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Forecasting for Financial Success

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AJ Monterrosa, Principal, Talent Solutions-Search

At the end of this session, you will be able to:

Discuss recommended practices for creating accurate, reliable, and comprehensive financial models

Recognize how financial models are an indispensable business tool, providing insights beyond budgeting and forecasting

Identify how to create a detailed cash flow forecast, monitor cash inflows and outflows, and adjust for sufficient liquidity

Identify the talent strategies and hiring plans you need to achieve your long-term goals

Recall how to use statistics, machine learning, and artificial intelligence to help make forecasting more accurate, efficient, and integrated

Today's Presenters

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Polling Question

- How are you currently forecasting in your organization today?

  A. Just getting started

  B. Have the basics but could use assistance to be more efficient.

  C. Comfortable with our forecasting models

  D. Advanced but interested in learning more about how automation can improve the process.

  E. Not sure

Financial Models and Automation

Financial Modeling

WHAT IS FINANCIAL MODELING?

WHY IS IT IMPORTANT?

Types of Financial Models

Budgets

Forecasts and Projections

Sensitivity Models

Cash Forecasting

Valuation Models

Forecasting's Evolution

Qualitative Judgement

Simple Regresssion

ARIMA & GARCH

Deep Learning

Reinforcement Learning & Sentiment Analysis

Essential Components and Considerations

Revenue

Expenses

Capital Expenditures

Staffing and Benefit plans

Performance metrics

Cash impact

Factors Affecting Sales Planning

Internal:	External:
• Sales Volume Targets	• Market Demand & Competition
• Product Mix & Pricing	• Economic Conditions & Trends
• Sales Team Performance	• Industry Regulations & Disruptions
• Marketing & Advertising	• Technological Advancements
• Competitive Positioning	• Demographic Shifts & Trends
• Product Quality & Portfolio	• Supply Chain and Logistics

Challenges in Creating Accurate Forecasts and Budgets

Uncertainty and volatility

Inadequate planning process

Lack of data and poor-quality data

Interpretability

Model Mistakes

How To Use Financial Data/Reports to Provide Meaningful Insights Into Your Company

Preparing for Investors

Cash Planning and Management

Scenario Planning

Decision Making

Capital Expenditures

Price Changes

New Revenue Streams

Staffing Decisions

Talent Needs

What is Workforce Forecasting?

- The process of understanding the **what**, the **where**, and the **how** involved in your future workforce needs, and then **developing a plan** to meet those needs.

  - What skills will your future workforce need?

  - Where will you need those skills? In what location, business units, and functions?

  - How many people will you need with those skills?

2 Types of Workforce Forecasting

- **Operational**
  - Short-term workforce needs over the next 12 months.

  - This can include initiatives such as planning for seasonal changes in demand, key business initiatives/changes occurring in the next year, or responding to unexpected disruptions.

- **Strategic**
  - Long-term workforce needs over the next 2 to 5 years.

  - Focused on where the business is headed in the long run, changes to the competitive environment, and changes to the talent marketplace.

3 Steps To Implement Workforce Forecasting

Assess the current state of your talent

Assess what the company's workforce needs will be in the future

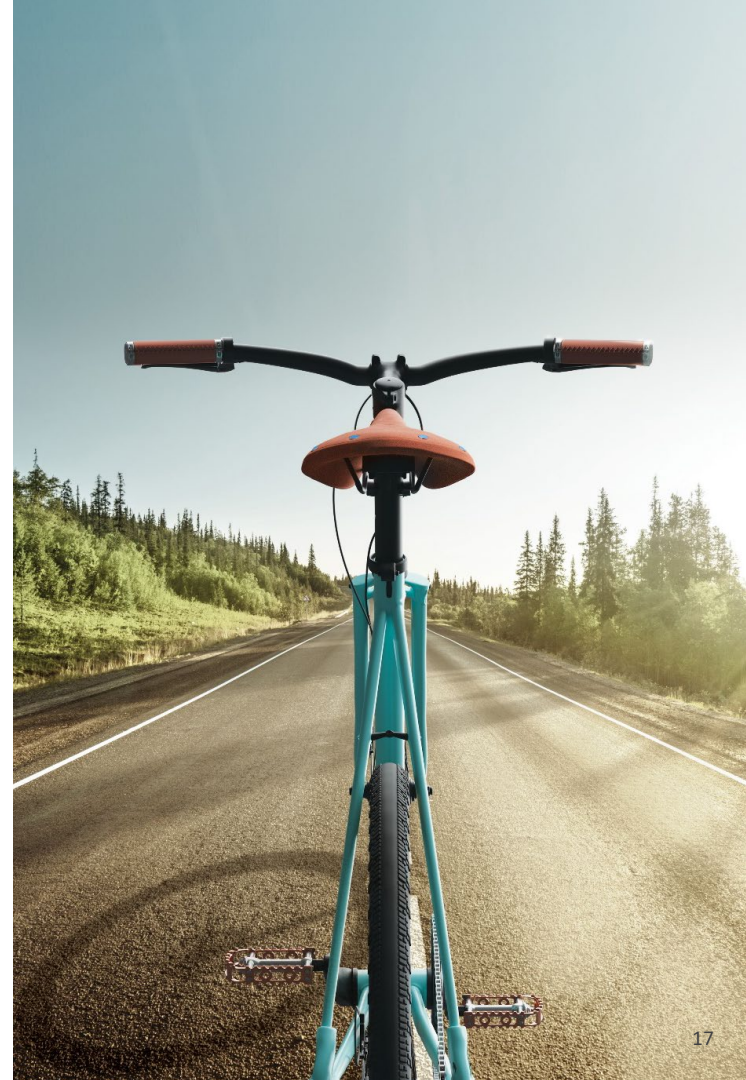Develop a plan to close the gap between your current workforce and your future workforce needs

Questions?

Please type any questions or
feedback you have in the chat!

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Polling Question

- Of the topics we spoke about today, which area are you most concerned about?

  A. Workforce staffing

  B. Gathering data from multiple sources to make business decisions

  C. Cash management

  D. How to start using Financial Modeling in your business

  E. All the above

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Case Study

Case Study-Alpha Systems (Fictional)

Problem

- Multiple Isolated Systems
- Slow Manual Processes
- Limited Accuracy

Case Study-Alpha Systems (Fictional)

Solution

- Streamlined Data Pipeline
- Financial Anomaly Detection System
- Automated Demand Forecasting
  - Budgets & Talent

Case Study-Alpha Systems (Fictional)

Impact

- Accuracy
- Efficiency
- Scalability

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