



Strategic Budget Planning Checklist for Private Equity Portfolio Companies

USE THIS CHECKLIST TO GUIDE YOUR BUDGETING PROCESS AND ENSURE ALIGNMENT WITH YOUR STRATEGIC GOALS.

Comprehensive Calendar Creation and Management

- ☐ **Develop an Annual Budget Calendar:** Outline key dates for budgeting milestones, such as initial draft submissions, executive reviews, and final approvals.
- ☐ **Schedule Strategic Planning Sessions:** Set dates for strategic planning meetings with key stakeholders to ensure alignment with overall business objectives.
- ☐ **Identify Critical Financial Events:** Mark important dates for capital expenditures, debt repayments, and revenue milestones.
- ☐ **Regular Calendar Reviews:** Periodically review and adjust the calendar to reflect any changes in the business environment or strategic priorities.

Scenario and Sensitivity Analyses

- ☐ **Conduct Scenario Planning:**
 - Identify key variables that could impact your financial model (e.g., market conditions, customer demand, pricing changes).
 - Develop multiple financial scenarios based on different assumptions about these variables.
 - Create contingency plans for each scenario.
- ☐ **Perform Sensitivity Analysis:**
 - Identify the most critical drivers of financial performance (e.g., sales volumes, costs, pricing).
 - Test the impact of changes in these drivers on the overall financial model.
 - Prioritize focus on the variables with the highest impact.

Custom Budget Templates and Financial Models

- ☐ **Design Custom Budget Templates:**
 - Tailor budget templates to the specific needs of each business unit or function.
 - Ensure templates capture the nuances of revenue generation, cost management, and other key areas.
- ☐ **Integrate Financial Models:**
 - Develop financial models that provide a holistic view of the company's financial health.
 - Ensure models are flexible enough to accommodate updates based on new data or changing assumptions.
- ☐ **Review and Update Templates Regularly:** Continuously refine templates and models to reflect changes in the business environment or strategic objectives.

Continuous Forecasting and Performance Monitoring

- ☐ **Implement Continuous Forecasting:**
 - Regularly update financial forecasts based on the latest data and market conditions.
 - Adjust budgets in real-time to ensure alignment with financial objectives.
- ☐ **Schedule Regular Performance Reviews:**
 - Conduct monthly and quarterly reviews of financial performance against the budget.
 - Use variance analysis to identify differences between actual results and the budget, and investigate the causes.
- ☐ **Refine Priorities Based on Performance:** Adjust strategic priorities based on performance reviews to stay on track with your financial goals.

Cross-Functional Collaboration

- ☐ **Facilitate Executive Calibration Sessions:**
 - Bring together leaders from different business units to discuss key decisions and investments.
 - Ensure all stakeholders are aligned on strategic priorities and that the budget reflects a shared vision.
- ☐ **Empower Leadership:**
 - Educate business leaders on financial management best practices and budgeting tools.
 - Encourage leaders to take ownership of their budgets and financial results.
- ☐ **Foster Continuous Communication:** Maintain ongoing communication between finance and other departments to ensure alignment and responsiveness to changes.

ABOUT E78

E78 delivers advisory, talent, and managed services that address the critical finance, technology, and transformation challenges faced by investment managers, private equity sponsors, and corporate leaders across the middle market through Fortune 500 companies.

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