
thinkBIG

The pulse of the SME sector

Forecasting the future:

*How to build a strategic compass
for your business*



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Respond, adapt, grow? Where to from here.

As a business owner, you know the feeling: one moment everything looks promising – growth is on the horizon, customers are buying, and the numbers finally seem to be lining up. The next moment, the landscape changes and what felt like a “sure thing” is anything but.

In early 2026, conditions for small to medium enterprises in Australia looked promising. After years of stress and uncertainty, the situation finally seemed to be settling. Inflation had eased, interest rates had fallen, and consumer spending was on the rise. Many business owners felt a renewed sense of confidence and even eager to explore new potentials or strive for growth.

Fast forward just a few months, and the situation has changed dramatically. Growing certainty has given way to uncertainty, echoing the early pandemic era. Fuel prices have surged, interest rates are ticking up, and the strength of supply chains is once again in the spotlight. Artificial intelligence also continues to advance, with unknown repercussions on industry operations, jobs, and how work is designed and delivered.

For some business owners, this change in conditions has reignited a familiar sense of survival and concern about what lies ahead. For others, new opportunities and growth remain firmly in focus, while global events continue to unfold in the background.

Wherever your business sits in this paradigm, you may be asking some important questions, such as:

- What should I be doing right now?
- Are we set up to make this work?
- What happens if our plans don't pan out?
- Are we likely to get the result we're chasing?
- Are we focussing on the right things?

While we may not have a crystal ball to answer these questions definitively, we can come close. By building a strategic compass, business owners can gain clarity on where they are headed, explore different paths, and make better decisions in the moment.

In this latest edition of thinkBIG, we bring together insights from across RSM's business advisory, corporate finance, tax advisory, data analytics, and audit and assurance divisions to help you do just that. We show you how to build a clearer view of what's ahead, so you can act with confidence when it counts.



What is a strategic compass?

If you're running a well-established business, experience and familiarity likely play a large role in how decisions are made. Over time, you become guided by what has worked in the past and the routines that have become second nature.

When times are good, there's less pressure to revisit how things are done. Improving efficiency or performance can slip down the priority list while the business continues on autopilot. Most businesses will have contingency plans to deal with disruptions, though they may not have been revisited or stress-tested for some time.

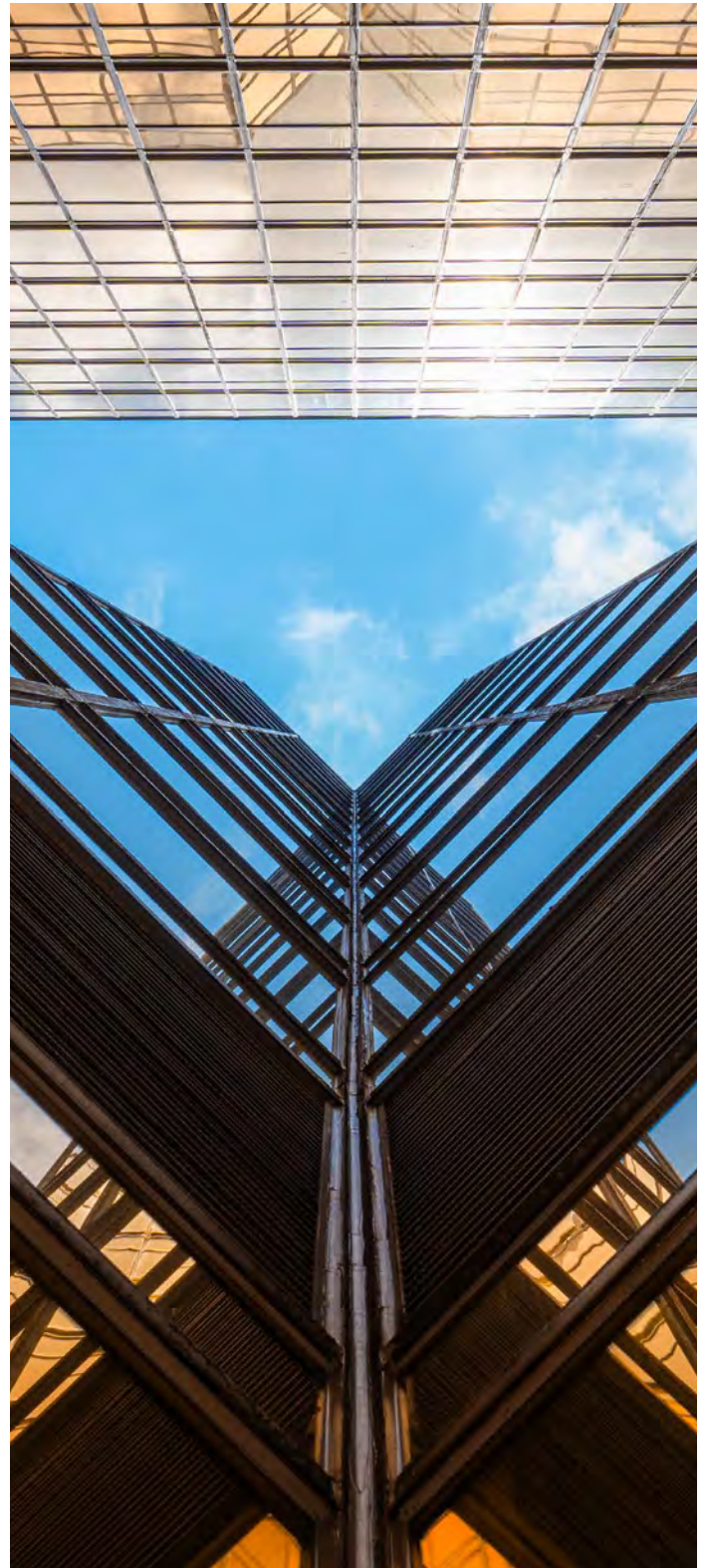
Yet good times don't last forever. At some point a political, economic, natural or personal event will arise, and you may find yourself asking, "What does this mean? How will it affect our business?"

The answer to these questions is different for every business. Some businesses thrive in periods of war while others close. Some build back better after a natural disaster, while others struggle long after. For some businesses run by spouses, divorce means the end. For others, it's the beginning. Understanding what it takes to emerge from times of change with the outcome you want, instead of one you're forced into, makes all the difference.

This is where a strategic compass holds real value. Instead of entering situations unprepared and staying locked in day-to-day operations, you step back and take a proactive view. You start working with foresight, not hindsight, and guide decisions with intent.

A strategic compass is a tool that connects your budgets, forecasts and scenario planning into one clear view. It tells you what's working, what's at risk, and where to focus your effort so you can take the business where it needs to go.

With a strategic compass in hand, the unknowns start to make sense. It turns what might have been guesswork into actionable insight, to give you a clear picture of your business's current trajectory and where you may need to shift to stay on true north.



Why you need a strategic compass

“It’s about where you are on your journey. That’s what I want to understand. Where are you now? Where are you going? Who are the stakeholders? Let’s simplify it, then look at how best to move forward.”
– Peter Sarandopoulos, Business Advisory

Consider whether you could answer these questions about your business:

Dependency risks

- How much of our revenue depends on a small number of customers?
- What would happen if we lost our largest client or a key supplier?
- Are we overly reliant on a single employee, system, or supplier to keep the business running?
- Could the business continue operating effectively without the owner involved day to day?

Revenue visibility

- Do we have a clear and reliable view of our future sales pipeline?
- How accurate are our sales forecasts compared to actual results?
- Can we confidently predict revenue over the next six to 12 months?

Pricing, margins and discounts

- Do we understand the true cost of delivering each product or service?
- Can we pass on rising costs to customers, or do we need to absorb them?
- Are discounts reducing margins more than we realise?
- If costs continue to rise, how long can our current margins sustain the business?

Cashflow and working capital

- If conditions do not change, when will the business run out of cash?
- How much working capital is required to support growth?
- What impact do longer debtor days have on our cashflow?
- Would encouraging earlier customer payments strengthen our financial position?
- Are we holding the right level of inventory for the needs of the business?

Cost structure and resilience

- Which costs are fixed and which can be adjusted if revenue slows?
- What level of sales does the business need to break even?
- Where can costs be reduced without harming the business?

Growth readiness and scalability

- Do our people, systems and processes have the capacity to support growth?
- Will growth improve profitability or simply add complexity?
- How will expansion be funded if opportunities arise?
- Are we using available cash in the most effective way to support growth?

If you find it difficult to answer questions like these, you're not alone.

You might be surprised to learn that even large enterprises are sometimes run almost entirely by instinct, where leaders rely on gut feels rather than tools and insights that show the true picture. This can be limiting, as they may not yet see a better approach or fully understand the impact on the business when it isn't performing at its best.

On the flip side, there are businesses of all shapes and sizes that use these tools and insights constantly. While they may still use instinct, they see the value in pressure-testing their assumptions and being fully informed before taking decisive action.

Here are some of the ways a strategic compass can support your business:

Securing finance – When there's uncertainty in the market, lending conditions tighten. Funding is harder to come by, and even existing credit may be reviewed or reduced if your sector is considered too risky. Your ability to confidently present current and forward-looking business metrics can help secure funding and safeguard existing arrangements.

Succession planning – Succession planning often requires answering tough questions, such as: How much cash will be needed to keep the business running smoothly during the transition, particularly where family and business priorities intersect? Can the business sustain the new leadership team's salaries or incentive structure, whether the successor comes from within the family or the existing management team? What impact could changes in key roles have on working capital and cashflow, especially where family ownership and business operations overlap? Forecasting and scenario modelling turn these unknowns into something you can see. They let you pre-test your plans and explore how different choices play out, so you can make informed decisions instead of guessing.

Personal triggers – Illness, family disagreements, separations, and even positive events like births and marriages can all affect the future of your business. Forecasting and scenario modelling help you understand the ripple effects on both day-to-day operations and future strategic direction.

Business growth or transformation – When you're striving for growth, capital allocation is especially critical. Business resources are often limited, so you will want to know which projects offer the best return on investment when benchmarked fairly against other potentials. It's also essential to have foresight into what the numbers show when making decisions around expansion, diversification, or any major transformation. That way, you know you're making a winning bet, not just gambling.

Performance planning – Engaging management around strategy can be hard without a clear view of the numbers. A strategic compass provides that clarity, showing not just where the business is heading over the next 12 months, but why each goal matters. It helps management see how their work affects overall performance, and keeps everyone making decisions based on the same financial and operational realities.

Performance management – Are your staff focussed on the right KPIs (ones that deliver true value and matter to them)? If performance is slipping, where is the gap and how can you address it? Are there opportunities to improve that are going unnoticed? A strategic compass helps you answer these questions and more, and enables constructive conversations about performance that go beyond basic numbers to tangible business results.

Shareholder engagement – Political or economic events can make shareholders nervous, especially if they aren't seeing the returns they expect. Even if your business is profitable, much of that profit might be tied up in stock or sitting on the balance sheet rather than available as free cash. A strategic compass gives you the insight needed to have transparent, confident conversations with shareholders. It also shows them you understand the numbers and have thought through the risks.

Regulatory changes – Every business faces regulatory changes, and they can have a real impact on cashflow and finances. A current example is Payday Super, which will require businesses to pay superannuation within seven business days of paying wages, rather than the current requirement of paying it within 28 days after the end of each quarter. For business owners used to setting cash aside and paying super later, this represents a significant shift that requires careful planning and a clear view of your cash position.

Economic impacts – Do you know how the current economic environment could affect your business? Be it the price of fuel, the cost of debt, the impact of delayed shipments or any other factor outside your sphere of control, do you know the effect on your profitability and cashflow? Budgets, forecasts and scenario modelling take the guesswork out of responding to economic or market changes, and show you ways to react more effectively or even seize new opportunities as they arise.

The value of planning ahead for R&D

“The R&D tax incentive is there for eligible businesses to use, whether or not they know they can.”

– Larissa Lai, R&D tax

If your business is focussed on growth, you are probably investing in research and development (R&D) – whether that's testing new innovations, improving and redeveloping existing products, repurposing existing products for a different application, or exploring entirely new opportunities.

Understanding the true cost and potential payoff of R&D initiatives is key. Under the Australian R&D tax incentive program, there are two offsets available:

- 18.5% refundable tax offset premium for eligible R&D entities with an aggregated turnover of less than \$20m per annum. A maximum refund of 48.5% of R&D expenditure is available if in a tax loss position.
- Non-refundable tax offset for all other eligible R&D entities, with a net tax benefit amounting to between 8.5% and 16.5% depending on the R&D intensity. Unused non-refundable R&D tax offset amounts may be carried forward to future income years.

In many instances, you may also need to be able to make the case to internal stakeholders, by showing how such investments will impact cashflow and profitability while delivering future benefits to the business.

Budgets, forecasts and scenario modelling help you achieve this in more ways than one. For example, your R&D activities may be eligible for the R&D tax incentive, which can offer a refundable tax offset (cash back) for eligible companies. This means you can build into your forecasts an expectation of receiving an offset into your R&D budget, potentially allowing you to apportion more funds towards those activities.

Additionally, some financiers offer loans based on expected R&D tax refunds, so you can access cash earlier to keep your R&D initiatives moving. For instance, if in March you calculate that the business is already expecting a \$100,000 refund once the financial year ends, you could take out a loan against that amount. This gives you fresh funds to reinvest before 30 June – after which you can claim the refund and repay the financier as well as your business.

For companies seeking capital, an added benefit of foresight around R&D activities is the effect on investor perception. Investors want to see that their money will be used wisely – and allocating it to R&D activities that qualify for the tax offset while increasing the value of the business is certainly a sound strategy.

Lastly, proper foresight enables you to implement robust governance practices around your R&D activities from the start. This is important, as you will need to keep contemporaneous (real time) records to support a claim and secure a refund.

Are your R&D activities eligible for the tax incentive?

Accountants who are unfamiliar with the R&D tax incentive may not feel confident to confirm their client's eligibility, or may consider the process too complex. Others may admit they don't know enough themselves and aren't aware of anyone who does.

If this happens to your business, reach out to an R&D tax specialist. The R&D tax incentive does provide significant value when applied correctly, and is industry-agnostic with broad definitions. A specialist can assess your specific planned activities and advise whether you will be eligible.

Once eligibility is confirmed, you can then incorporate the expected benefit into your budgets and forecasts to align spend with anticipated returns.

Case Study

A regional Australian agricultural company spent several years developing a new prototype that improved seeding efficiency and reduced soil compaction – work that involved genuine technical uncertainty, testing, and iteration to achieve measurable performance gains.

Despite spending around \$5m on this innovation, the business was told by their general accountant that they weren't eligible for the R&D tax offset and so did not pursue a claim. Because they didn't expect to make a claim, they also didn't track their activities in a way that met the R&D program requirements.

By the time they realised the missed opportunity, the window to revisit prior years had closed. The business missed out on a substantial refund that could have supported further development or eased cashflow pressures during a challenging growth phase.



Positioning your business for grant success

“Being able to look forward with a level of accuracy is absolutely foundational to grant applications.”

– Rebecca Barnes, National Grants

If your business operates in a sector where grants are available, accurate budgets and forecasts are essential to the application process.

With the grants landscape becoming increasingly competitive over the last 10 years, it has never been more important to have a compelling, quality, consistent and carefully crafted submission. Being able to look forward with a reasonable degree of accuracy is a core part of this process, as grants are typically evaluated on projected outcomes rather than past performance. This requires knowing exactly where your business is headed, and being able to clearly articulate not only what you want to do now, but what you will want to do 12 months from now.

Questions you may need to consider include:

- ***What will our project or business look like in 12 months, and what measurable outcomes will indicate success?***
- ***What specific activities and milestones will the project include, and how will we budget for each?***
- ***Who will deliver each part of the project, including internal staff, contractors or vendors?***
- ***When will expenditure occur, and what resources or equipment will be required at each stage?***
- ***How does the project align with the funder’s priorities and demonstrate value for investment?***

The level of detail you need to provide varies depending on the type of grant. However, the more specific you can be when making these projections, the higher your chance of success.



The foundations of a strategic compass

“Regardless of the size of a business, the principles are the same. You need reliable, good quality data to achieve quality outcomes.”
– Maria Williams, CFO Advisory

If you were building a compass in real life, you would need the raw materials to bring it together: a magnetic needle, a pivot or bearing, a stable base or casing, and a marked dial to indicate direction.

The same applies to a strategic compass. To build the components that provide clear direction and inform future decisions, you first need one essential material: data.

Most businesses have more data than leaders realise, even if they haven't fully tapped into its potential. To do this requires:

1. Identifying what data you have and where it's stored
2. Consolidating the data to uncover meaningful insights
3. Incorporating additional relevant data to strengthen decision making

Businesses further along in their data journey typically have a data lake or warehouse that consolidates cleaned, reliable data and makes it accessible for analysis. The key for them is using that data effectively by asking the right questions to extract the particular insights they need.

For businesses earlier in their data journey, the data still exists though it may be scattered across different platforms such as accounting software, enterprise resource planning (ERP) systems, sales databases, and more. This is enough to start building a strategic compass, however it will require time to understand what sits where and how to bring it together to achieve the insights you need.

This is where many businesses struggle, often thinking it's too difficult or time consuming. However, the long term benefits far outweigh the immediate cost, as no business can achieve a proactive and insight-driven approach without it. Working with a business adviser or data specialist to overcome these initial hurdles is often the easiest way to get the process off the ground and start seeing real value.

Building your strategic compass

Every business can have a strategic compass. It doesn't need to be expensive or overly sophisticated.

Whenever we work with a client on this, we start by asking: Where are you on your journey? What keeps you up at night? What do you want to achieve? From there, we can determine how to bring the materials – primarily data – together to build the type of strategic compass their business needs. The final output is also tailored to the end user, whether that means a high level view or a more detailed analysis, depending on what will be most practical for decision making.

To show how this is achievable for any business, of any size or industry, we have broken it down into three levels:

Level 1

For small to medium businesses with limited data who want to understand their financial position, see the potential impact of specific events, and make informed decisions about next steps.

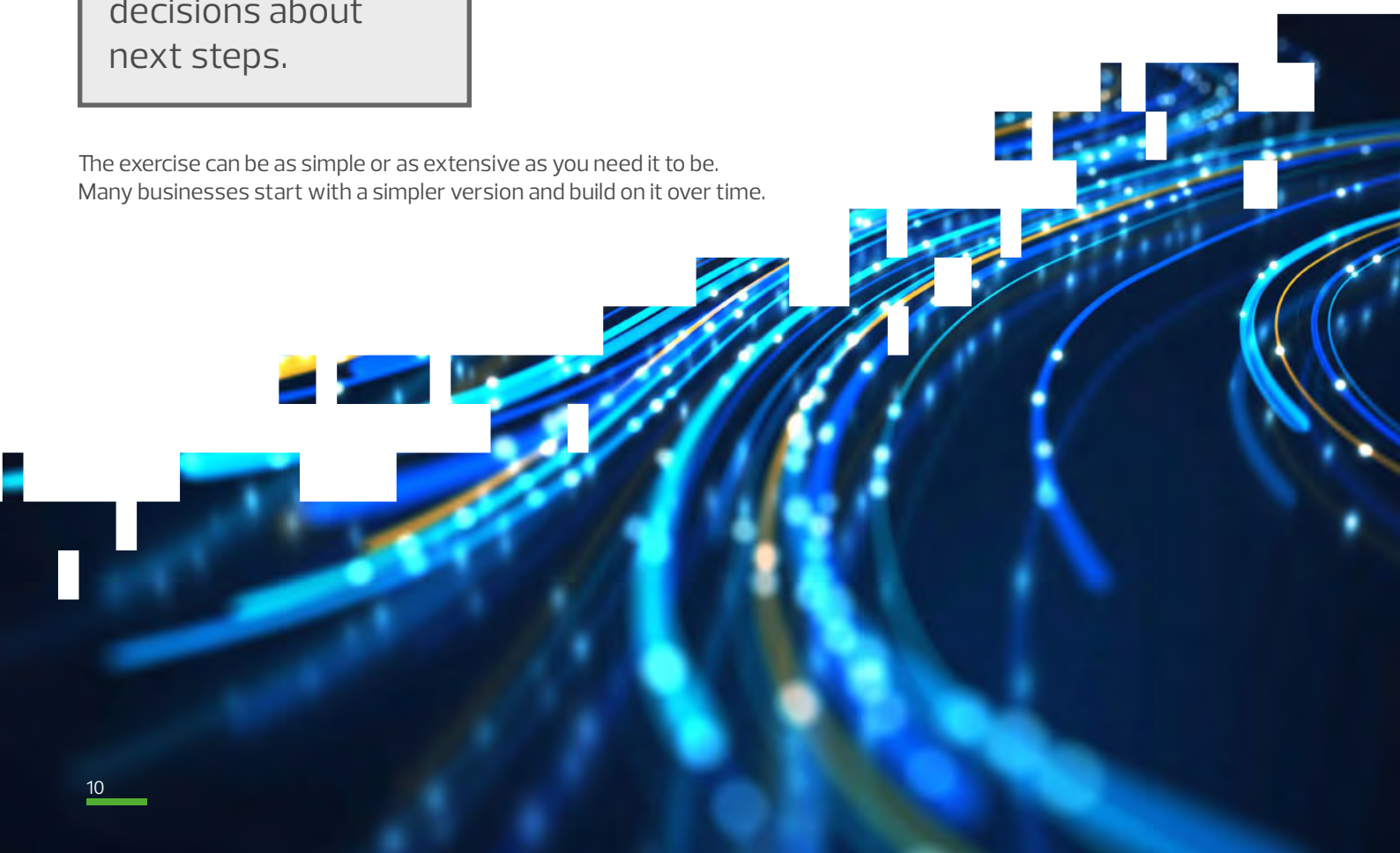
Level 2

For businesses of any size committed to embedding forecasting and scenario modelling as a core part of complex decision making.

Level 3

For businesses looking for added support to take their finance function to the next level.

The exercise can be as simple or as extensive as you need it to be. Many businesses start with a simpler version and build on it over time.

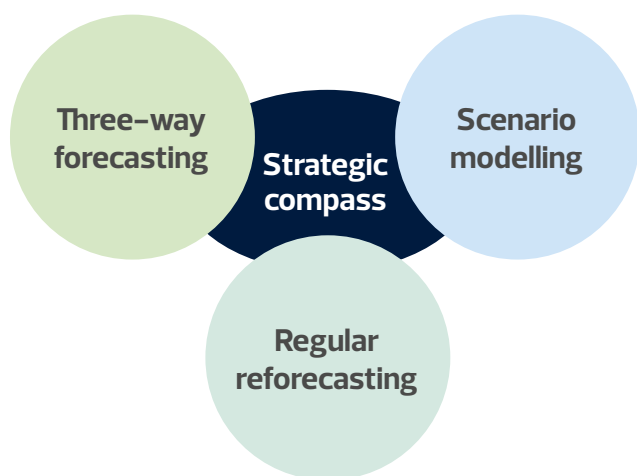


Level 1: The core of every strategic compass

“Many businesses don’t have a proper budget and forecast. They think it’s a big exercise, but it can be as big or small as they want it to be. The important thing is to have something accurate and useful in place.”

– Aleesha Bailey, Business Advisory

Once you have the data, it’s time to fashion it into the components that make up your strategic compass. These components include:



To understand how they work together, let’s explore each in more detail.

Three-way forecasting

At its simplest, a three-way forecast brings together your profit and loss, cashflow and balance sheet into one connected view of the business. It moves beyond the question of whether you are profitable, and starts to show how accounting performance flows through to cash, debt, and your overall financial position.

This matters because profit alone doesn’t tell the full story. A business can look profitable on paper while still facing cash pressures, struggling to pay bills, or taking on more debt than planned. A three-way model connects those dots, so decisions are made with a clearer view of the downstream impact.

It also creates a more practical foundation for running the business. When done well, it translates abstract targets into tangible figures that operational teams can act on. By showing how revenue targets, cost assumptions, and margins affect the business as a whole, it gives teams something concrete to engage with and take ownership of. Conversations move from general performance feedback to something more grounded: what was planned, what actually happened, and what needs to change.

Importantly, three-way forecasts don’t need to be complex to be valuable. You can start with off-the-shelf tools that are easy to implement, and while the first year generally requires the most effort, it becomes a very worthwhile practice that improves in value over time.

Scenario modelling

Once a baseline budget is in place, scenario modelling allows businesses to test how that plan holds up under different conditions. It introduces a level of robustness into the numbers, such as:

- What happens if costs rise or revenue dips?
- What does a rise in interest rates mean for debt servicing?
- If sales drop over a quarter, does the business have enough liquidity to operate comfortably?
- If we take this action to address rising costs, how does it affect our baseline?

Rather than reacting after the fact, scenario modelling makes it possible to explore (and hopefully mitigate or plan for) the potential impact ahead of time.

The value of scenario modelling comes down to the assumptions that sit behind it. Building a robust set of assumptions, and sense-checking them with input from across the business, leads to more useful insights. It also avoids the common trap of finance trying to model the business in isolation, without the operational context that sits behind the numbers.

Scenario modelling also doesn’t need to be complex. Even a small number of well-considered scenarios can add value, as long as they are revisited and refined over time. As data improves and systems become more reliable, those scenarios can become more detailed and reflective of how the business actually operates.

Reforecasting (including regular budget vs actual review)

A budget sets the direction at the start of a year, but it should not remain untouched as the year unfolds. Regular reforecasting keeps the numbers relevant by adjusting expectations in line with what is actually happening in the business and the broader environment.

This is where many businesses fall short. They set a budget once, review performance against it, but don’t update their forward view. As a result, decisions are made based on outdated assumptions even when conditions have clearly changed.



Reforecasting addresses this by asking simple but important questions. For example:

- If performance in the first few months is behind plan, can that gap realistically be recovered?
- If costs have increased or margins have tightened, is it temporary or likely to last long term?
- Did we spend more on something than expected, and what is the impact?
- Which divisions are hitting targets, and where do overheads need adjustment?
- What can we do differently next month to improve outcomes?

These updates allow the business to reset expectations and respond early, rather than waiting until issues become more difficult to manage.

Reforecasting also plays a critical role in managing cashflow and stakeholder expectations. Changes in forecasts can influence decisions around dividends, reinvestment, and debt. For example, a projected decline in sales or tightening in debtor terms may mean it's no longer prudent to release cash from the business. Communicating those changes clearly, and linking them back to updated assumptions, helps maintain trust with shareholders and lenders.

In a more uncertain environment, reforecasting becomes a way of keeping a finger on the pulse. It helps leaders determine if the business fundamentals have changed and, if so, act early to protect cash flow and maintain stability.

Tools to help build your strategic compass

There are many off-the-shelf tools available that incorporate three-way forecasting, scenario modelling and reforecasting that are affordable and relatively straightforward for a business advisor to implement.

Two solutions that RSM frequently uses across the national practice are Spotlight and Syft. Our team is trained in these platforms and can set them up with the right data, then meet regularly with clients to review the numbers and interpret what they mean. The true value lies in having these conversations, where your adviser can provide guidance, perspective, and support throughout your business journey.

By exploring the numbers and the story they tell, we can also provide more timely insight so you can successfully navigate your business throughout the year.

Level 2: Embedding forecasting and scenario planning

“Any business operating without a roadmap or playbook is asking for trouble.”

– Tim Linke, Financial Modelling

Once a business has mastered the basics, there is an opportunity to expand the model for deeper strategic insight.

To do this, we can build a more bespoke model that captures data with a higher degree of complexity from across different divisions in the organisation. Again, this model can be as basic or as comprehensive as clients need it to be. A start-up, for example, may begin with a model that prioritises cost pressures and cash position, and is expanded as the business grows. For a more mature or complex organisation, the emphasis may be on key performance drivers and identifying which data offers real value and which adds unnecessary noise.

In creating this type of bespoke model, we start by conducting in-person workshops with stakeholders across finance, operations, and management. This allows us to ask the right questions and dig deep to identify the drivers that underpin a fit-for-purpose forecast. We want to find the right levers to pull for a clear future view, grounded in a base reality and the ability to quickly see what happens if things shift. Once in place, we can also watch how the business is tracking against expectations, rather than relying solely on aspirational targets.

Bespoke models can be especially useful for organisations that lack cohesion between finance and operations teams. In bringing people together for open discussion, we get to the heart of what matters and break down barriers to create a common language. The alignment achieved through this process translates into very tangible business outcomes – such as giving sales teams meaningful targets or showing leaders where their effort will generate the best return. Everyone begins to agree what good looks like, and knows what to do if the situation goes south.

Once a bespoke model is complete, we hand it over to the business to manage internally. What was once a jumble of numbers becomes a living tool that drives moment-to-moment decisions. The model serves as the central compass for strategy – giving the business a clear, current picture of its direction and the steps needed to reach its goals.

Case Study

A small construction business was operating with minimal reporting, no forecasting, and limited insight into its financial and operational performance. Decisions were made largely based on instinct, and monthly accounts were slow and cumbersome.

We started by tidying processes and automating reporting, so the team had access to timely and reliable financials. Over time, we added forecasts and operational reports, linking budgets, cost of sales, and other key metrics to provide a fuller view of the business. The system was built to evolve with the company, turning static numbers into a dynamic tool that informs decisions in real time.

During the pandemic, the business could closely monitor tight gross profit margins and make informed decisions under pressure. Today, having scaled revenue to upwards of \$60m, the business uses the reporting system as a central compass for strategy and operations. Starting small and building progressively, they have transformed reporting from a basic task into a strategic advantage that guides growth and decision making.

“This process implemented by RSM has allowed me to make informed, real-time decisions based on 100% accurate data. As the business grows and revenue increases, the associated overheads rise, and I don't want to be scaling if the growth wasn't being funded by underlying profits.”

Level 3: Stepping up your finance function

“There are ways to get started at a low cost and achieve a significant uplift in capability.”
– Srdjan Dragutinovic, Data Analytics

For businesses aiming to take their finance function to the next level to support a more proactive and forward-looking approach, there are several additional options worth exploring.

Outsourced Chief Financial Officer (CFO)

Leaders in small and medium sized enterprises often look to bring in an outsourced CFO when they feel they're not getting the insights they need. Small business owners may do the same when they grow tired of trying to do everything themselves.

Outsourced CFO is a valuable solution when your business is scaling, but hasn't quite reached the point of needing (or being able to afford) a full time CFO. They can:

- Provide the trade-level expertise your business needs
- Support small finance teams who aren't getting real-time insights
- Offer guidance on tax and advisory matters

An outsourced CFO can meet as frequently as you need – be that once a month or once a quarter. They are highly skilled in areas such as three-way forecasts, scenario modelling and reforecasting, and can help key stakeholders understand what the numbers mean and how to act on them.

CFO Advisory Services

CFO Advisory Services helps transform your organisation's finance function. Their goal is to ensure everything finance-related is operating as efficiently as possible, so the finance function works as a partner adding maximum value to the wider business rather than simply reporting on it. This may involve introducing new systems or leveraging existing ones to automate manual tasks. Or it may involve overhauling entire finance processes to ensure everything from purchasing and procurement to accounts and working capital is operating at its full potential.

CFO Advisory Services can also work with internal teams to uplift capability and develop the skills needed to manage finance more strategically.

Advanced data analytics

Advanced data analytics is especially beneficial for more nuanced forecasting and scenario modelling requiring multivariate analysis. For example:

- **Customer behaviour** – predicting churn, new product uptake, or changes in engagement by analysing variables like transactions, usage patterns, and account activity.

- **Staff retention and performance** – identifying high value employees at risk of leaving using performance, attendance, team metrics, and skillsets to inform targeted interventions.
- **Marketing effectiveness** – measuring ROI by understanding which channels and campaigns drive sales through marketing mix modelling, even when multiple touchpoints contribute to outcomes.

Skilled data analysts can develop tailored models that draw in relevant quantitative and qualitative data, to produce insights that answer key business questions and allow for more confident and strategic decision making.

Artificial intelligence

Artificial intelligence (AI) can complement forecasting models by making it easier to search, organise, and extract useful qualitative or quantitative information – such as news articles, political updates, or market reports. Its ability to process large datasets quickly makes it a valuable tool for supporting existing models and providing broader insights on factors that may affect sales, profit margins, or operations.

Currently, it is still essential to have rigorous human oversight when using AI to help with financial modelling. While its capabilities are advancing, the risk of errors or “hallucinations” is significant. Introducing AI into a well-functioning model can unintentionally alter assumptions or backend calculations, producing inaccurate results that are difficult to trace. Transparency is a must in financial modelling. When AI operates autonomously, identifying a misapplied calculation or an incorrect accounting treatment can become difficult. For now, it is best to view AI as a junior analyst capable of providing good support but still requiring strong oversight. This ensures the model's integrity while we build toward a future where AI can independently manage high value tasks, such as real-time forecast updates driven by external market triggers.

Case Study

During the latter stages of COVID, a kitchen manufacturer faced a major challenge. Sales had surged due to the increase in home renovations while people were staying home, but supply chain issues meant the business couldn't keep up.

We worked with the client to build a predictive model that would show how long the surge was likely to last – incorporating factors such as new housing builds, renovation activity, and council permit requests. This gave the business clearer visibility of expected demand over the coming three, six, and 12 months.

With the new forecasts in place, the company could plan production, manage supply, and meet customer demand more confidently. What had been reactive decision making became forward-looking, giving the business the insight to act strategically in a volatile market.

Know where your business is headed

No one knows how the coming weeks, months or years are going to play out. What is certain though, is that business owners must be ready to operate in a more uncertain and volatile environment. This fact became crystal clear in 2020, and remains true today.

It is paramount to understand what impact rising fuel costs, supply chain shocks, inflationary pressures, volatile commodity prices, political instability, rapid AI adoption, and even extreme weather events could have on the profitability and survivability of your business. The same applies to any plans for growth, diversification or transformation; success depends on clarity and foresight.

This is where a strategic compass comes in, and with the end of financial year approaching, now is the perfect time to start building yours. Avoid the temptation to see new financial year budgets as merely a compliance exercise, and instead treat it as a vital activity that can guide critical decisions and align the business in times of disruption.

Remember to:

- **Focus on data quality** to ensure the information feeding your forecasts is accurate, up-to-date, and reliable.
- **Build a three-way forecast** that incorporates profit and loss, balance sheet, and cash flow.
- **Align your budget with the business's strategy and direction**, whether that is growth or consolidation.
- **Develop forecasts around well-considered assumptions**, rather than a standard uplift or decrease on last year.
- **Engage with stakeholders across the business**, so it reflects operational realities, pressure points and upcoming opportunities.

- **Plan for regular reforecasting**, so budgets remain in line with internal and external developments.
- **Improve processes** so you can free up time to generate high quality insights on a timely basis.

If you would like support to create a strategic compass for your business, RSM is ready to help. Our experienced business advisers work with thousands of clients across Australia in businesses of all sizes every day. We support them throughout the entire process – from getting their data in order, to building out quality three-way forecasts, conducting scenario modelling, and meeting regularly to reforecast.

We are skilled in asking the right questions to get to the heart of what you want to achieve, and what is needed to achieve it. These discussions with key stakeholders are central to the process, as they help us understand the business, challenges and priorities in real time. In staying closely engaged, we can also bring the right people – advisory experts, grant teams, data analytics, corporate services, or restructuring and recovery specialists – into the conversation at the right time to provide a holistic approach that meets your needs.

From growth and efficiency to succession or exiting the business, the insight you gain from your strategic compass will allow you to map the best route to reach your destination. It's a journey from guessing to acting with intent, where every decision is made – not with hope – but with deep insight and an understanding of exactly what it means for your business.



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