THE INSTITUTE OF LEADERSHIP

Delivering Outcomes: Financial Forecasting

One of The Institute's **worksheets** series, to help you improve your leadership skills and capability, making you a better leader

This worksheet, based on the Spotlight 'Financial Forecasting,' will help you focus on the different approaches to financial forecasting and the methods used to forecast revenues and costs in your organisation.

You should take approximately **two hours** to complete this worksheet and read the accompanying Spotlight

Financial Forecasting Methods

Financial forecasting is a process of predicting how an organisation will perform in the future and is an integral part of deciding in advance the funding requirements of the organisation.

Use the spaces below to explain, with examples, what is meant by a 'qualitative approach to financial forecasting' and a 'quantitative approach to financial forecasting':

Qualitative Approach	**Financial Forecasting**	Quantitative Approach

What are the advantages and disadvantages of each approach when used for financial forecasting?

	ADVANTAGES	DISADVANTAGES
Qualitative Approach		
Quantitative Approach		

Forecasting Likely Revenues and Costs

Financial forecasting considers likely revenues and costs and provides a benchmark for organisations that need a longer-term perspective of operations.

Explain in the space below the method(s) used by your organisation to forecast revenues:

Explain in the space below the method(s) used by your organisation to forecast costs (including expenses):

How does your organisation ensure that financial forecasting is undertaken within the context of the strategic plan?

What are the implications of poor financial forecasting for your organisation?

Review

How would you start a conversation with a manger who feels that financial planning is not worthwhile because the external environment is so unpredictable and unstable?

All references are cited in The Institute of Leadership (2018) 'Spotlight on Financial Forecasting'

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