

THE PATH TO MODERN PLANNING

Rolling forecasts:

how to achieve business agility
with dynamic planning.





Survival of the fastest.

To compete in today's increasingly frenetic business landscape, enterprises must harness their data to drive better, faster decision-making. That means there's a widening gap between today's leaders and today's laggards that hinges on the maturity of their planning function.

Organizations that embrace modern planning—a continuous, forward-looking, company-wide process—tend to accelerate, while those that persist with traditional static, retrospective, and siloed planning are increasingly left behind.

In 2020, for example, FSN found that “only 12% of companies are data masters that actively manage their data as a corporate asset and have the tools and resources needed to provide competitive edge and insight.”

FSN reports:

- Almost half of companies interviewed struggle to respond to ad hoc requests for analysis
- Two-thirds of these companies can't analyze data fast enough to compete properly within their market
- Of these companies, 40% are overwhelmed by the sheer volume and variety of data

Modern planning answers these problems. By transforming planning into a strategic success lever, enterprises can better anticipate and respond to change.

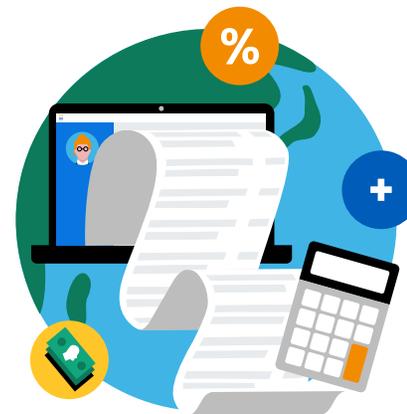
Modern planning is defined by three core elements: it's **continuous, company-wide,** and **cloud-first**. This eBook focuses on continuous planning, with a deep-dive into one of the core steps finance leaders can take today to get started: rolling forecasts.

A major mechanism of modern planning, rolling forecasts empower organizations to continually recalibrate plan-execute-analyze cycles based on real-time insights against the drivers that matter most.

Keep reading to explore:

- What rolling forecasts are, why they're so different to the status quo, and what becomes possible when you embrace them
- How your organization can start implementing rolling forecasts, and how following a few core principles makes it easier than you think
- The lessons you can learn from enterprises already harnessing rolling forecasts to stay ahead of their competition

Let's go.





Section 1

Why are rolling forecasts different from traditional planning?

The traditional annual budgeting and forecasting model can no longer fulfill its promise to guide future decision-making. That's because it typically goes like this:

Once a year, senior executives convene to define company goals, plan activities, and allocate budget for the next 12 months. These plans cascade downward, then after 12 months performance is reported upward (with various degrees of reliability) for the process to start again.

The whole cycle is fundamentally static, reactive, and retrospective. Plus, it's inherently unreliable, riddled with data gaps, and endlessly time-consuming.

This results in forecasts that are often outdated before they're even complete—and seemingly sensible decisions based on these forecasts might be major missteps. The traditional model simply isn't fit-for-purpose as a lever for forward-looking strategic thinking and business agility.

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Frequent planning, monitoring, analysis, forecasting, and replanning based on the latest forecasts can make the difference between proactive course correction and too-little, too-late reactive management.

Doug Henschen

VP and Principal Analyst, Constellation Research
“Modern Planning Platforms Drive Business Agility and Better Outcomes”; January 2021.



But many businesses have become used to its deficiencies by creating workarounds.

They accept the symptoms of traditional planning—tediously slow decision-making, innovation that’s always playing catch-up, market share lost to disruptors, millions of dollars wasted in inefficiency black holes—as the cost of doing business at scale.

But that price is becoming too high to pay. In today’s accelerating business environment, traditional planning slows progress so radically that it’s like entering a horse-drawn carriage into Formula 1 racing.

To compete today, companies must take control of their data to continually reach better, faster decisions. That’s where modern planning comes in—and rolling forecasts, as one of the core activities that powers the continuous, real-time recalibration that acceleration (and even survival) depends on today.

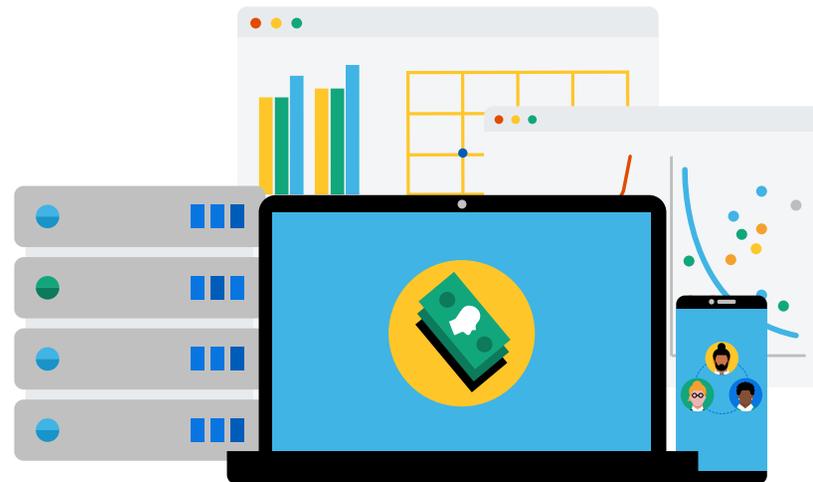
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Rolling forecasters outperform quarterly forecasters in every category, most markedly in terms of agility. In a period of great uncertainty and change, rolling forecasts are noteworthy for providing much-needed agility.

Gary Simon

Chief Executive, FSN

“Agility in Planning, Budgeting, and Forecasting”;
FSN Publishing; 2021.



What are rolling forecasts?

Let's start with what rolling forecasts aren't. They aren't just annual budgets that happen more frequently.

The traditional annual budgeting process already consumes an enormous amount of time, without delivering results to justify the investment. If you're like the average business, it takes your finance team about 75 days to complete an annual budget, according to an Association for Financial Professionals Benchmarking Survey.

If you reforecast more often but rely on the same processes and technology to do so, you'll increase the budgeting burden dramatically—with only marginal improvements.

Rolling forecasts are different from traditional budgeting and forecasting in three ways:

- Instead of once-a-year, discrete exercises, rolling forecasts offer continuous insight over a specific time horizon. Actuals are rolled forward at a regular cadence—typically quarterly, monthly, or even weekly.
- Instead of listing thousands of line items like your annual budget, rolling forecasts focus on your core value drivers such as risk, profit, and working capital. This driver-based planning zeros in on what matters most to help accelerate decision-making.
- Instead of focusing on a snapshot of a fixed and receding past, rolling forecasts are regularly updated based on current events, trends, and changes to create a view of the future that's far more reliable.

The upshot is, rolling forecasts enable continuous recalibration based on your most important business drivers in real time. That means rolling forecasts empower finance leaders to create closer alignment between day-to-day business performance and strategic decisions for faster, better decision-making that powers acceleration.

Rolling forecasts enable:

- **Faster reforecasting.** When the on-the-ground situation changes, you can quickly feed new facts through your forecasting process and recalibrate accordingly.
- **Greater accuracy.** Almost half of all rolling forecasts are accurate to within plus or minus **5% versus just 35%** of those that forecast earnings four times a year.
- **Smarter decisions.** Better data won't replace business instincts but will instead augment them, protecting the organization from strategic myopia and unchecked optimism and creating time for higher-value analysis.

For example: When you're a software subscription service growing 30% year over year, such as HubSpot, it's essential that your planning keeps pace with change and growth.

Using Workday Adaptive Planning, HubSpot reduced its forecasting cycle times by 15%–20%, empowering faster, smarter business decisions to support rapid global growth.

[Read the case study.](#)



Section 2

Getting started with rolling forecasts.

Getting started with rolling forecasts is easier than you might think, if you follow some core principles to guide your progress.

Don't rely on spreadsheets.

Spreadsheets are simple, powerful, and, in the right hands, fast. They're also familiar and inexpensive—it's no wonder they've become such a staple. According to FSN, 70% of businesses rely heavily on spreadsheets across every business unit.

If you want to analyze numbers in isolation or you're working with static data sets, spreadsheets are hard to beat. But spreadsheets simply weren't built to gather, consolidate, reconcile, model, and act on dynamic data on a rolling basis.

Rolling forecasts are technically possible using spreadsheets, but barely.

With a huge amount of extra elbow grease, you could use spreadsheets to reforecast more frequently and achieve incremental accuracy gains.

But the transformational power of rolling forecasts is the ability to reforecast—quickly and easily—according to the organization's needs, which often means monthly, or even weekly.

To get there, you need different tools in your arsenal.

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With all that is going on with COVID-19, we are in weekly forecasting mode. With Workday Adaptive Planning, we have been able to put scenarios together in no time and the flexibility has been a game changer.

Controller

Finance Transformation,
RATP Dev USA



A dedicated, built-for-purpose, cloud-based platform automates rolling forecasts, and can reduce the time you spend on forecasting by up to 70% (or even more).

This type of specially engineered platform makes it dramatically easier to gather and process real-time data from myriad sources, conduct variance analysis, empower cross-company participation in forecasting, and provide a data-driven framework for next-step discussions.

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Using spreadsheets for planning and forecasting can be likened to predicting the weather using just a barometer—an old-school approach offering limited insight. A modern planning platform gives you all the advantages that today’s weather forecasters get from powerful computer-based modeling and Doppler radar.

Doug Henschen

VP and Principal Analyst, Constellation Research
“Modern Planning Platforms Drive Business Agility and Better Outcomes”; January 2021.



Identify your core value drivers.

The typical annual budget lists thousands of line items, but it's comprehensive at the cost of being time-consuming and unwieldy. It's more a document of record than a forward-looking decision-making tool.

In today's business environment, comprehensiveness is a luxury decision-makers can't afford—especially at the price of speed. Missteps, remedied fast, cost less than equivocation and inaction.

Leaders must make decisions fast, immediately pinpointing what's most likely to drive results. Your annual budget lacks the clarity and agility to support such decision-making.

Focus rolling forecasts at a higher level, identifying your core business drivers such as risk, profit, and working capital. That way, you can instantly see what's most valuable to the business.

You can also secure enthusiastic buy-in from managers on the ground, who can zero in on what matters most instead of getting bogged down. Rolling forecasts then become a precision tool for agile strategic thinking across the organization rather than a more frequent rendition of your annual budget.



As a private equity and venture-backed software company, it has been important to understand the potential impact of the COVID-19 pandemic. The first thing we did was to look at our rolling forecast, changing the key drivers that would affect revenues, expenses and liquidity.

Using Workday Adaptive Planning, we were easily able to isolate and create multiple scenarios to model the impact of significant changes in attrition, renewal rate, our revenue-based pricing model, and collections.

This gave us a comprehensive look at the short- and long-term risk to the business, specifically in terms of our liquidity position. We then quickly built financial models, which helped us take actions necessary to ensure we have the liquidity we need to weather the worst-case scenario.

Vice President, FP&A
Plex Systems

Eliminate bias.

Traditional annual budgeting is little better than a yearly quantification of fantasy. Source data is hard to locate, widely dispersed, and impossible to verify. Business unit leaders have learned to act in self-interest, inflating costs and diminishing targets wherever possible.

Too often, businesses allocate resources based on little more than hunches, assumptions, and negotiations. The plan bears little relation to wider market conditions or real-world performance, and often doesn't even account for the true cost of delivery.

The resulting plan is more of a political balancing act than a tool that truly supports the business's strategy.

Rolling forecasts aren't budgets. They're a strategic management tool, not an evaluation tool, so don't link them to targets, measures, or rewards.

If managers think they'll be evaluated based on forecast accuracy as they are against budget targets, you open the door to misdirection and manipulation. Empower managers to convey the as-is reality without fear of condemnation or consequence. Otherwise, the enterprise risks being the victim of self-made illusions.



Get insights into the right hands.

Planning is weakest when it's an exclusive activity that belongs to a few senior decision-makers. Strategic thinking happens all over the organization today—in all departments, at all levels.

Rolling forecasts are powerful because they put real-time insights right into the hands of managers to impact day-to-day decision-making.

That's another reason you'll need a built-for-purpose platform. Spreadsheet-heavy companies limit oversight to those most likely to use them: finance teams.

Use a dedicated platform to empower leaders and executives with clear, intuitive dashboards rather than endless tables of numbers. That way, forecasts are always available without IT support or the technical know-how to interpret spreadsheets.

That's the key to making them useful and actionable on a day-to-day basis—and securing wider buy-in for this new type of forecasting—so the impact can be realized across the organization.

Rolling forecasts aren't just a better way for finance to plan. They're the first step on the road toward modern planning that transforms the fabric of the business.



With Workday Adaptive Planning, our summer isn't consumed with the budget. We're doing a lot more planning and value-added work for the organization versus spending time heads down at our desks working on Excel spreadsheets.

It's very intuitive. We have it rolled out to about 45 end users and a lot of those are grocery retailers; they're not on a computer their entire work day. This system, I haven't had issues with people not being able to figure it out—it's been very intuitive for them.

Director of Finance
Lunds

[Learn how Lunds dramatically accelerated forecasting and put business-critical insights at the fingertips of busy general-store managers.](#)

Choose the right forecasting horizon.

Traditional budgeting has a fixed one-year planning horizon aligned to the fiscal year. With this traditional model, your insight horizon shrinks with each step forward so you have less and less visibility into the future as time passes.

After 12 months, you reach a point without any insight into the future—and that's the cue to reforecast. This often has no continuity with the budget you created a year ago. You could've been making missteps for 11 months, compounding month-on-month until now.

By contrast, rolling forecasts are aligned to business cycles rather than the fiscal year. It reforecasts continuously, so your visibility is constant and continuous across the forecast horizon you've set. A best practice is to forecast at least four to eight quarters past the current quarter's actuals, which gives decision-makers a firm grasp of the future with a strong degree of accuracy.

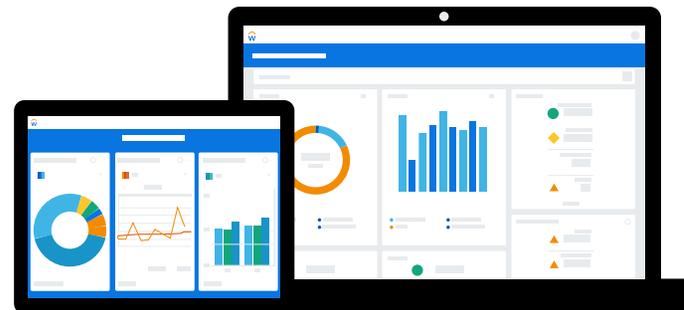
Ultimately though, the right horizon for you will depend on your industry, business needs, and how long it takes to make important decisions. If you don't forecast far enough into the future, you don't have the foresight to prepare ahead for disruption. If you forecast too far into the future, you risk investing time—or making decisions—on data that's too far out to be accurate.

The right tool will help you model different scenarios across different horizons with a simple click. That's especially useful when you need to answer questions across different time periods.

For example: You might want a near-term view on how decreased sales will impact operating cash flow, but a longer-term view on how changing customer demand could impact profitability.

That's where dynamic planning can help. You can recalibrate forecasts and resource allocation every month, quarter, or longer based on what's actually happening in the business. Simply put, the rolling forecast is a key finance tool that allows you to see trends or potential disruptions and adjust accordingly.

In practice, following these principles becomes dramatically easier when you use a built-for-purpose cloud-based platform. One that's built not only to power rolling forecasting, but to support all the principles of modern planning.





Section 3

Learning from rolling forecast leaders.

In today's landscape of compounding instability and fast-paced change, agility has cemented itself as the most critical business capability. Time and again, more agile contenders pull away from the pack, redefining best practices and endlessly raising the bar.

Rolling forecasts are a critical success lever, integral to building a continuous planning function that supports agile decision-making.

Let's look at how that works in practice.

ChristianaCare

A network of private, non-profit hospitals providing healthcare services in the U.S., ChristianaCare has faced few challenges as demanding or disruptive as the COVID-19 pandemic.

The effectiveness of its response—and ultimately, patient care—hinged on reacting fast to upheaval, modeling possible future scenarios, and making fast decisions to better serve patient communities.

Just two months after going live with an annual planning model, ChristianaCare made the decision to pivot to month-to-month forecasting. Despite everything else going on as the pandemic built momentum, it made this switch within a week.

Soon after, the organization could deliver multiple scenario plans to the board of directors to help guide agile decision-making.

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The adaptability of Workday Adaptive Planning in the midst of this crisis has been phenomenal. We pivoted to month-to-month forecasting in just 4 days so we could better manage COVID-19 impacts on our operations and patient care.

Director of Financial Planning and Operational Analysis
ChristianaCare



RATP Dev USA

Serving over 1.5 billion passengers across four continents annually, multimodal transportation company RATP Dev is intimately familiar with the challenges of growth and complexity.

For the finance team, this meant laborious forecast and budget processes using manual spreadsheets across distributed teams that resulted in a lack of organization-wide buy-in.

This time-consuming, inefficient, and error-prone planning process meant RATP Dev was struggling to move with agility to seize growth opportunities.

Using Workday Adaptive Planning, it reduced the time spent forecasting by 50% and empowered the company to adapt to growth more strategically.

When COVID-19 struck, the organization moved into a weekly forecasting cycle to quickly gather insights around the pandemic's impact on revenue, EBIT, and cash flow, then harnessed those insights to formulate smart plans of action.

AGF

Premier independent investment firm AGF understands the importance of precise, agile decision-making in a fast-changing financial landscape. Its success—and the success of its 1 million investors—depends on it.

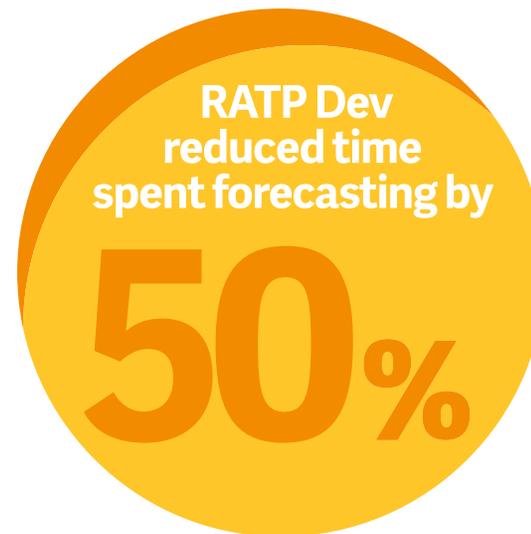
But its outdated, spreadsheet-based planning cycle was seriously slowing the firm down.

Using Workday Adaptive Planning, AGF shaved days each month off its forecasting processes, and at least a week off its annual budgeting practice. The organization now embraces a modern rolling, eight-quarter forecasting and reporting process that empowers more strategic, longer-term business decisions, faster.

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The high level of data integrity within Workday Adaptive Planning allows us to confidently run scenarios and make more strategic, course-altering decisions much quicker.

VP of Finance and Controller
AGF



TELUS

When Canadian telecommunications giant TELUS undertook a multi-billion-dollar infrastructure project to keep pace with growth, project managers realized they needed better tools for the job.

Using spreadsheets made consolidating data for 35 to 40 project managers nearly impossible, let alone generating reports on demand for execs. And at a multi-billion-dollar scale, small forecast errors and incorrect budget allocations were amplified to an urgent business imperative.

TELUS turned to Workday Adaptive Planning for the fast continuous planning, budgeting, and reporting it needed to make better decisions in real time.

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With Workday Adaptive Planning, we were able to drive our annual variance to less than 1%. For some drivers, even lower. And that is remarkable. Without Workday Adaptive Planning, we wouldn't be able to run gigantic projects and make decisions in real time.

Director of Strategy

TELUS



How Workday helps.

At Workday, we're powering a new generation of enterprise planning and analysis to drive business agility in a fast-paced world.

Workday Adaptive Planning is cloud-based software for modern planning. It wraps powerful modern budgeting, planning, and forecasting capabilities into a simple interface everyone can use.

Workday Adaptive Planning makes rolling forecasts—and the other levers that make up modern planning, such as what-if scenario modeling and extended planning and analysis (xP&A)—simple, fast, and accessible.

Ready to get started?

Watch our on-demand webinar to see how powerful rolling forecasts are for business agility. [Watch now.](#)

As well:

Watch our online demo to see why Workday Adaptive Planning is the top-rated enterprise planning software with more than 5,000 loyal customers. [Watch now.](#)





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