RESOURCE GUIDE · HERMIT BUSINESS SOLUTIONS

Running a Budget Process as a Company Director

*Six phases to plan your year, lead your team **and stay on top of your numbers.***

Why this matters

As a director, the budget process is one of the most important things that you lead each year. It is not just about forecasting numbers; it is about setting direction, allocating resources and giving everyone in the business clarity on what success looks like. A well-run process saves time, reduces conflict and means that you are managing the year rather than reacting to it.

The six phases at a glance (for a Jan-Dec Financial Year)

Phase	When	Who leads it
1. Strategic kickoff	Aug-Sep	You (and co-directors if applicable)
2. Set top-down targets	Sep	You, with your accountant
3. Build the detailed plan	Oct	Team leads or department heads
4. Review and challenge	Oct-Nov	You, with your accountant
5. Sign off and lock	Nov-Dec	You
6. Monitor through the year	Jan-Dec	You, monthly

What each phase involves

- Strategic kickoff: agree your goals for the year before any numbers are discussed. Growth targets, new hires, key investments. Direction first, accounting software second.
- Set top-down targets: translate your goals into revenue and cost targets for each part of the business. These are the parameters that your team works within.
- Build the detailed plan: team leads build their own budgets within the targets you have set. Give them enough time to do this properly (at least four to six weeks).
- Review and challenge: compare what the team has submitted against your targets. Discuss the gaps, challenge assumptions and agree priorities.
- Sign off and lock: once agreed, the budget is your baseline for the year. Load it into your accounting software so that you can report against it.
- Monitor monthly: compare actuals to budget every month. Investigate variances, update your forecast quarterly and adapt when things change.

The failure points to watch for

- Starting too late: kicking off in October (for example) compresses every phase that follows and leads to rushed, unreliable submissions.
- Sharing targets without context: if your team does not understand the thinking behind the numbers, expect pushback and disengagement.
- No clear sign-off process: agree upfront who can approve budget setting/changes and what needs to come back to you.
- Building a budget that nobody uses: load it into your software, review it monthly and treat variances as something to understand not ignore.
- Confusing the budget with the forecast: the budget is your plan for the year; the forecast is your best current view of how it will actually land. Both matter.

IT'S WORTH THE EFFORT

Many of the directors that we work with have never had a proper budget process. They have set a rough revenue target and hoped for the best. We can help you to build something structured without making it complicated. A half-day with us in late summer can set you up for a much calmer year. Get in touch to find out more.

Five principles that make it work

- Start in August: a late start compresses every phase that follows.
- Agree decision rights before the cycle begins: who can approve what.
- Separate the budget from the re-forecast: they serve different purposes.
- Always connect the numbers to the goals they are meant to support.
- Review actuals monthly: the budget is only useful if you measure against it.