# Surviving Budget Season & Strategic Planning: 10 Tips from a CFO

Your 10-step guide to navigate budgeting and planning, along with tips to ensure your team scales efficiently.

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The older I get, the more I notice how time is relative. We lament how fast the weekend passes. As summer approaches, we get surprised at how fast the school year flies by. The same goes for holidays, vacations, and milestones.

Yet, other days feel endless—those times when forecasts slip, when AR aging spirals, or when the board keeps asking for more data revisions. These moments can feel like insurmountable obstacles, but before we know it they eventually fade as time passes.

**And such is budget season—simultaneously anticipated and dreaded.** It often feels like a heavy lift for marginal impact. We pour enormous energy into detailed plans, only to watch them become obsolete the minute the fiscal year starts. What's the deal?

## Are You Letting The Noise Distract You?

With economic volatility, geopolitical instability, AI disruption, and new workforce expectations, we're living through turbulent market shifts at a blistering pace. Finance leaders are tasked with creating stability amid chaos—an age-old challenge, made harder by a modern overload of noise.

We're being called to do more than manage and report numbers. We must lead—and that doesn't begin with spreadsheets or models. It starts with mindset: how you think about spend, deploying capital, and making bets.

Companies that thrive treat strategic planning as a year-round discipline, not a seasonal scramble. This is where balance, insight, data-centricity, judgment, and the ability to unify and align departments will become our new secret toolbox to weed out the noise.

## How Do You View Resource Allocation?

Historically, finance teams have viewed spend management as tactical—a cost-control function, relegated to the back office. Revenue teams were more glamorous, more strategic, more fun. They had better (and more) tools, got better data, and felt closer to growth. Spend managers? They were gatekeepers and enforcers. Often underfunded, underresourced, and underappreciated. It didn't help that the tools to help us were much less innovative, intuitive, and sophisticated either.

But that's all changed today. The back office is getting a makeover. We're finally seeing innovation across the entire financial cycle—receivables, payables, tax management, equity administration, *and* spend management—that can help change our mindset. With my job as CFO at Tropic, this has become clear to me:

> **How a company views procurement says a lot about how it will also face the budgeting process.**

The only way to ensure survivability through uncertainty is to begin with fiscal stewardship. As fiduciaries, it's our job to forge a safe passageway around decisions to deploy capital and place bets. Before diving into tactics, consider how your business treats resource allocation: team sport or silos? Centralized or decentralized? Data-driven tradeoffs or emotional decisions? If where you're spending money is disconnected from how you're prioritizing growth, you're guaranteed not to achieve that growth.

- Russell Lester, CFO at Tropic

### Steps to surviving budget season and strategic planning:

1. Kickoff Strategic Planning
2. Establish Budget Baseline
3. Set Financial Targets
4. Identify Gaps
5. Review Levers and Leakages
6. Establish Key Priorities
7. Integrate All Activities Into a Model
8. Finalize Formal Plan
9. Approve and Rollout Plan
10. Execute Proactively

# 1. Kickoff Strategic Planning

Budget season doesn't start with numbers—it starts with strategy. I've seen too many finance teams jump straight to last year's actuals plus 10%, completely disconnected from where the business actually needs to go.

A robust strategic review means revisiting your vision, mission, and 1-3-5 year strategy while conducting a thorough external scan. In 2025, this includes understanding how AI is reshaping your industry, analyzing new competitive threats, and honestly assessing your product roadmap against market realities.

Market sizing models are vital, even for smaller organizations. Defining the total, available, and addressable market helps make informed decisions. Reviewing the product roadmap ensures alignment with the company's mission and market opportunities.

**Pro Tip → Conduct a "strategy retrospective" before looking forward. What bets from last year paid off? Which ones didn't? This look back can be a great way of looking in the mirror as you adjust your approach and begin the new cycle.**

# 2. Establish Budget Baseline

Developed alongside the strategic planning kickoff, the budget baseline forms the financial foundation for the year by clarifying **expense and revenue drivers.**

The budget baseline is the preliminary budget based upon all currently known investments (prior to layering in additional activities that will come from the strategy work described in the next steps). The two largest drivers of expense for a budget baseline will typically be personnel and tech stack investments, which requires teams to have comprehensive visibility into spend, suppliers, and contracts (with their end dates) to see where expenses could expand, contract, or churn.

To determine expenses, businesses will adopt either:

- **Zero-based budgeting:** No assumed baseline spend; all expenditures are defended from the ground up
- **Run-rate budgeting:** Current spend level extrapolated out into the future becomes the baseline that additional assumptions are layered upon

To determine revenue drivers (which is needed to inform expenses), businesses will conduct revenue modeling. Go-To-Market leaders, with Finance's support, should drive this process using one or both of these methods:

- **Funnel-based:** Sales opportunities materialize from demand generation activities
- **Top-down/Bottom-up:** Combines high-level targets with detailed projections

**Pro Tip → Because tech spend is a top 2-3 line item, it's crucial to include all committed vendor contracts in your budget baseline to avoid costly oversights. A procurement tool incorporating AI can streamline visibility by extracting data and correcting inconsistencies.**

## 3. Set Financial Targets

This is where the rubber meets the road—and where many planning processes either soar or crash. Target setting requires balancing investor expectations, leadership ambitions, and market realities.

When there is overwhelming noise and constant change in the market, it's crucial to cut through the chaos with data-driven target setting. Metrics like **Rule of 40** and **revenue per employee** have become table stakes. The formal ownership of establishing the targets can differ depending upon the company ownership structure but is typically some combination of Board/Investor and company leadership.

The key is finding the sweet spot between believability and aspiration. Targets that are too conservative won't inspire your team; targets that are too aggressive will demoralize them when reality hits.

**Pro Tip → Benchmark reports abound. Don't be shy about using them and cross-referencing where your business should be stacking up, especially regarding spend (i.e. unit economics, etc.). As you set the targets, balance believability and ambition.**

## 4. Identify Gaps

Identifying gaps between revenue projections and leadership targets is crucial because it can make or break your company's ability to achieve its plan.

As the components of the revenue planning team inputs and the leadership team/investor targets come together, there inevitably surfaces a gap. It would be a rare exception that everything aligns cleanly at this stage without additional need for discussion.

Those days when forecast models keep breaking and troubles feel insurmountable? This is where you prevent them. Gap identification done right means no surprises later.

Three main gaps to account for include **revenue gaps, expense gaps, and resource/process gaps.**

### Revenue Gaps

Revenue gaps are often reviewed in terms of the levers of the revenue engine: leads, opportunities, conversion rates, attach rates, average selling prices, sales cycle time, retention rates. But don't stop at the surface-level metrics—dig deeper into the underlying constraints.

### Expense Gaps

Expense gaps don't necessarily follow the same recipe as they can be a byproduct of a dislocation of the revenue and expense plan. If teams are investing in things that are not in service to achieving the plan, it is likely that the investment is not delivering the near term results needed to support the plan.

### Resource and Process Gaps

There can also be a gap in the underlying mechanics of how the plan is achieved. Even if the revenue and expense are aligned to targets, the manner in which the business is assumed to achieve the targets creates some unnatural or unknown interdependencies. The gaps being surfaced are gaps of resources, tooling, processes, sequencing and prioritization.

It is vital to ensure all these gaps are addressed not just through spreadsheets and planning decks but through **live discussions where healthy debates, tradeoffs and decisions are made.**

**Pro Tip → Because revenue is only achieved through the investments being made to achieve them, treat revenue and expense gaps as interrelated. Empower Finance to ask tough questions about investments, team readiness, and resource waste and allocation.**

## 5. Review Levers and Leakages

This is where Finance transforms from order-taker to strategic advisor. An output of the Gap Identification process will result in a need for the business to fill the gap or settle for an inferior plan that doesn't achieve the goals that the leaders and investors demand.

Here's where that philosophical approach to spend management becomes critical. **The companies that treat spend management as a strategic advantage—understanding exactly where capital is deployed and why—are the ones that identify the best levers and eliminate the most wasteful leakages.**

> **Is procurement viewed as a strategic function or just a cost center?**

### Understanding Levers and Leakages

The concept of levers and leakages is for a Finance team to create a flywheel of opportunities for review.

- **Lever:** Something that can improve or multiply the impact of something else (think opportunities for improvement)
- **Leakage:** Instance where there is inherent waste or spoilage in how the business is operating (think areas of operational waste)

Too many businesses look for ways to close gaps at the end of a quarter when it's really too late. The goal here is not to just create a process of identifying levers and leakages for the plan and budget cycle but to instill this mindset as a forever constant in the business.

### Building the Flywheel

Doing this requires creating a culture where ideas, inquiry, innovation and introspection are encouraged and not thwarted. The output of a levers and leakages process should answer these questions:

- **How do we fill the gap?**
- **Which levers are most viable?**
- **What has to be true to achieve them?**
- **Which ones are we willing to commit?**

Finance should be empowered to recommend alternatives and create a flywheel of these opportunities for review.

**Pro Tip → If your company has gone through several cycles of growth, leadership changes and/or pivots in strategy, it's a safe bet that there are many expenses lurking in the run-rate that might not be contributing their fair share to business success. Look for tool overlap and streamlining opportunities—this can lead to significant savings.**

## 6. Establish Key Priorities

**Successful planning requires brutal prioritization**, and as CFO, you're often the one who has to enforce the hard choices. Balance, insight, data-centricity, and judgment are part of the toolbox of Finance leaders must have to thrive.

### The Input-Output-Outcome Framework

Aligning key priorities involves understanding the inputs, outputs, and outcomes of business activities.

- **Inputs:** Activities and actions directly in our control in our daily work. Often taken for granted as table stakes but actually differentiate high and low performance the most
- **Outputs:** Result from executing on our inputs; often the combination of team inputs. One team's output becomes or is the handoff to another team's inputs
- **Outcomes:** Outcomes result from the combination of inputs and outputs working together. Maximization of business performance means optimizing our inputs and handoffs

### Run the Business vs. Trajectory Changing Bets

It's helpful to often carve out the plan priorities into:

- **Run the Business:** Those areas of focus that must be true to keep the lights on and allow the business to function as normal (think essential activities)
- **Trajectory Changing Bets:** Those risks the business is going to take to move beyond the current run-rate and move the business towards the intended future state (think innovative risks)

Capturing the key priorities requires ensuring that there is a management system of operating cadences, measurement processes and ongoing visibility to track progress against the priorities.

**Pro Tip → Take the time to map out inputs and outputs so that the interdependencies are well understood. Apply some grade for how well each component is working. This will shine a light on where the business needs to focus most to improve.**

## 7. Integrate All Activities Into a Model

Converting all activities (your inputs, assumptions, and accountabilities) into a cohesive plan requires careful documentation.

The process of pulling this together could be thought of as The Grand Choreography of Budgeting. With the executive leadership team acting as the producers of the choreography, their role is to ask if the pieces fit, where do gaps still exist, and does everyone understand their role.

Whether you're using planning software or spreadsheets, your goal is to create a scalable, error-resistant model that accurately incorporates all activities. This includes (but is not limited to):

- **Key initiatives**
- **Bookings targets (derivative of lead volume, conversion rates, AEs, ASPs)**
- **Retention targets (derivative of NRR, GRR)**
- **Staffing levels/hiring needs (derivative of employee retention, capacity models)**
- **Tech stack investments (tools being offboarded, tools being onboarded)**
- **Merit/promotion allocations (percent of salary)**
- **Benefits expense (anticipated changes/increase year-over-year)**
- **R&D investments required (based on product roadmap, new features, new markets)**
- **Demand Generation funding (SEO, SEM, Partner, etc.)**
- **Infrastructure ability to scale (GM impacts, cloud investments, etc.)**

By combining all inputs, assumptions, and accountabilities into a model, you can pressure test your plan from the bottom up and top down with the leadership team to ensure all pieces fit together seamlessly and work as a cohesive unit.

And remember: we're not operating in a static universe. **Your model needs to be robust enough to handle the constant changes and pivots that define our current business environment.**

**Pro Tip → Pressure test your plan to ensure clarity and completeness, testing different inputs to see how they ultimately impact the budget and the intended outcomes.**

# 8. Finalize Formal Plan

Once the inputs have been properly integrated, it's time to make it formal. Documenting a formal plan should include financial statements (i.e. income statement, balance sheet, statement of cash flows), along with an operating plan in the form of a slide deck that answers:

- **What is the opportunity that the company perceives to exist?**
- **Where is the company situated currently (retrospective on prior year)?**
- **What is the future state (outcomes and goals to be achieved)?**
- **How does the company plan to achieve targets?**
- **What are the Investments required for achievement?**
- **What are the risks that might be present?**
- **How is the business mitigating risks?**

**Pro Tip → Prepare the documentation as you move through each step (don't just start doing that at step 8 here). Starting the documentation at the end of the process could create a heavy lift in a tight deadline and stir up surprises for your executive team.**

# 9. Approve and Rollout Plan

After the plan has been adequately formalized and documented, leadership teams present the plan for review and approval. This is typically done with the Board of Directors and related investors.

Sometimes those approving the plan accept it as drafted. Other times there are requests to sharpen pencils and come back with revisions that could span revenue and cost. If this happens, the process could revert all the way back up to step 3 or 4.

**To avoid delays, nailing down the list of levers and leakages will serve as a go-to resource to fill gaps on either the revenue or expense side of the equation.** Once approved, codify your targets into operating systems immediately. Don't let your plan become "shelfware" that sits on the proverbial shelf all year.

**Pro Tip → Codify the targets into your systems of record to keep them front and center for employees. If there are guardrails around levels of spend allocated for various software tools, maintain a spend management process with robust intake to procure processes to ensure employees adhere to the plan. Baking process adherence into workflows will ensure repeatability, scalability and control into your business.**

## 10. Execute Proactively

The plan should remain relevant and actionable throughout the year. **This requires establishing an operating cadence of regular check-ins to review the performance of priorities, observations, key learnings, and things you would do differently.**

Measuring impact and return on investment allows leaders to adapt budgeting and planning according to strategic initiatives (like efficiency and growth).

The process includes constant assessments, “budget versus actual” discussions, and democratizing data and insights for owners. By doing this, you help your people realize how intricately connected they are to the business and how their work contributes to its success.

**Pro Tip → Involve employees in the planning and measurement process, actively seeking their input. When they see themselves reflected in the plan, they’re more likely to stay engaged and committed.**

## The Bottom Line?

There's no greater ingredient to budget season success than understanding (and executing) this truth: **how a company spends money is directly tied to where it's placing its bets.**

Not all bets pay off. Some should no longer be made. Markets change, priorities shift. That doesn't mean the plan was wrong—it means we're not operating in a static universe.

I once heard that the truest way to think about time is that the days are long but the years are short. It perfectly captures the CFO experience. Those brutal budget season days feel endless, but entire fiscal years blur together.

Your perception of time begins with your mindset. The same is true for budget season.

Instead of approaching it with dread, view it as your annual opportunity to ensure the business is grounded, clear, data-led, and focused on what matters most. It's your chance to align spending with strategy and ensure that every dollar reflects a deliberate choice ahead.

Spend management isn't a tactical checkbox. It's the tip of the spear. And for finance leaders ready to lead, there's never been a better time to change our mindset and treat it that way, especially during this time of the year.

Russell Lester is the President and Chief Financial Officer at Tropic, bringing over two decades of experience steering high-growth technology companies through pivotal transformations. Prior to Tropic, Lester held CFO roles at Versapay, Calendly, and Keap. At Calendly, he was instrumental in scaling the company's operations, overseeing the development of critical teams across analytics, FP&A, IT, legal, and more. His leadership contributed to a $350 million Series B funding round, elevating the company's valuation to over $3 billion.