BUSINESS DRIVERS AND ROLLING FORECAST A QUALITATIVE APPROACH

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ABSTRACT
Fixed annual budgets can be cumbersome and inflexible, which often fails to deliver the intended benefits. The annual budget is often disconnected from business operations and strategic goals. It suffers from inherent weaknesses due to a lack of business intelligence about its assumptions. This flaw is well-documented in the literature. There are many options for better corporate financial planning. Business intelligence is an essential component of the annual budget process. Rolling forecasts are also a crucial tool. Business intelligence-based, driver-based rolling prediction can help align an organization's budget process and strategic objectives. It can also increase the financial and operational strength of an organization and maximize shareholder value. This article will provide a detailed overview of the traditional annual budget process. It will also discuss how an approach based on financial forecasts based on business intelligence drivers can help align operations with strategic goals and add value to organizations. An assessment of intelligence-supported, driver-based rolling forecasting will also be presented, demonstrating an im- proven approach to the traditional annual budgeting process.

Keywords: Forecasting, rolling, budgeting, budget, forecast

INTRODUCTION
Fixed annual budgets can be cumbersome and inflexible, which often fails to deliver the intended benefits. The fixed annual budget is often disconnected from business operations and strategic goals. It can be a slow and inefficient business tool that does not serve many organizations. The fixed annual budget is inflexible and doesn't adjust to changes in business activities. Nevertheless, many organizations still use the fixed budget to forecast revenues and expenses as in Henttu-Aho et al(2018, p.327). They also assume a set number of events and operating plans. Fixed budgets can also be used as a guide to achieving set organizational targets, events, and operating procedures.

The Annual Budget, Rolling Predictions, and Driver-Based Planning
The annual budget is still the most popular management tool for many companies. However, it can be cumbersome, tedious, and offers few tangible benefits. Moreover, the process often goes against the budget's cost-controlling goals. Achieving this drains time and resources that could be better used to pursue operational and strategic goals. This slow and tedious process can often lead to delays that cause many budgets not to be completed at the beginning of each fiscal year. These deficiencies are well-documented, but the traditional annual budget remains a crucial part of financial planning for many companies.

Annual Budget
Traditional budgeting is a method for creating a plan that guides an organization towards achieving a certain level of performance. It can also be used to manage costs and evaluate the performance of organizational management divisions. It can be used to assess and manage the performance of administrative and divisional management. It can be used to control costs and evaluate the performance of organizational and divisional managers. A budget is a cost-containment tool that allows you to plan, track and budget all expenses related to your business.
Managers cannot see the fundamental driving forces of the business because they are unable to rely on historical trends and data from traditional fixed budgeting. Managers responsible for submitting operational budgets may use conservative estimates their budgets to offset uncertainty or compensate for unexpected expenses. These excess funds could be better used to resource other areas that might create incremental value.

Driver-Based Planning

Driver-based planning is a budgetary method that directly impacts managerial decision-making. This planning approach in Henttu-Aho et al(2018, p.327) focuses on the activities that are most likely to drive business performance while ignoring variables that can be controlled. Managers can then get a better understanding of the future performance of their organization by focusing on those activities that drive business performance and limiting variables that can be controlled.

Effortful management of critical operational activities that are driving these results

Driver-based planning is grounded in the concept and practice of modeling. Budgetary line items within a budget have an intrinsic blueprint which forms the basis for linking activity drivers with financial relationships. This concept is beneficial for items that change in cost or volume. Variable labor expenses are an example of a budgetary line that could be used in a driver-based plan. It is usually forecasted using hours worked and an hourly wage rate. A manager can use the driver's hourly rate to plan for variable labor costs by using the forecasted hours. The total variable labor expense can be easily updated if the irregular hours are changed by replacing old units with new ones and applying the hourly rate. This simple example shows the benefits of driver-based planning in quickly updating complex forecasts. Understanding Business Intelligence

Key Drivers

Driver-based planning permits managers to make decisions based on rigorous testing of business assumptions to determine the feasibility of particular operational plans. This allows organizations to better utilize their resources to reach their financial and strategic goals. This approach relies on effectively using a large amount of data available at both the organizational and departmental levels and as understanding the essential corporate information. This approachas in Huikku et al(2017) is based on tools, business intelligence methods, and methodologies. Business intelligence is the deliberate use of data to make decisions and create value for the organization's strategic goals. Business intelligence involves using different data analysis tools and methods to identify and understand the business contexts that enable an organization to achieve its goals. Business intelligence can be used to strategically leverage the wealth of information in corporate databases. This can directly support a solid and flexible driver-based rolling outlook and add more excellent value to an organization.

CONCLUSION

The tradition of fixed budgeting is a well-established practice. This is an annual event that senior management must attend. It helps to meet organizational goals, control expenses, and evaluate management performance. This process is not, however. Often fraught with weaknesses. The traditional fixed budget, which is static and out of date before the ink dries, creates an environment where planners and managers are forced to use the system rather than a comprehensive tool. It should be aligned according to the organization's strategic direction. A better approach is to replace the annual budget with business Intelligence-based rolling forecasts. This approach has three strengths:

1. It adheres to data-driven management.
2. It utilizes non-static financial methods that are more dynamic and responsive in a changing environment.
3. It exploitations business intelligence methods.

Technology, digital data, and analytics are used for planning. An organization can only better serve its customers, employees, and shareholders if it can predict the future and adapt to changing business conditions. Driver-based planning gives you greater insight into the controllable revenue items and expenses and allows you to respond more quickly to changes. However, this approach also has significant challenges. This approach requires management buy-in and may face resistance from organizations with limited expertise. That's why it is essential to maintain research and exploration in this area. Rolling forecasts based on driver data allow for scenario analysis to help businesses evaluate different actions. This method also links other operating units to the overall corporate strategy. Management gains greater intelligence through frequent and flexible re-forecasting.

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