



Greetings: My name is [Ron Hequet](#); Consultant and Speaker; **Contributing Author** – American Management Association, 'Leading & Learning Ezine', 'Affluent Magazine', 'The Advisor' and **Presenter for ExecSense Webinars.**

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## **Budgeting and Forecasting for 2010 ©**

By

**Ron Hequet**

After a difficult year in 2009 and uncertainty for 2010, organizations cannot accurately forecast for next year by strictly comparing 2008 results, 2007 or 2009. In fact the standard benchmark method is out the window when times are so difficult?

*Woe to those who believe in the creation of a new "budget" as the answer to the company prayers.*

A budget is something used by the government and has, in my opinion no place in today's business planning process. A complete Profit Plan system requires a complete and documented forward looking plan, results reporting in real time, and management accountability and empowerment.

I have been through other similar recession periods and my experience has designed this plan overview for development and implementation.

1. **Name Names:** Make a list of all anticipated revenue sources (customers, markets, etc.) that the company can feel confident about. If the amount of customers is overwhelming, talk to as many key customers as possible, surveying the expected sales from the overall revenue base.

2. **Allocation Expense Planning ©:** "Zero-Based" AEP © is a method which requires each line item to be viewed as having no history or justification. The question is no longer whether the line item is increased or decreased, but rather, *"is this cost / expense appropriate?"*

3. **All Skate:** Get all the tactical people involved to participate in the plan creation. This ensures 'buy-in' and enhances enthusiastic implementation.

Unless specific strategic processes, procedures and management tactics are changed to fit the new objectives of achievement, the organization will be like...

*"driving an old jalopy with a new paint job. Looks good, but the innards are falling apart."*

**For more information and real world examples, contact...**

Ron Hequet 800.350.5700

[Ron@ActumConsulting.com](mailto:Ron@ActumConsulting.com)

Web: [www.ActumConsulting.com](http://www.ActumConsulting.com)

Blog: [www.ActumConsulting.com/blog](http://www.ActumConsulting.com/blog)