are created automatically when a plan is created.) These categories are Assets (Current Assets, Fixed Assets, Long Term Assets, Other Assets); Liabilities and Equities (Liabilities, Current Liabilities, Long Term Liabilities, Equity); and Equity Net Income.

Name	Code
Assets	Assets
+ Current Assets	Current_Assets
+ Fixed Assets	Fixed_Assets
+ Other Assets	Other_Assets
- Liabilities and Equities	Liabilities_Equities
+ Liabilities	Liabilities
+ Equity	Equity

Also standard is a sample report called Balance Sheet. Running this report will display these account categories and their subtotals for the current month.

Accounts	Jan-2008
Assets	
+ Current Assets	0
+ Fixed Assets	0
Long Term Assets	0
Other Assets	0
Total Assets	0
Liabilities and Equities	
Liabilities	
Current Liabilities	0
Long Term Liabilities	0
Total Liabilities	0
Equity	
Equity Net Income	0
Total Equity	0
Total Liabilities and Equities	0

The rest of the balance sheet must be set up by the implementer (or the administrator.) This will include the following tasks:

- Import or manually create balance sheet GL accounts
- Create a standard sheet called “Balance Sheet”
- Import actual balance sheet data
- Create formulas in balance sheet accounts
- Ensure that the balance sheet balances (assets = liabilities + equity.)

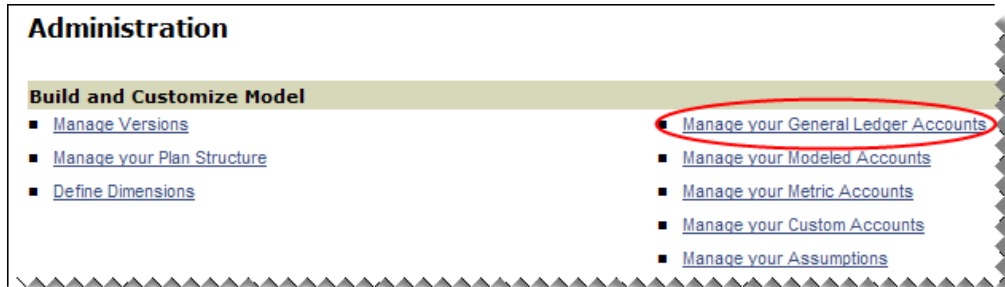
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Create Balance Sheet Accounts

If the balance sheet accounts (assets, liabilities, equity) were not created as part of the initial account setup, they should be added now.

→ **Note:** If P&L accounts contain formulas and/or data, the balance sheet accounts must be added manually instead of imported. (This is because importing a GL account structure deletes any existing GL account structure.) For more information on this topic, please see the section above, called “Create General Ledger Account Structure.”

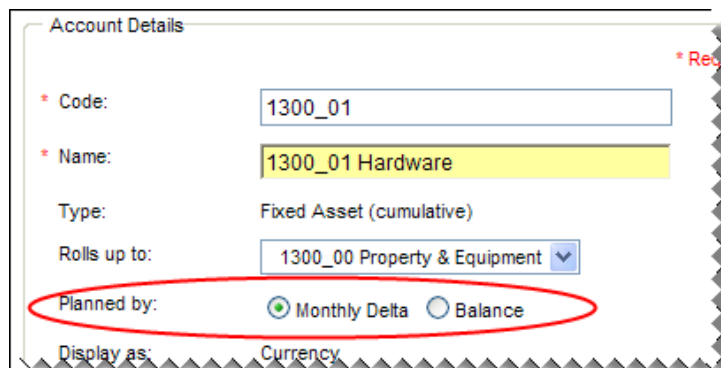
Click on **Admin**, “**Manage your General Ledger Accounts**”



Please review the section above, “Create General Ledger Account Structure/Entire COA, or Subset,” to determine how many of the actual balance sheet accounts to set up in Adaptive Planning. There are often many more balance sheet accounts used in the General Ledger than are necessary for planning. If this is the case, the shorter subset can be set up, and upon the initial import of actual balance sheet data, the many accounts can be mapped to the few. Or, all the accounts can be set up. In this case, the key accounts (e.g. cash, accounts receivable, accounts payable) can be planned with formulas, and the rest can simply carry balances forward from the last month of actual data. Either method is acceptable.

Planned by Monthly Delta or Balance

Balance sheet accounts are cumulative accounts, and can be planned by monthly delta, or balance. At this stage, they can be set to the default, planned by monthly delta.



As balance sheet modeling takes place, some accounts will need to be changed to “planned by balance.” Following are examples of the two different choices:

Planned by monthly delta: The account’s ending balance is calculated as beginning balance + inputs – outputs = ending balance. E.g. Accounts Receivable is calculated as beginning balance + new billings – payments from customers = ending balance.

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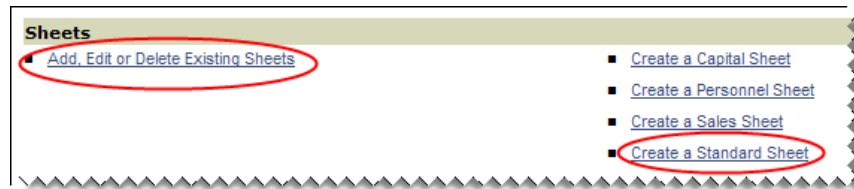
Planned by balance: The account's ending balance is entered or calculated with a formula, e.g. Accounts Payable = 100% of all expenses for the month, excluding payroll, depreciation, and amortization.

Accounts which are planned by balance can contain splits. Accounts which are planned by Monthly Delta cannot.

Create the Sheet

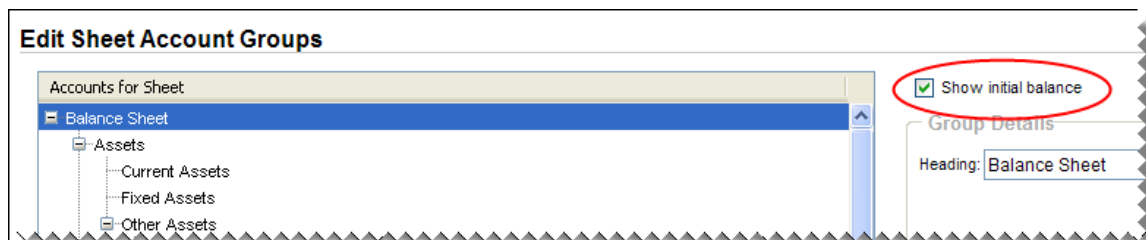
Once the balance sheet accounts have been established, create a standard sheet to display them. Formulas will be built using this sheet.

Go to Admin, Add, Edit or Delete Existing Sheets, or Create a Standard Sheet



Name the sheet "Balance Sheet."

Add the Assets and Liabilities & Equity Groups. Check the "Show Initial Balance" box.



Make the sheet available only to the Corporate Plan. (Or, if more than one balance sheet is to be planned, e.g. one for US and one for Europe, choose the appropriate rollup departments.) This is more efficient than using a special balance sheet planning department, e.g. 90-000 Balance Sheet. This is because the Corporate Plan department has access to all of the data in the plan, and this is necessary to drive the balance sheet. A separate, standalone department has access to no data except the data in that department. Assumptions would have to be written to capture the data necessary to drive the balance sheet (e.g. total company revenue drives AR; total company expenses drive AP.)

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Import Actual Balance Sheet Data

It can be helpful to import at least one month of actual balance sheet data at this point, for the following reasons:

- The implementer can ensure that all of the necessary balance sheet accounts have been set up. Also, there are often many more accounts used in the General Ledger than are necessary for planning. If the decision has been made to set up only a subset of all balance sheet accounts, the mapping of the many to the few can occur now.
 - Seeing the actual balance sheet data can give the implementer an idea of both the complexity of the balance sheet, as well as which accounts need to be planned.
- **Hint:** This guide assumes that the normal balance of both assets and liabilities/equity is a positive number. The calculations described below are based on this assumption. Liabilities/equity can be displayed as negative numbers, but this will affect some of the calculations below, as noted. So when importing balance sheet actuals, pay attention to the “sign” of the liability and equity accounts. If they are negative numbers, some of the formulas below must be reversed.
- **Hint:** Make sure that the actual balance sheet data balances (assets = liabilities + equity.) If it does not, data is missing.

Create Formulas in Balance Sheet Accounts

It is normally most efficient to create all balance sheet formulas on the sheet itself, in the Corporate Plan, in Edit Plan mode (or in rollup departments, such as US, in Edit Plan mode.)

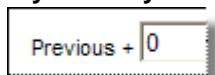


The formulas do not need to be duplicated across multiple departments, so the Formulas tab is not needed. (However, if more than one balance sheet is to be set up, e.g. one for the US and one for Europe, the Formulas tab can be used to create the same or similar formulas in all appropriate rollup departments.)

This section will illustrate some typical formulas for the most commonly used balance sheet accounts, such as cash, accounts receivable, fixed assets, and accounts payable.

- **Hint:** Many formulas will gather data from across the plan, e.g. Accounts Receivable is driven by total company billings. Be sure to use [rollup=yes] in these formulas to pull data from the entire Corporate Plan rollup. Otherwise, the formula will pull the data from just the Corporate Plan in Edit Plan mode. “[rollup=yes]” must be typed into the formula.
- **Hint:** If all GL balance sheet accounts have been set up (as opposed to just the ones which will be used for planning,) there are likely to be multiple accounts which will carry forward actual balances but will not contain formulas.

These accounts should be **planned by monthly delta**, so they will have this formula:



These accounts will then carry forward an ending balance from the last month of actual data.

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- **Hint:** Custom accounts and/or assumptions can be used to aggregate other accounts to simplify formula-writing on the balance sheet. They can also be used as “stepping-stone” calculations, which will become part of a larger calculation. Rather than build a very long formula on the balance sheet, some pieces of the calculation can be created in assumptions. For example, if Average Daily Sales is used to drive Accounts Receivable, a “stepping-stone” assumption could contain this formula:

$$=Div(ACCT.Total_Revenue, ASSUM.DaysInMonth)$$

This Average Daily Sales assumption is then used to drive the AR balance on the Balance Sheet.

These custom accounts and assumptions can follow a naming convention, such as beginning with BS. This way they can be easily identified as to their purpose.

These custom accounts and assumptions can be gathered in a group called “Balance Sheet Drivers” or “Balance Sheet Assumptions.” They can all be displayed on a standard sheet called something like “Balance Sheet Drivers.”

Cash

Cash is typically **planned by balance**, and is used to “plug” the balance sheet. In other words, it contains a formula such as:

$$= ACCT.Liabilities + ACCT.Equity - ACCT.Other_Assets$$

If all balance sheet accounts are being used for planning, there may be multiple cash accounts. Choose the main cash account to hold the formula (this is usually the account with the largest ending balance.) The other cash accounts should be **planned by monthly delta**; these can simply carry forward an ending balance from the last month of actual data.

- **Hint:** Modify the chart of accounts to gather these other cash accounts in a rollup called “Other Cash.” This will simplify the “plug” formula in the main cash account, e.g.

$$=ACCT.Liabilities_Equities-(ACCT.Oth_Cash+ACCT.Curr_Assets_ex_Cash+ACCT.Fixed_Assets+ACCT.LongTerm_Assets)$$

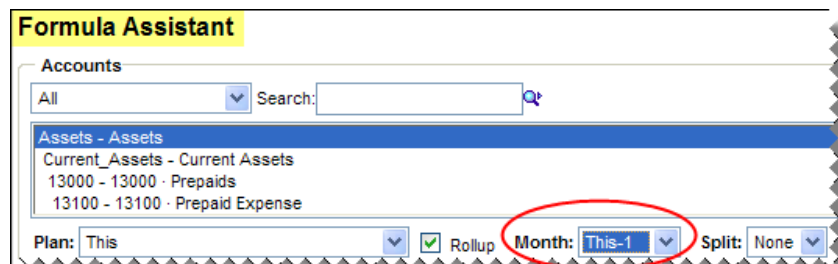
- **Hint:** If the normal balance of liability/equity accounts is negative instead of positive, this formula must be rearranged, e.g.

$$=-(ACCT.Other_Assets)-ACCT.Liabilities_Equities$$

Accounts Receivable

Method #1: AR is **planned by monthly delta**. Its increase is driven from modeled invoicing from the Sales sheet(s). Its decrease is also driven from invoicing, but from a time period other than the current month.

To factor in the average number of days that invoices are outstanding, use the Month option in the Formula Assistant.



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For example, if Days Sales Outstanding (DSO) is 20 days, use time=THIS-1 (which refers to 30 days ago, so this is approximate.) If DSO is 60 days, use time=THIS-2, etc. For example:

=ACCT.Total.Invoicing[rollup=yes]-ACCT.Total.Invoicing[time=THIS-1,rollup=yes]

→ **Hint:** The “decrease” part of the formula should be modified for the first month or two of the plan period. E.g. if AR is decreased by ACCT.Total.Invoicing[time=THIS-2,rollup=yes], the formula would be looking for modeled invoicing from two months ago. No modeled invoicing exists in the months prior to the beginning of the planning year. So, in the first two months of the plan year, this part of the formula should be replaced by a value. Be sure that the administrator understands this.

Method #2: AR is planned as DSO x average daily sales. In this case, AR is **planned by balance**.

Assumptions are used behind the scenes. First, create an assumption to hold the number of days in each month. Then, in a second assumption, enter or calculate DSO. Then, in a third assumption, calculate average daily sales with a formula such as:

=Div(ACCT.Total_Revenue,ASSUM.DaysInMonth)

Then, on the balance sheet, in the Accounts Receivable account, the formula is:

=ASSUM.DSO*ASSUM.Avg_Daily_Sales

Allowance for Doubtful AR

Allowance for doubtful AR accounts is typically **planned by balance**, with a formula such as:

=ACCT.AR*(-1*ASSUM.Doubt_AR_Pct)

The value in the assumption called Doubt_AR_Pct can be entered or calculated. It is the percentage of AR which is to be considered doubtful, or uncollectable.

Prepaid Expenses

Use a Capital Sheet

Prepaid expenses can be planned using Capital sheets. Ask the customer the same sort of questions as were asked regarding capital planning (please see the section above, called “Capital Planning and Depreciation Expense,” for more information.)

First, **consider the patterns** – how the prepaid expenses will be amortized to the P&L. The most common pattern is to spread the expense evenly over 12 months. Go to Admin, Define Patterns and create the necessary patterns.

Next, **create a Capital sheet called “Prepays.”** Select the pattern(s) created in the previous step. The asset classes might be named Prepaid Insurance, Prepaid Software Maintenance, etc. Give sheet access to the departments which plan prepaid expenses.

Next, **review the accounts which are to be used for the expense amortization**, e.g. insurance expense. As with depreciation, these accounts will be planned in two separate ways. Amortization of existing prepaids will be entered or imported. Amortization of future (planned) prepaids will be automatically calculated by the Prepaid sheet. Therefore, required are either two splits within each expense account, or two separate accounts.

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The most efficient solution is usually two separate accounts. This is because a formula will need to be written to link the GL amortization account to the modeled amortization account. This formula may need to reside in many or all departments, so the Formulas tab can be used. (The Formulas tab cannot be used to create formulas in splits.)

Go to the accounts which are to receive the amortization of prepaids. Create two sub-accounts under the existing expense account. Name one something like “Amort Old Prepaids” and the other something like “Amort New Prepaids.”

→ **Hint:** A third sub-account may also need to be created, if the account is also used to plan expenses unrelated to Prepaids. This is sometimes the case with Insurance expense accounts. For example:

73020_00 Ins - Auto	73020_00	Expense
73020_01 Auto Exp from Old Ppds	73020_01	Expense
73020_02 Auto Exp from New Ppds	73020_02	Expense
73020_03 Auto Exp not from Ppds	73020_03	Expense

→ **Hint:** Name the first new sub-account something like “Exp Old Prepaids.” This is because any values that reside in a non-rollup account will be moved to the first new sub-account created. Therefore, if there are any actual or old plan values in the original expense account, they will be moved to the first new sub-account, “Exp Old Prepaids.”

Next, **link the modeled amortization accounts to the appropriate GL accounts** (the ones that have “New Prepaids” in their names.) In the Formulas tab, go to the “New Prepaids” GL accounts and write formulas equal to the modeled amortization accounts, such as:

=ACCT.Ins_Auto.Depreciation

The modeled accounts which hold the calculated expense amortization will be called Depreciation, because this is a Capital sheet, being used as a Prepaid sheet.

Unlike with fixed asset depreciation, which does not usually need to be broken out by asset class, amortization of prepaid expenses usually goes to a different expense account for each type (class) of prepaid.

Next, **enter amortization of existing prepaids** into the expense accounts which have “Old Prepaids” in their names. It is not necessary at this point to have accurate numbers in the plan for amortization of existing prepaids. But the implementer should make sure that the administrator knows how to obtain these numbers in the desired format. It would be a good idea to document in the customer notes the information regarding the different prepaid expense amortization accounts and how they are used. In the meantime, dummy numbers can be entered into this account. This will be helpful in testing the prepaid balance sheet accounts.

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Plan the Prepaid Balance Sheet Accounts

Prepaid expenses are **planned by balance**. For each prepaid, create three splits, with names and formulas such as:

1400 Prepaid Expenses			
1401 Prepaid Insurance	3,007		
Beginning Balance	0	3,007	-150
Plus Additions	0	0	0
Less Expensed	0	-3,157	-657
Total	3,007	-150	-808

Beginning Balance: Refers to this same account balance, last month:

=ACCT.Prepaid_Ins_Auto[time=THIS-1]

Plus Additions: Refers to the modeled account which captures the value of new prepaid expenses from the Prepaid sheet:

=ACCT.Ins_Auto.Value[rollup=yes]

Less Decreases: Refers to the total expense related to both old and new prepaids (notice that this excludes the possible third sub-account, which is used for the same type of expense unrelated to prepaids):

=-1*(ACCT.Auto_Ins_Exp_Old_Ppds[rollup=yes]
+ACCT.Auto_Ins_Exp_New_Ppds[rollup=yes])

Create a Prepaid Audit Sheet

Especially if there are multiple prepaid balance sheet accounts, and multiple “asset classes” of prepaids being amortized to many different expense accounts, it can be helpful to create a standard sheet whose purpose is to audit all of the prepaid activity. This sheet can be called something like “Audit Prepaids.” Following is a suggested layout of accounts to include on the report:

1. **Amortization of Old Prepaids:** Include the GL expense accounts which contain amortization expense from prepaids which existed prior to the plan period.
2. **Amortization of New Prepaids:** Include the GL expense accounts which contain amortization expense from new prepaids, planned on the Prepaid (Capital) sheet. The sum of #1 and #2 should equal the decreases from the prepaid balance sheet accounts; in other words, does the balance sheet decrease properly reflect the expense in the P&L?
3. **Amortization of New Prepaids (Modeled):** Include the modeled “depreciation” accounts from the Prepaid (Capital) sheet. The total of #2 should equal the total of #3; in other words, does the GL expense (and consequently, balance sheet) activity properly reflect the values calculated by the modeled sheet?
4. **Additions to Prepaids (Modeled):** Include the modeled “value” accounts from the Prepaid (Capital) sheet. This should equal the additions to the prepaid balance sheet accounts; in other words, does the balance sheet properly reflect the increases in prepaid expenses?
5. **Prepaids (Balance Sheet):** Include the balance sheet prepaid accounts. Use this section to check the balance sheet activity against the accounts listed above.

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→ **Hint:** This sheet should be viewed at the Corporate Plan level, in Rollup mode, in order to see the total values for #1 through #4. The sheet should be viewed in Edit Plan mode, in order to see the splits in #5, the prepaid balance sheet accounts (additions and decreases to prepaids.)

Fixed Assets

Fixed assets, also known as Property, Plant, and Equipment, are **planned by Monthly Delta**. These accounts are increased by the additions to the Capital sheet. There are no decreases to these accounts (because the decreases are planned in the offsetting Accumulated Depreciation accounts.)

If there is a separate asset account for each asset class on the Capital sheet, then the formula in each asset account should look like this:

=ACCT.Off_F_E.Value[rollup=yes]

This formula pulls the modeled value of fixed assets from the Capital sheet for one asset class; in this case, Office Furniture & Equipment.

If there is one asset account for all fixed assets, then the formula in this asset account should look like this:

=ACCT.Total_Value[rollup=yes]

This formula pulls the modeled value of all fixed assets from the Capital sheet, for all asset classes.

→ **Hint:** If prepaid expenses are being planned using a Capital sheet, be careful to not include in this formula any values related to prepaids. ACCT.Total_Value would be incorrect, in this case, because this would include all new capital expenditures plus all new prepaids. In this case, instead write the formula like this:

=ACCT.Off_F_E.Value+ACCT.M_and_E.Value+ACCT.Misc_Equip.Value

This formula adds together the modeled value of all fixed assets for all asset classes.

Accumulated Depreciation

Accumulated Depreciation is **planned by Monthly Delta**. This account has a negative balance and is increased by a negative number, with a formula such as:

=-1*ACCT.Total_Depreciation[rollup=yes]

This formula pulls the amounts from all GL depreciation accounts. In other words, it includes depreciation on existing assets and depreciation on new assets, planned on the Capital sheet. Please see the section above, called "Capital Planning and Depreciation Expense," for more information on this topic.

→ **Hint:** Don't forget to make the results of this formula a negative number.

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Accounts Payable

Method #1: AP is planned by Balance. It is calculated as total expenses, less any expenses likely to be paid during the month (e.g., payroll,) less non-cash expenses such as depreciation expense.

To factor in the average number of days that invoices are outstanding, multiply the entire formula by a percentage. For example, expenses * 1 means that typically one month of expenses is unpaid. Expenses * .50 means that payables are paid fairly quickly, because only ½ of one month is unpaid. Expenses * 1.10 means that payables take slightly longer than a month to pay. For example:

$$=(ACCT.Expenses[rollup=yes]-ACCT.Salary.Related[rollup=yes]-ACCT.DeprecExp[rollup=yes])*1.10$$

Alternatively, the formula can reference the appropriate expenses from the current month plus some portion of the same expenses from prior month(s), such as:

$$=ACCT.AP_Exp_Driver[rollup=yes]+ACCT.AP_Exp_Driver[time=THIS-1,rollup=yes]*.5$$

This formula uses a custom account called AP Expense Driver to gather together the appropriate expenses. Then, the AP balance is planned as these expenses for the current month plus ½ of these expenses from the prior month. In other words, payables are normally paid in 45 days. (If this type of formula is used, be sure to modify it in the first month of the planning year: replace the second piece of the formula with a value, since there are no planned expenses prior to this month.)

- **Hint:** Additional or different accounts may drive AP. For example, Cost of Goods Sold might need to be included. Any component in the formula can be modified by a fraction, such as *.25, if appropriate.
- **Hint:** Modify the chart of accounts as needed to group expenses to facilitate gathering accounts which drive AP. Also, consider using assumptions or custom accounts to gather the appropriate AP drivers. This will simplify the formula in the AP account itself.

Method #2: AP is planned by Balance. It is calculated as ADP (Average Days Payable) x average daily expenses.

Assumptions are used behind the scenes. First, create an assumption to hold the number of days in each month. Then, in a second assumption, enter or calculate ADP. Then, in a third assumption, calculate the expenses that drive AP, as described above. In a fourth assumption, calculate average daily sales with a formula such as:

$$=Div(ASSUM.BS_Exp_to_AP,ASSUM.BS_Days)$$

Balance Sheet Drivers			
Days in Month	31	31	31
ADP	45	45	45
Expenses to AP	847,301	848,851	848,734
Avg Daily Exp to AP	27,332	27,382	27,379

Then, on the balance sheet, in the Accounts Payable account, the formula is:

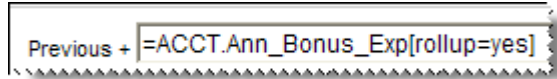
$$=1*ASSUM.BS_ADP*ASSUM.BS_Avg_Daily_Exp$$

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Other Payables

There may be other payables which need to be modeled. An example is Bonus Payable. If bonus expense is planned in the P&L, this expense will drive the payable.

Bonus Payable is **planned by monthly delta**. It is increased each month by the amount of the bonus expense. Its formula would look like this:



Ascertain when bonuses are paid to employees. In this example, they are paid in the first month of each quarter. The payout is equal to the accrued expense from the previous quarter. So the formula in the first month of each quarter would look like this:

$$=ACCT.Qtrly_Bonus[rollup=yes]-(ACCT.Qtrly_Bonus[time=THIS-1,rollup=yes]+$$

$$ACCT.Qtrly_Bonus[time=THIS-2,rollup=yes]+ACCT.Qtrly_Bonus[time=THIS-3,rollup=yes])$$

Alternatively, the decrease in the account can reference the balance in the bonus payable account from the month before:

$$=ACCT.Qtrly_Bonus[rollup=yes]-(ACCT. Bonus_Payable[time=THIS-1])$$

- **Hint:** The “decrease” part of the formula should be modified for the first month of the first quarter of the plan year. No modeled bonus expense exists in the months prior to the beginning of the planning year. So this part of the formula should be replaced by a value. Be sure that the administrator understands this.

Deferred Revenue

Deferred Revenue is **planned by balance**. Its balance is typically calculated as the difference between what has been invoiced to date and what has been recognized as revenue to-date.

This calculation can be accomplished in custom accounts. **First**, create a cumulative account linked to total modeled revenue. The balance in this account increases each month by the amount of modeled revenue. **Second**, create another cumulative account linked to total modeled invoicing. The balance in this account increases each month by the amount of modeled invoicing. Create a **third** periodic account, whose formula subtracts cumulative revenue from cumulative invoicing. This last account calculates the deferred revenue balance. This can be pulled onto the balance sheet.

The screenshot shows a software window titled "Deferred Revenue Calcs". It contains a table with the following data:

Accounts	Jan-2009	Feb-2009	Mar-2009
Deferred Revenue 1			
Cumulative Revenue	5,550,125	6,166,833	6,783,542
Cumulative Invoicing 2	7,571,250	7,601,250	7,631,250
Deferred Revenue Balance 3	2,021,125	1,434,417	847,708

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Deferred Income Tax

There may be a balance sheet account which should be an asset if it has a debit balance, or a liability if it has a credit balance. An example is Deferred Income Tax.

First, make sure there is an asset account (e.g. 25000_00 Deferred Tax Benefit) and a corresponding liability account (e.g. 29000_00 Income Taxes Payable.) The monthly balance will be displayed in only one of these two accounts, depending on whether it is a debit or a credit.

In this example, the amount of the deferred tax is first entered or calculated in the asset account. It does not matter whether this account is planned by monthly delta, or by balance.

Under the asset account, create a new sub-account called something like 25000_adj Display Only if Debit Balance. This account is **planned by balance**.

[-] Deferred Tax Benefit	
25000_00 Federal Income Taxes - Current	
25000_adj Display Only if Debit Balance	
Total	

On the balance sheet, create a formula in this new account such as:

$$=IF(ACCT.25000_00<0,-1*ACCT.25000_00,0)$$

In other words, if the balance in the Deferred Tax account is less than zero (this would be a credit balance, since this account is an asset), then this adjustment equals that balance x -1. In this case, the adjustment will zero out the parent account, as shown here:

[-] Deferred Tax Benefit	
25000_00 Federal Income Taxes - Current	-45,000
25000_adj Display Only if Debit Balance	45,000
Total	0

But if the balance is greater than zero (a debit balance), then the adjustment is zero. In this case, the parent account equals the balance in the Deferred Tax account, as shown here:

[-] Deferred Tax Benefit	
25000_00 Federal Income Taxes - Current	45,000
25000_adj Display Only if Debit Balance	0
Total	45,000

Then, create a formula like this in the liability account (which is **planned by balance**):

$$=-ACCT.25000_adj$$

This will cause the liability to have a credit balance in the amount of the adjustment out of the asset.

The result is if the Deferred Tax asset account has a credit balance, the asset account is zeroed out, and the liability assumes the balance as a credit.

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Other Deferrals

There may be other deferrals of revenue and/or cost on the balance sheet. These can be calculated using formulas similar to those in the Deferred Revenue account.

An example is a company which plans construction job revenue and related billings. As the job progresses, the customer is billed several times, and revenue is recognized along the way, depending on how much of the job is completed. At any given point during the job, total revenue recognized to date may exceed what the customer has been billed, or vice versa.

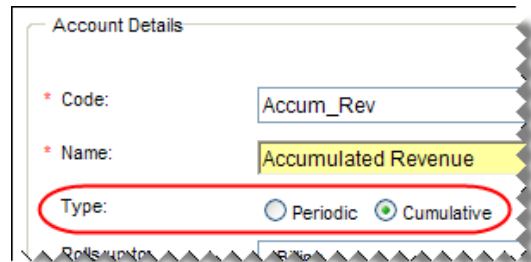
If accumulated revenue exceeds accumulated billing, the difference is an asset, because this is a receivable which hasn't been booked yet. If accumulated billing exceeds accumulated revenue, the difference is a liability, because a receivable has been booked but the revenue has not been recognized.

The asset and the liability can be planned by using custom accounts behind the scenes to accumulate revenue and billings, calculate the difference, and use If/Then statements to determine whether the calculated value should be an asset or a liability.

→ **Hint:** Create a standard sheet called "Balance Sheet Drivers" to display these and other balance sheet-related custom accounts.

How to Accumulate a Revenue or Expense Account

Revenue and expense accounts are periodic accounts; that is, the accounts display the net activity in each month. What is needed here is an account which displays the accumulated (to-date) value in each month. To accomplish this, create a custom account called something like "Accumulated Revenue." In account details, select type of Cumulative.



Using the Formulas tab, create a formula in the account (in the appropriate departments) which references the appropriate modeled or GL revenue accounts, such as:

=ACCT.Total_Revenue

→ **Note:** This accumulation will span more than one plan year, as balance sheet accounts do. This is appropriate for this particular scenario, because a job can begin in one year and continue into the next.

Create a similar account and formula to accumulate total billings.

Next, create a custom account called something like "Accum Revenue in Excess of Billings." Create a formula in the account (in the appropriate departments) such as:

=IF(ACCT.Accum_Rev-ACCT.Accum_Bill>0,ACCT.Accum_Rev-ACCT.Accum_Bill,0)

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In other words, if accumulated revenue is greater than accumulated billings, display this difference. Otherwise, display zero. This calculated value will be the balance in the **asset** account.

Create a similar custom account called something like “Accum Billing in Excess of Revenue.” The formula should be like this:

`=IF(ACCT.Accum_Rev-ACCT.Accum_Bill<0,-1*(ACCT.Accum_Rev-ACCT.Accum_Bill),0)`

In other words, if accumulated billings are greater than accumulated revenue, display this difference. Otherwise, display zero. This calculated value will be the balance in the **liability** account.

The last step is to go to the balance sheet accounts, and link them to these two calculations. These accounts should be **planned by balance**. The asset account should contain a formula such as this:

`=ACCT.Job_Accum_Rev_Excess_Bill[rollup=yes]`

The liability account should contain a formula such as this:

`=ACCT.Job_Accum_Bill_Excess_Rev[rollup=yes]`

Net Income

The Equity Net Income section of the balance sheet should contain an account called something like “YTD Earnings(Loss)” or “Net Income.” This account is **planned by Monthly Delta**. Its formula should reference the metric Net Income account used on the P&L. Its formula will look something like this:

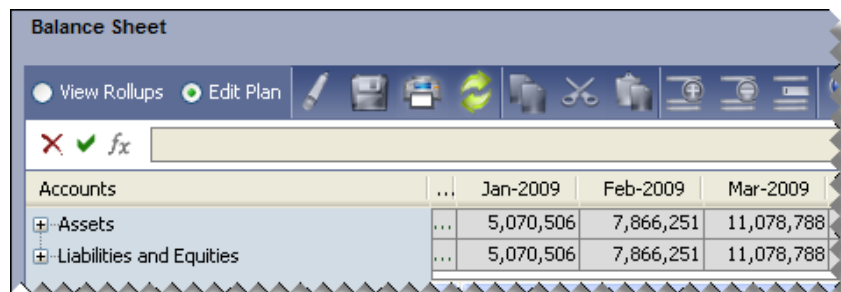
`=ACCT.Income[rollup=yes]-ACCT.COGS [rollup=yes]-
ACCT.Expenses[rollup=yes]+ACCT.Non_Operating_Income[rollup=yes]-
ACCT.Non_Operating_Expenses[rollup=yes]`

For more information on this topic, please see the section called “Create Reports.”

→ **Hint:** If the normal balance of liability/equity accounts is negative instead of positive, this should be multiplied by negative one.

Troubleshooting the Balance Sheet

The balance sheet should balance. Check to make sure that total Assets equal total Liabilities and Equity. If they are not equal, revisit the “plug” formula in the Cash account. If the balance sheet is out of balance, this formula is missing some component of the balance sheet.



Accounts	Jan-2009	Feb-2009	Mar-2009
Assets	5,070,506	7,866,251	11,078,788
Liabilities and Equities	5,070,506	7,866,251	11,078,788

This formula should be picking up everything on the balance sheet except the cash account itself. If custom accounts or assumptions have been used to gather together different pieces of the balance sheet, check the formulas in these accounts.

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Cash Flow Statement

The P&L and balance sheet are used to drive the cash flow statement, which is created entirely using custom accounts. Obtain an existing cash flow statement from the customer, if possible, to inspect the format. This format will be duplicated on a standard sheet, using custom accounts.

→ **Hint:** The cash flow statement accounts for changes in the balance sheet (which includes net income.) Every account on the balance sheet must be referenced somewhere on the cash flow statement. If anything is left out, the cash flow statement will be out of balance. For more information on this topic, see the section below, called “Troubleshooting the Cash Flow Statement.”

Create Cash Flow Accounts

Create a custom account for each row on the Cash Flow Statement. The format is fairly standard from company to company. It begins with cash flow from operations, followed by cash flow from investments and financing activities.

66	Cash Flow Statement
67	
68	Cash flows from operating activities:
69	Net Income (Loss)
70	Adjustments to reconcile NI(L) to
71	net cash provided (used) in
72	operating activities:
73	Depreciation and amortization
74	Stock option compensation chg
75	Changes in operating assets & liabilities:
76	Accounts receivable, net
77	Prepays
78	Other assets
79	Accounts payable
80	Accrued expenses
81	Deferred revenue
82	Net cash provided by(used in) operat-
83	ing activities

Go to Administration, “Manage your Custom Accounts,” and set up the necessary accounts. Choose type = periodic for all.

→ **Hint:** Begin by creating a group called Cash Flow Custom Accounts. Add parent and sub-accounts in the same rollup hierarchy as on the cash flow statement. Use a naming convention, such as beginning all codes with “CF,” for example, to facilitate identifying these on sheets and in formulas.

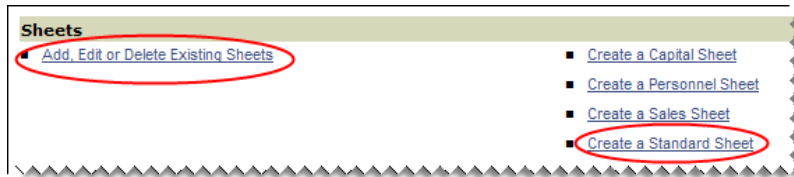
Name	Code	Type
Cash Flow Custom Accts		Custom
Cash Flow from Operating Activities	CF_from_Ops	Custom
Net Income (Loss)	CF_NI	Custom
Net Income Adjustments	CF_NI_Adj	Custom
Depreciation & Amortization	CF_Deprec_Amort	Custom
Deferred Federal Income Tax	CF_Def_Fed_Inc_	Custom
Gain on Asset Disposal	CF_Gain_Asset_Di	Custom
Minority Interest Earnings	CF_Min_Int_Earn	Custom
Unrealized Loss on Market Se	CF_Unreal_Loss	Custom
Change in Operating Assets & L	CF_Chg_Oper_A_L	Custom
(Incr)/Decr Accounts Receiva	CR_Incr_Decr_AR	Custom
(Incr)/Decr in Costs on Unc	CF_Incr_Decr_Cos	Custom
(Incr)/Decr in Ppd Insurance	CF_Incr_Decr_PPF	Custom
Incr/(Decr) in Accounts Paya	CR_Incr_Decr_AP	Custom
Incr/(Decr) in Accr Expenses	CF_Incr_Decr_Acc	Custom
Incr/(Decr) in Billings on Unc	CF_Incr_Decr_Billi	Custom

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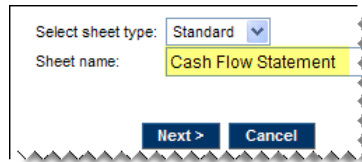
Create the Sheet

Once the cash flow accounts have been established, create a standard sheet to display them. Formulas will be built using this sheet.

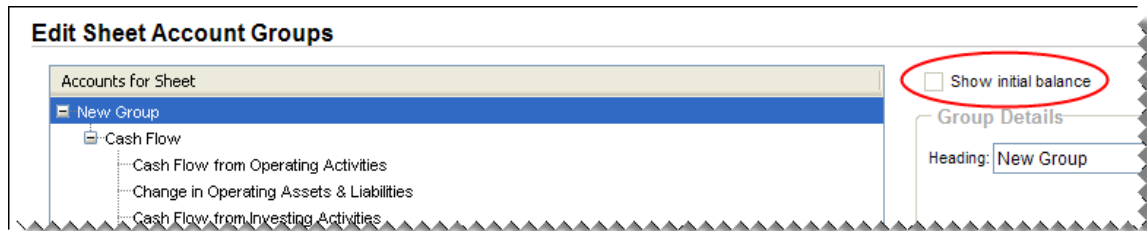
Go to Admin, Add, Edit or Delete Existing Sheets, or Create a Standard Sheet



Name the sheet "Cash Flow Statement."



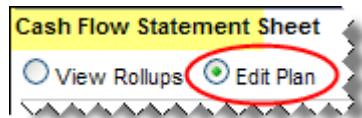
Add the custom account group called "Cash Flow Custom Accts." Do not check the "Show Initial Balance" box.



Make the sheet available to the same departments which have access to the Balance Sheet. Typically this is only to the Corporate Plan. (Or, if more than one balance sheet is to be planned, e.g. one for US and one for Europe, choose the appropriate rollup departments.)

Create Formulas in Cash Flow Accounts

It is normally most efficient to create all cash flow formulas on the sheet itself, in the Corporate Plan, in Edit Plan mode (or in rollup departments, such as US, in Edit Plan mode.)



The formulas do not need to be duplicated across multiple departments, so the Formulas tab is not needed. (However, if more than one cash flow statement is to be set up, e.g. one for the US and one for Europe, the Formulas tab can be used to create the same formulas in all appropriate rollup departments.)

This section will illustrate some typical formulas for the cash flow accounts.

Adaptive Planning, Inc. Implementation Guide

Net Income (Loss)

Net Income (CF_NI) should be linked to the same net income formula which is used on the balance sheet. Its formula will look something like this:

$$\begin{aligned} &= \text{ACCT.Income}[\text{rollup}=\text{yes}] - \text{ACCT.COGS} [\text{rollup}=\text{yes}] - \\ &\text{ACCT.Expenses}[\text{rollup}=\text{yes}] + \text{ACCT.Non_Operating_Income}[\text{rollup}=\text{yes}] - \\ &\text{ACCT.Non_Operating_Expenses}[\text{rollup}=\text{yes}] \end{aligned}$$

Net Income Adjustments

Depreciation & Amortization (CF_Deprec_Amort) should be linked to total depreciation and amortization expense on the P&L. Do not include expenses amortized from prepaids; the change in prepaids will be addressed separately. The formula should look something like this:

$$= \text{ACCT.Deprec_Amort}[\text{rollup}=\text{yes}]$$

Change in Operating Assets & Liabilities

Calculate the change from the prior month for non-cash operating assets and liabilities.

→ **Hint:** For asset accounts, the formula should equal **prior** month's ending balance minus **current** month's ending balance. For liability accounts, the formula should equal **current** month's ending balance minus **prior** month's ending balance (unless liabilities are planned with a negative balance; in which case, the formula is the same as for assets.)

Following are some examples, which assume that liabilities are planned with a positive balance. These can be separated into different accounts, or the formulas can be aggregated into one account, called "Operating Adjustments."

Incr/(Decr) Accounts Receivable (CF_Incr_Decr_AR):

$$= \text{ACCT.AR}[\text{time}=\text{THIS-1}] - \text{ACCT.AR}$$

Incr/(Decr) Prepaids (CF_Incr_Decr_PPD):

$$= \text{ACCT.PPDs} [\text{time}=\text{THIS-1}] - \text{ACCT.PPDs}$$

Incr/(Decr) Other Assets (CF_Incr_Decr_Oth_Ass): (See **Hint** below)

$$= \text{ACCT.Other_Assets}[\text{time}=\text{THIS-1}] - \text{ACCT.Other_Assets}$$

Incr/(Decr) Accounts Payable (CF_Incr_Decr_AP):

$$= \text{ACCT.AP} - \text{ACCT.AP}[\text{time}=\text{THIS-1}]$$

Incr/(Decr) Accrued Expense (CF_Incr_Decr_Accr_Exp):

$$= \text{ACCT.Accr_Exp} - \text{ACCT.Accr_Exp}[\text{time}=\text{THIS-1}]$$

Incr/(Decr) Deferred Revenue (CF_Incr_Decr_Def_Rev):

$$= \text{ACCT.Def_Rev} - \text{ACCT.Def_Rev}[\text{time}=\text{THIS-1}]$$

Incr/(Decr) Other Liabilities (CF_Incr_Decr_Oth_Liab): (See **Hint** below)

$$= \text{ACCT.Other_Liab} - \text{ACCT.Other_Liab}[\text{time}=\text{THIS-1}]$$

→ **Hint:** Other custom accounts or assumptions can be used to aggregate other assets or other liabilities in order to simplify the formulas in these cash flow accounts.

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Cash Flow from Investing

Purchase of Capital (CF_Purch_Capital) should be driven by the change in all fixed asset accounts (do not include accumulated depreciation; this is accounted for separately, in Net Income Adjustments.)

$$=ACCT.FA_Total[time=THIS-1]-ACCT.FA_Total$$

Cash Flow from Financing

These accounts should be driven by the change in long-term liabilities such as Notes Payable or Capital Leases. Several accounts can be aggregated into one formula, for example:

Capital Lease Change (CF_Chg_Cap_Lease):

$$=((ACCT.Cap.Lease.A-ACCT.Cap.Lease.A[time=THIS-1]) \\ +(ACCT.Cap.Lease.B - ACCT.Cap.Lease.B[time=THIS-1]))$$

Change in Cash

CF Beginning Balance (CF_Beg_Bal) should reference the CF Ending Balance account in the prior month:

$$=ACCT.CF_End_Bal[time=THIS-1]$$

Except that the first month of this account should equal the beginning balance of Cash on the balance sheet:

$$=ACCT.Cash[time=THIS-1]$$

Change in Cash (CF_Cash_Chg) should summarize all the parent accounts above on the cash flow statement (Net Income, Depreciation, Change in Operations, Investing and Financing):

$$=ACCT.CF_NI+ACCT.CF_NI_Adj+ACCT.CF_Chg_Oper_A_L+ACCT.CF_Inv+ACCT.CF_Fin$$

CF Ending Balance (CF_End_Bal) should equal the beginning balance plus the change in cash:

$$=ACCT.CF_Beg_Bal+ACCT.CF_Cash_Chg$$

→ **Hint:** CF Beginning Balance and CF Ending Balance, should be cumulative, and planned by balance. Otherwise rolled-up time periods (e.g. total year) will sum the beginning and ending cash flow accounts, instead of showing the beginning and ending balances for the entire period.

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Audit the Sheet

The change in cash as calculated on the cash flow statement should equal the change in cash on the balance sheet. This can be checked with two custom accounts:

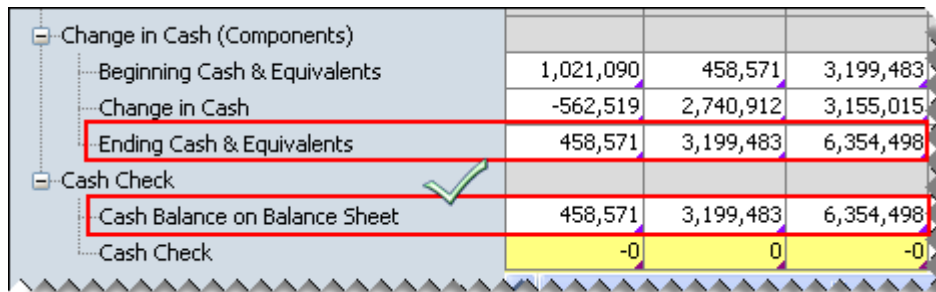
Cash from Balance Sheet (CF_Cash_from_BS) pulls the cash balance from the balance sheet with this formula:

$$=ACCT.Cash$$

Cash Check (CF_Cash_Check) compares the CF Ending Balance as calculated by the cash flow sheet to the ending cash balance on the balance sheet, with this formula:

$$=ACCT.CF_Cash-ACCT.CF_End_Bal$$

This account should have a zero balance. If it does not, the cash flow statement is in error. For more information on this topic, please see the section below, called "Troubleshooting the Cash Flow Statement."



Change in Cash (Components)			
Beginning Cash & Equivalents	1,021,090	458,571	3,199,483
Change in Cash	-562,519	2,740,912	3,155,015
Ending Cash & Equivalents	458,571	3,199,483	6,354,498
Cash Check			
Cash Balance on Balance Sheet	458,571	3,199,483	6,354,498
Cash Check	-0	0	-0

→ **Hint:** Cash from Balance Sheet should be cumulative, and planned by balance. Otherwise rolled-up time periods (e.g. total year) will sum the balances, instead of showing the beginning and ending balances for the entire period.

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Troubleshooting the Cash Flow Statement

It can be difficult to construct a perfect cash flow statement in one effort. Invariably, the “Cash Check” row at the bottom of the sheet displays a value other than zero in the early stages of building the statement. This means that something on the balance sheet is not being included on the cash flow statement, or that one or more signs are reversed in cash flow formulas.

One way to check the two sheets against one another is to send the balance sheet to Excel, by clicking on Printable View. Delete all time period columns except for two consecutive plan months, e.g. January and February. Add a new column called “Delta.” Write a formula in all rows which subtracts February from January. This column displays the change in all balance sheet accounts.

6				
7	Account Name	FY2008		
8		Q1		
9		Jan	Feb	Delta
10	Assets			
11	Current Assets			
12	Cash	5,225,779	8,565,596	3,339,817
13	Accounts Receivable	11,251,285	11,277,702	26,417
14	Prepaid Expenses	-109,000	-136,250	-27,250
15	Other Current Assets			
16	Total	16,368,064	19,707,048	3,338,984
17	Fixed Assets			
18	Equipment	0	0	0
19	Hardware	104,030	130,986	26,955
20	Leasehold Improvements	0	0	0
21	Accumulated Depreciation	-14,966	-21,321	-6,355
22	Other Fixed Assets			
23	Total	89,064	109,665	20,600
24	Other Assets			
25	Total	16,457,128	19,816,713	3,359,584
26	Liabilities and Equities			
27	Liabilities			
28	Current Liabilities			
29	Accounts Payable	307,601	307,964	363
30	Deferred Revenue	15,844,913	19,204,130	3,359,217
31	Accrued Expenses	304,614	304,619	5

Compare the values in this column to the values on the cash flow statement for February. If there is a value in this column which is not included somewhere on the cash flow statement, this is the problem. If the Balance sheet balances, then this method should uncover the problem. If the balance sheet is out of balance, that problem should be solved first. (For more information on this topic, please see the section above, called “Troubleshooting the Balance Sheet.”)

→ **Hint:** Explain this troubleshooting technique to the administrator, because as the balance sheet plan changes the cash flow statement may need to be updated as well.

Adaptive Planning, Inc. Implementation Guide

15. Final Details

Once the time nears to put the model in the hands of the administrator, there are a few last details to consider. The administrator may be the best person to attend to some of these.

Review sheet access granted to departments. This can be done from Admin, Manage your Plan Structure. Remember that the sheets available to a subplan are limited to the sheets that are available to the parent plan. For example, if the parent plan has access to only the Expenses, Personnel and Capital sheets, the subplan can choose only from those three sheets.

The screenshot shows the 'Plan Details' configuration window. The 'Name' is '50-202 Accounting', 'Rolls up to' is '50-200 Finance & Accounting', and 'Location' is 'San Diego'. Under 'Plan access', 'Adaptive Planning' is selected. Under 'Sheets', the following are checked: Expenses, Salaried Personnel, Hourly Personnel, and Capital. Unchecked are Audit Salaries & Benefits, Sales, and Revenue.

Sheet access can also be granted to departments by starting in Admin, Add, Edit, or Delete Existing Sheets. Click on the Edit link next to the sheet name, then click on the edit link next to Available On.

Action	Summary
Edit	Account Groups: Expenses
Edit	Dimensions:
Edit	Available On: All Plans
Edit	Customization for Subplans

Review account access on sheets. Accounts which contain standard formulas created in the Formulas tab are good candidates for read-only. Accounts which are used for actuals but not for planning may be candidates to be hidden from sheets. Go to Admin, Add, Edit, or Delete Existing Sheets, and click on the edit link next to Customization for Subplans.

The screenshot shows a 'Legend' at the top with three options: 'Visible' (checked), 'Visible/Read Only' (unchecked), and 'Hidden' (unchecked). Below is a table titled 'Accounts for Sheet' with columns for '50-000 General & Administrative' and '60-000 Marketing'. The 'Expenses' section is expanded to show sub-accounts.

Accounts for Sheet	50-000 General & Administrative	60-000 Marketing
Expenses	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PL Expense	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
7000_00 Payroll & Related	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
7000_01 Salaries	<input type="checkbox"/>	<input type="checkbox"/>
7000_02 Wages	<input type="checkbox"/>	<input type="checkbox"/>
7000_03 Employee Benefits	<input type="checkbox"/>	<input type="checkbox"/>
7000_04 Payroll Taxes	<input type="checkbox"/>	<input type="checkbox"/>
7000_05 Employee Bonus	<input type="checkbox"/>	<input type="checkbox"/>

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Remove “dummy” data from the plan. If dummy data has been created in the plan to test calculations, the implementer may want to remove it before handing the plan over to the administrator. Alternatively, it can be left in as an example to the administrator. If this is the case, be sure that the administrator knows about it.

Create a separate version to preserve the plan at this point in time. Once the version is in the hands of the administrator and other planners, it's possible that inadvertent changes could undermine the integrity of the model. For example, formulas linking salaries to Personnel modeled accounts might be deleted. These formulas can be rebuilt, but it can be helpful to have a separate version of the original model to refer to. The implementer can name this version something like “AP Version as of Jan. 2008,” and set the status of the version to be Hidden.