

# 4 tips for financial planning that deliver real insights

How to build a robust and meaningful financial planning with the right software



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# Why you need financial planning that delivers real insights

Accurate financial planning is critical to the future of your business. Without a realistic picture of your overall financial position, you run the risk of being knocked off course, even in times of relative stability. The following questions should always be at the forefront of your mind:

- Is the business developing as we had planned?
- Are the actions we're taking having the desired effect?
- What risks and opportunities are likely to arise as our business changes?

If you want to navigate your business confidently through turbulent times, you'll need the right tool for the job. Informative financial planning gives you the means to actively steer your business where you want it to go, rather than just being swayed by external factors. Used properly, it can be the foundation of your business management and analysis, enabling you to turn insights into the right conclusions for the future. You'll be able to plan investments, distributions, and debt financing based on the data you have rather than on pure intuition.

In this eBook, you will learn how to set up reliable financial planning with minimal effort. By following our four tips, you can significantly improve your financial planning not only in terms of the process itself, but also in terms of data quality and time spent.

## Checklist: When it's time for better financial planning

- ✓ Your current system is too slow and prone to errors.
- ✓ You are under increasing time pressure from various stakeholders.
- ✓ You want more people to believe in your planning process.
- ✓ Reliable, real-time information is becoming increasingly important to your business.
- ✓ You need accurate data to make informed decisions.

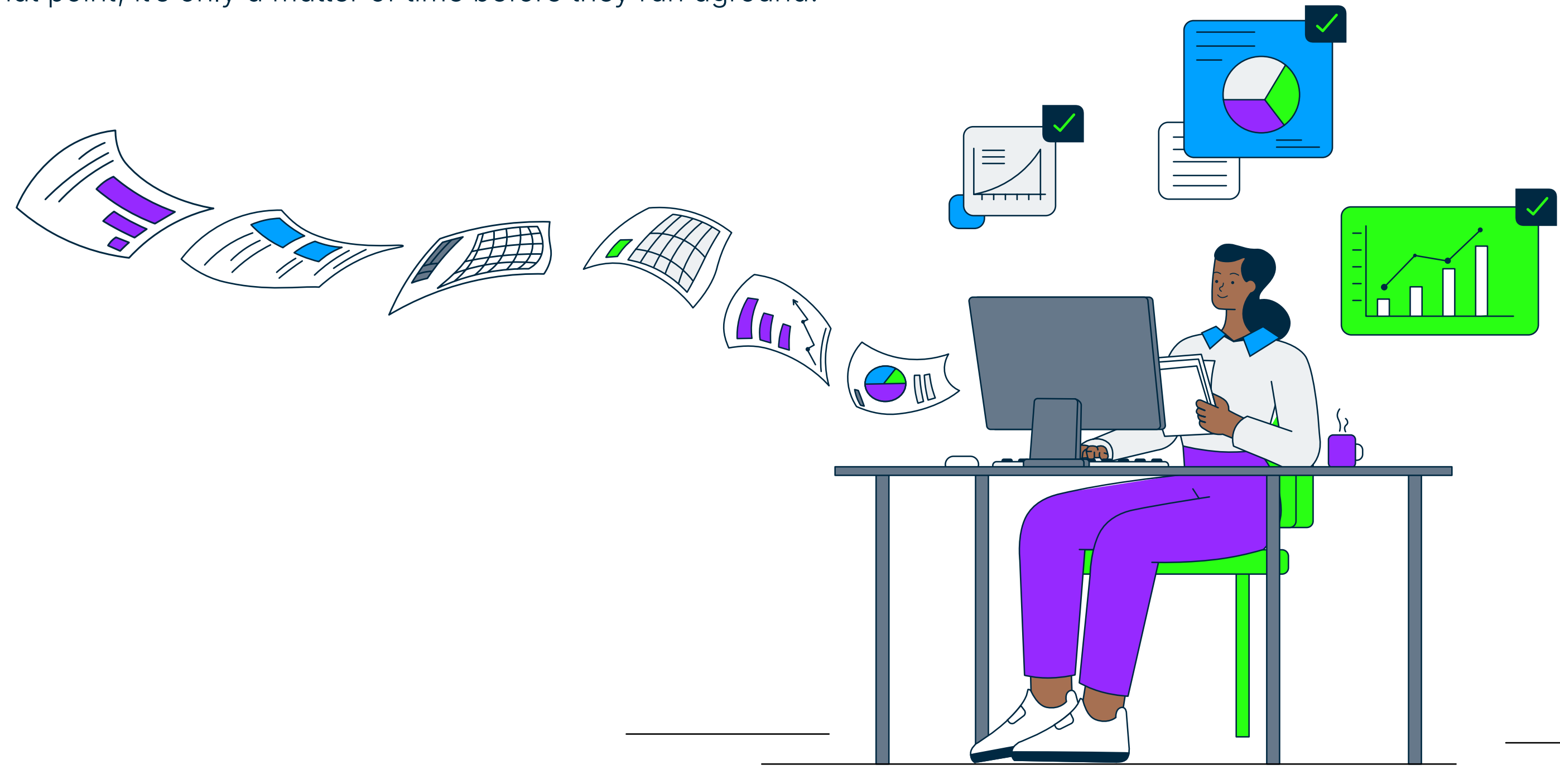
# 4 tips for building strong financial planning processes

## Tip 1: Automate your planning

Excel is still the number one tool for planning, budgeting, and reporting. After all, it's a solution that many users are familiar with and many companies have installed by default. When it comes to calculating time series and preparing data in graphical formats, spreadsheets can be an appropriate choice. However, as more and more users are discovering, Excel isn't always sufficient as a standalone solution.

For example, if you need to turn your profitability planning into a budgeted balance sheet and cash forecast, you'll find that **it** eventually reaches its limits. In many cases, people start working with references and macros, which only makes their overall planning less transparent and more prone to error. At that point, it's only a matter of time before they run aground.

Professional planning software, on the other hand, will help you implement an automated and transparent process where mistakes simply don't happen. You'll be able to respond more quickly and flexibly to changes in your market environment. Your internal auditors and controllers will also prefer a system that ensures your data is accurate and that can display any relevant financial figure at the touch of a button.





## Tip 2: Integrate your planning

Liquidity is a key variable when it comes to a company's survival. But despite its importance, liquidity is often considered in isolation. However, the secret to successful financial planning lies in integrating your income statement, balance sheet, and cash flow statement.

Only by combining these three elements can you properly assess how your business decisions will affect your profitability, solvency and stability, and create a reliable overview of your company's economic situation.

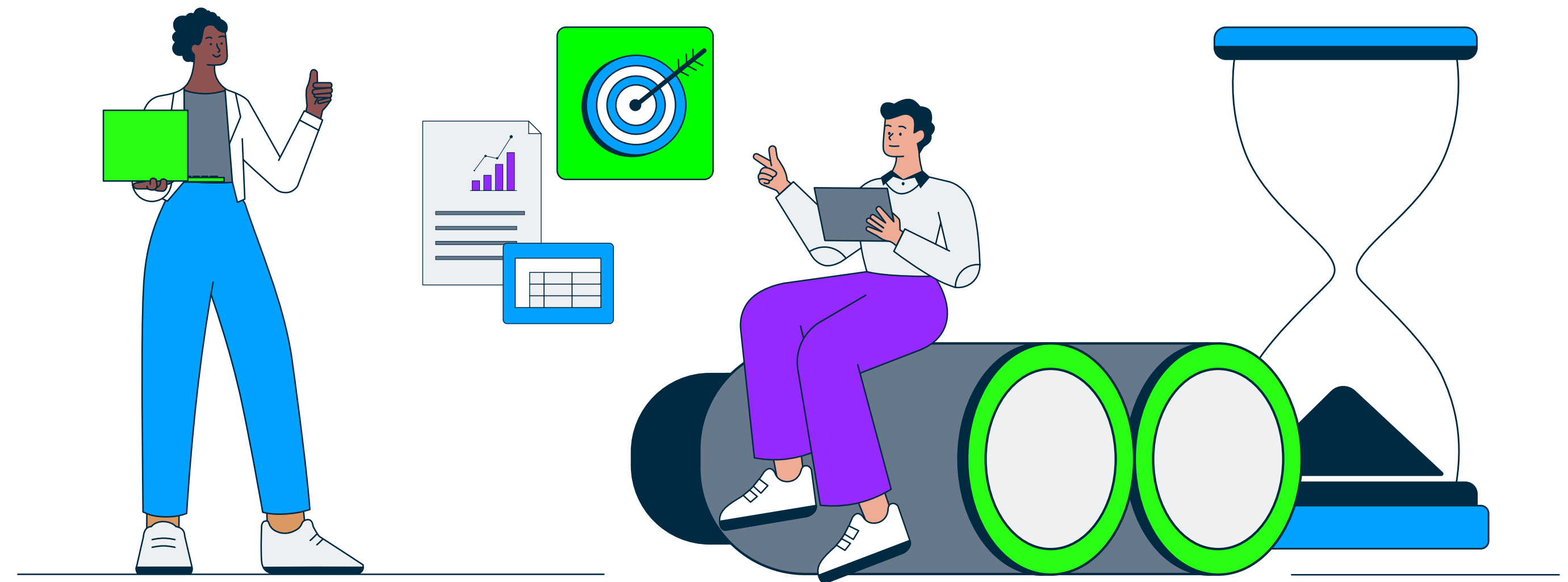
## Tip 3: Think in scenarios

Today's markets are highly complex and change at a rapid pace. Only those who are flexible enough to react quickly to the latest developments will be able to stay on course. That is why planning for certain scenarios **is an important tool for successful business management**. To get a feel for the scenarios your company is likely to face, you should explore a variety of planning premises and think through different variants.

Professional planning software allows you to simulate best- and worst-case scenarios as often as you like. This means you'll already have a good idea of what will happen if certain conditions develop to the benefit or detriment of your business. You'll also know what to expect in terms of your assets, revenues, and financial position-and what steps to take to keep your company from becoming insolvent **if things turn for the worse**.

## Tip 4: Get forecasts

Forecasting during the current fiscal year is another key management tool. In many cases, the problem with traditional annual planning is that it's no longer current or relevant once the environment surrounding a particular company or its market changes. A rolling or periodic forecast, on the other hand, takes actual data and uses it to develop a forecast of your operating business in the current year, while adjusting the assumptions made in your operational planning. This approach improves your planning forecasts and allows you to respond quickly to changes.



# Staying on track can be easy – With the right software

We can help you set up a financial planning that can provide helpful insights to help you manage your business. Lucanet is designed to meet the unique needs of finance teams. Whether it's integrated financial planning, forecasting or scenario planning: Our solution gives you a comprehensive view of your financial data and the confidence that these are numbers you can rely on.

## Here is how you can implement our 4 planning tips with Lucanet:

### Tip 1 - Automation

Thanks to ready-to-use interfaces for importing your data from source systems and validating it at the same time, the mistakes that used to occur when transferring your figures manually will be a thing of the past. Meanwhile, planning logic and wizards will improve and accelerate your planning process. After all, they only need to be set up once and updated in future years, or simply modified as the situation requires.

### Tip 2 - Integration

With Lucanet, you'll be able to automatically determine how your budget planning will affect your P&L, balance sheet and liquidity. Each planned value is constantly taken into account in each area: Revenues become receivables and are planned as deposits according to the payment terms defined in the system. Expenses are calculated from liabilities and then converted into payments. With fully transparent data across all three components of your financial statements, planning becomes much easier for you and your finance team.

### Tip 3 - Scenarios

The full integration of your income statement, balance sheet and cash flow statement allows you to create scenarios at the touch of a button, without having to go through the entire planning process again. You'll be able to see the impact of related changes across all your structures, giving you an immediate understanding of all the ramifications on your balance sheet, liquidity and profits. You can then compare scenarios in your reporting to highlight the impact.

### Tip 4 - Forecasting

With Lucanet, you can use forecast wizards to develop planning time series with a high level of detail. Based on your existing planning and our software's ability to automatically incorporate all your planning data (eliminating the usual errors), you'll be able to easily create forecasts and compare and evaluate them using flexible views. The impact of changes will be taken into account and made visible in all your company's structures, thanks to the way the software fully integrates profit and loss statements, balance sheets and cash flow statements. It's also possible to create as many parallel P&L and balance sheet structures as you like to generate different reports from your planning (e.g. for different requirements and recipients).



# Success story Karlsruher SC: How integrated financial planning keeps the ball rolling

Karlsruher SC is the largest sports club in the city of Karlsruhe and its surrounding region in southwest Germany. Its more than 11,000 members also make it one of the biggest sports associations anywhere in the country.

KSC GmbH & Co. KGaA is responsible for business operations related to Karlsruher SC's professional soccer team. In the past, Philip Hirzel (head of finance and HR) and his own team used Excel to handle their financial planning and reporting. Like a striker going through a dry spell, however, they found themselves putting in a lot of effort that ultimately wasn't rewarded. The team spent a great deal of time producing results that were rife with errors and their liquidity planning didn't offer the necessary level of detail. Meanwhile, speed, flexibility and flawless figures are essential to KSC's business,

as Philip Hirzel explains: "One of our biggest challenges lies in making sure we can carry out highly detailed planning not only quickly and clearly, but with no mistakes and the ability to compare it against our actuals up to the current day."

KSC became acquainted with Lucanet, which quickly convinced the club to implement its software. The software's usability and the high-quality planning data it offers enable the club to generate integrated planning, scenarios and forecasts, along with licensing documentation for the DFL (Germany's soccer league).

Taking a look at KSC's liquidity planning, plenty of major progress is evident: What was once prone to errors and barely comparable to the club's actual figures is now accurate down to the last decimal point, which has put KSC's financial team in a position to run reliable, up-to-date comparisons against their actuals whenever required. Key strategic decisions can now be made proactively on the basis of planning data that is accurate up to the present day.

KSC's reporting is now ready for the big leagues, as well.

Now generated automatically by the club's Lucanet software, it delivers detailed comparisons of planning and actual information, along with clearly arranged summaries of the most important findings.

"Lucanet has helped KSC achieve a higher level of professionalism. It provides high-quality planning data and gives us a really easy way to create integrated plans, scenarios and forecasts."

*Philip Hirzel  
Head of Finance and HR*





Lucanet's CFO Solution Platform of easy-to-use, out-of-the-box software empowers finance teams to manage strategic and reporting responsibilities with unrivaled speed and accuracy – and to lead with ease.

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