BUDGET OBSTACLE CHECKLIST

1. Realistic Goals   Y / N

Are sales targets based on previously attainable growth rates?   ____

Will competition allow the ability to capture additional market share?   ____

Are cost reductions achievable without hindering existing processes?   ____

Have geographic or product-line expansions been researched?   ____

Are existing demands being met with the staffing in place today?   ____

2. Data-Driven Assumptions   Y / N

Are gross-margin levels consistent with prior achievable levels?   ____

If gross-profit levels are assumed to rise, then do you have
solid, trustworthy data to support this assumption?   ____

Has the cost of new staffing been confirmed with available market-price data?   ____

Is the current backlog of work under contract consistent with budget assumptions?   ____

Does the budget contain assumptions that are substantiated by data?   ____

3. Stakeholder Collaboration   Y / N

Have ops managers been consulted about manpower requirements of projected sales levels?   ____

Has the sales team been surveyed about projected sales for each salesperson?   ____

Has the design/engineering team been asked about their capacity levels?   ____

Has purchasing been consulted regarding the availability of key components?   ____

Has HR been consulted if staffing increases are contemplated?   ____

4. Creating a Plan B   Y / N

Has a Plan B budget been created to address a sales plummet of more than 20%?   ____

Have break-even levels been calculated for various levels of gross-profit percentages?   ____

Has a cash burn rate been calculated on budget levels of anticipated operations?   ____

Has a what-if manpower scenario been determined if revenues increase substantially?   ____

Has a step-cost increase in overhead been calculated for a substantial increase in revenue?   ____

5. Strategic/Growth Alignment   Y / N

Does the budget reduce short-term goals that may restrict long-term growth?   ____

Is the budget free of conflicting budget assumptions (e.g. market share or GP % growth)?   ____

Does the budget plan contain funding for long-term initiatives?   ____

Do incentive payment plans encourage long-term initiatives/growth plans?   ____

Do ops managers fully understand the company's long-term strategy?   ____

6. User Friendliness   Y / N

Are budget templates user-friendly enough to complete in a relatively short period of time?   ____

Is the data required to complete the budget readily available to ops managers?   ____

Have ops managers been sufficiently trained in how to complete budget templates?   ____

To complete budgets, is the need for manual data entry reduced?   ____

Do managers know which key assumptions drive the budget?   ____

7. Clear Communications   Y / N

Has the link between the annual budget and strategic objectives been fully explained?   ____

Are managers regularly held accountable for explaining budget variances?   ____

Have you considered the impact of using the budget results to drive incentive plans?   ____

Have you considered the impact of using the budget for staff evaluations?   ____

Have you considered the budget's impact on company
programs, such as 401(k) employer contributions?   ____