March 30th, 2026

Budget Resilience for Organizations

How organizations plan, estimate, absorb shocks, and adapt their budgets without losing control.

Three parts

I. Foundations
II. Practical Tools
III. Principles

Anthony Efstathiadis

Presentation Roadmap

A simple path from budgeting basics to resilient financial decisions

1 Foundations of organizational budgeting

- Know real revenue and cost categories
- Document timing gaps between inflows and outflows
- Separate essential costs from flexible costs

2 Tools & techniques

- Analogous and parametric estimating
- WBS, RBS and bottom-up estimating
- Three-point estimates for uncertainty

3 Resilience in practice

- Scenario thinking and variance monitoring
- Reserve capacity and expenditure priorities
- Rules organizations should follow

A resilient budget is not only planned well — it is designed to survive change.

Why budget resilience matters

Organizations do not operate in a stable world

A budget can look correct on paper and still fail in practice when reality changes.

- Revenue may arrive late
- Input prices may rise
- Demand or program needs may shift
- New compliance or operating costs may appear

Revenue delays

Change in contracts, customer payments, or reimbursements arrive later than planned.

Cost pressure

Energy, procurement, raw materials, services, salaries, or logistics become more expensive.

Operational shocks

Repairs, technology failures, or one-off compliance costs hit the budget.

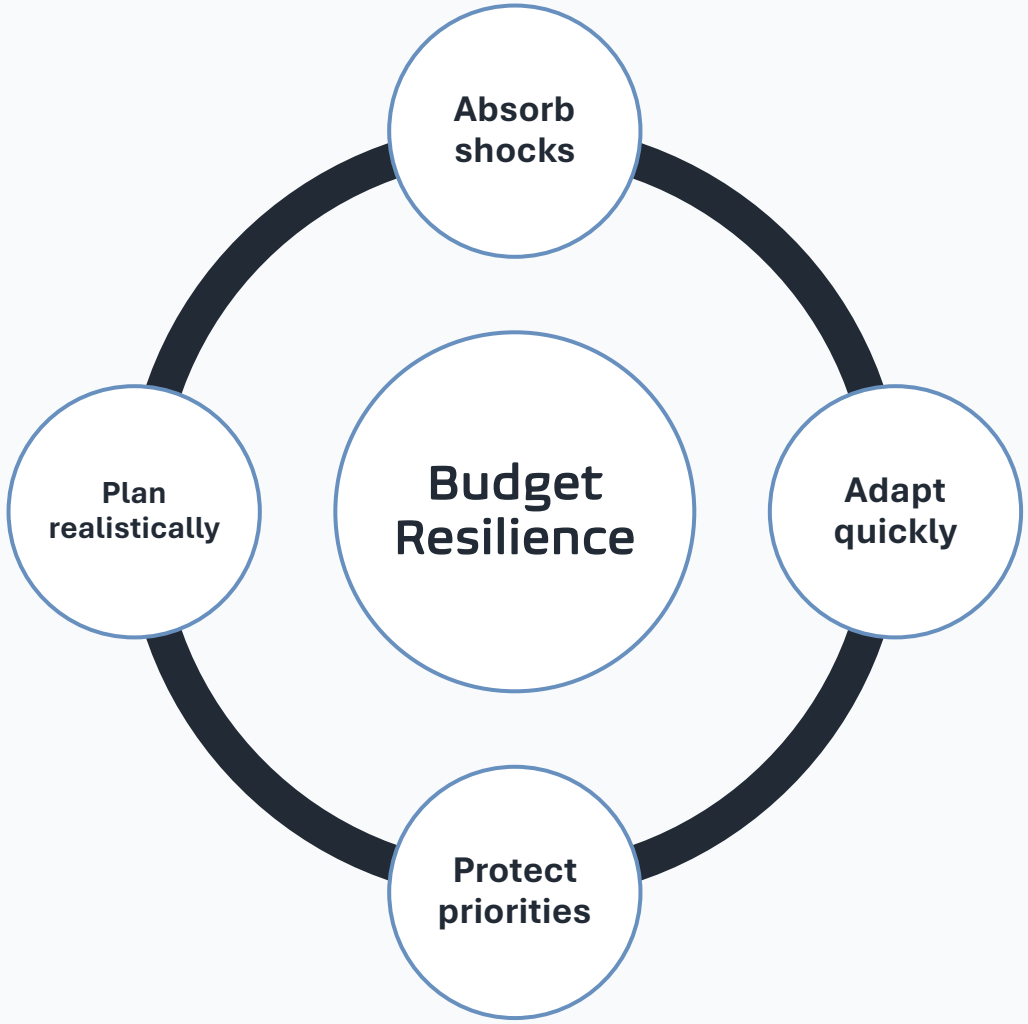
Strategic shifts

Management reallocates funds when priorities or risks change.

Resilience = keep control of priorities even when assumptions move.

A resilient budget does four things

It plans realistically, absorbs shocks, adapts, and protects strategic priorities



Working definition

Budget resilience is the ability of an organization to continue operating effectively when assumptions change — without losing financial discipline or strategic focus.

What it changes in practice

- Use ranges, not just single numbers
- Keep reserves or flexibility for credible surprises
- Reforecast when conditions change
- Protect mission-critical spending first

Budget foundations: amounts and timing

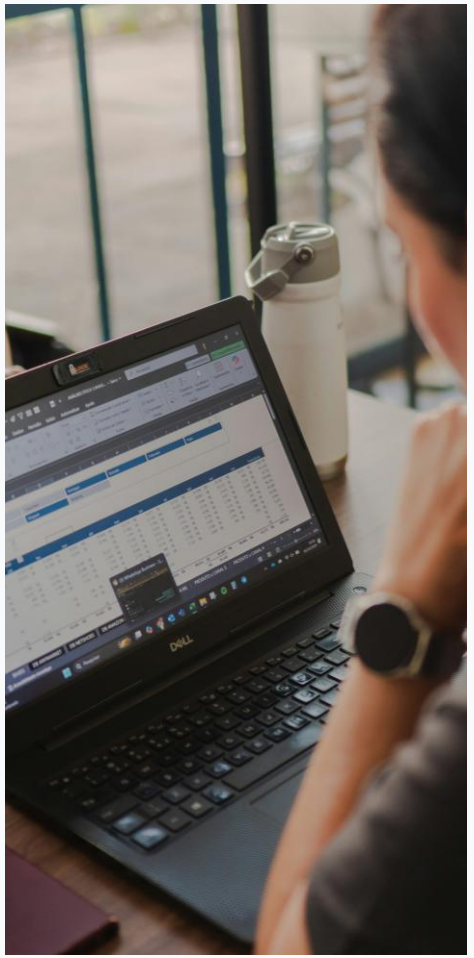
For organizations, the timing of receiving payment can be as important as the amount

Know real revenue
Use confirmed income streams, realistic assumptions, and clear collection timing.

Map all expenses
Capture fixed, variable, and one-off costs across departments or programs.

Watch timing gaps
A budget can be balanced annually but still fail monthly if inflows arrive later than outflows.

Budget Balance =
Total Expected Income – Total Expected Expenses



Cash timing example

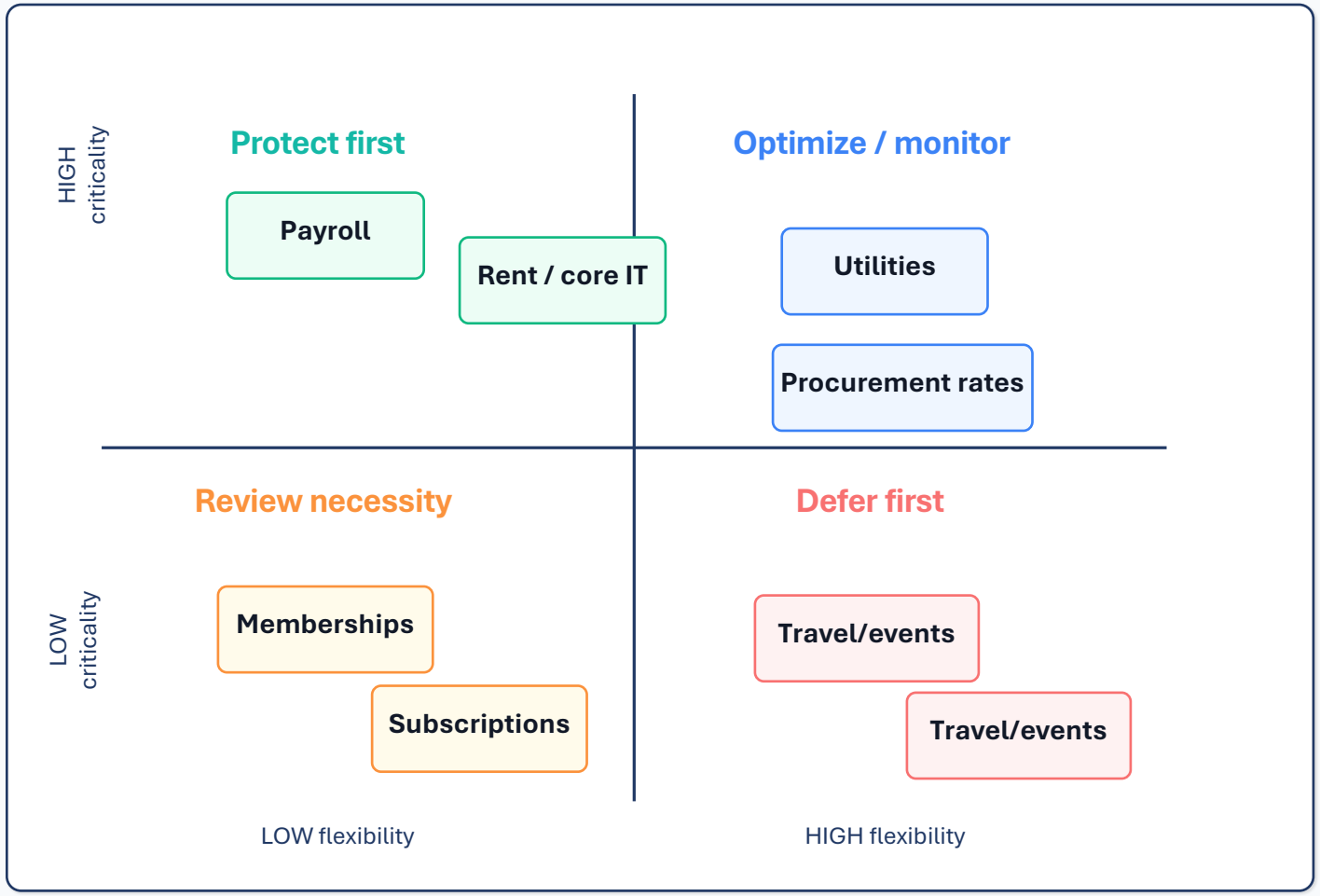
Your organization may expects to receive €30.00 income from a project, while it estimates a cost of €15.000 for the same project.
In theory, the organization will be able to pay all its relevant expenses from the income. *But what happens, if* ***the majority of the income comes in the future****, but* ***all the relevant expenses should be paid upfront?***

Why this matters

- A cash budget helps ensure enough cash is available for planned operations.
- Forecasts should include the timing of receipts and payments — not only totals.

Not every cost should be regarded the same

Resilient organizations distinguish between mission-critical spending and flexible spending



Priority questions for managers

- Which costs keep the organization operating?
- Which costs protect mission delivery or compliance?
- Which items can be deferred, resized, or phased?

Resilience improves when organizations classify costs before a shock happens — not during the shock.

Tools that make budgets resilient

Estimating methods help organizations move from rough guesses to supported assumptions

1

Analogous

Use a similar past budget as a starting point.

Fast benchmark

2

Parametric

Use cost drivers and ratios to estimate quickly.

Scalable logic

3

WBS & RBS

Break work and resources into visible cost elements.

Visibility

4

Bottom-up

Build the estimate from the smallest components upward.

Accuracy

5

Three-point

Estimate a range: optimistic, likely, pessimistic.

Uncertainty

The point is not complexity. Each tool can offer us unique insights.

Use the right tool for the question

Analogous and parametric estimating are useful when speed and comparability matter

Analogous estimating

Start with a similar past project, program, or budget cycle.

Example: “Last year, a 3-day conference cost €42k. This year’s event is similar, so use that as a first benchmark — then adjust for inflation, scale, and scope.”

- Fast and practical
- Useful early in planning
- Depends on similarity and judgement

Best when there is a relevant historical reference.

Parametric estimating

Build the estimate from measurable drivers or rates.

Simple logic

Cost = unit rate × quantity

Example: Training cost = €180 per participant × 120 Participants = €21,600 Total Cost

- Scales well across multiple units
- Good when the cost driver is stable
- Needs clean data and credible rates

Best when cost drivers are measurable and repeatable.

When detail matters, build the budget from the work

WBS, RBS and bottom-up estimating improve visibility and accountability

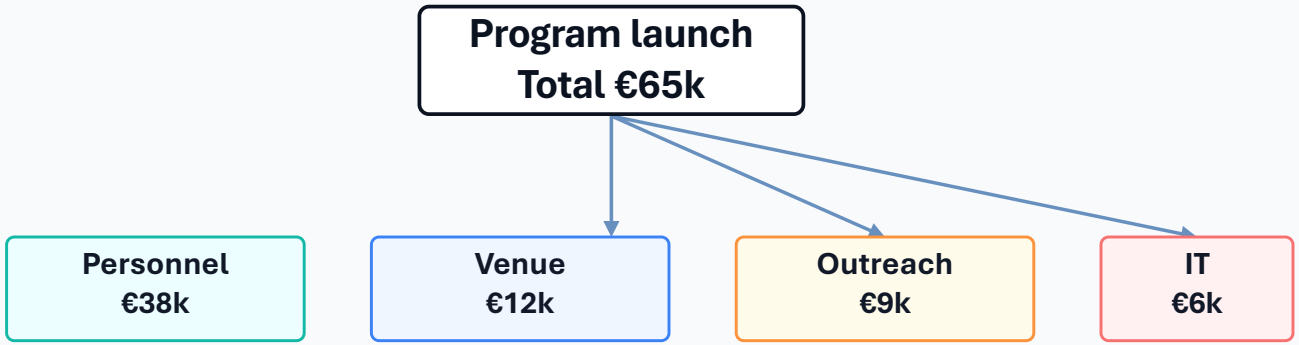
From structure to estimate

1. **WBS → break the work into tasks and deliverables**
2. **RBS → identify the resources each task needs**
3. **Bottom-up → estimate cost line by line and aggregate**

Why it helps

It shows where money is going, who owns the cost, and what assumptions can be changed.

Illustrative budget tree: program launch



Bottom-up estimates become especially valuable when costs differ across tasks, teams, or locations.

- Higher effort than top-down methods
- Higher transparency for review and reforecasting
- Good for complex budgets with many cost lines

Estimate uncertainty, not just a single number

Three-point estimating, scenario planning, and variance monitoring make the budget adaptable

Three-point estimate

Use a range when uncertainty is material.

O — Optimistic

M — Most likely

P — Pessimistic

Expected value ≈

(O + 4M + P) / 6

Why use it?

- Helpful for volatile cost items
- Supports contingency discussions

The point is not precision; it is visibility around uncertainty.

Scenario planning

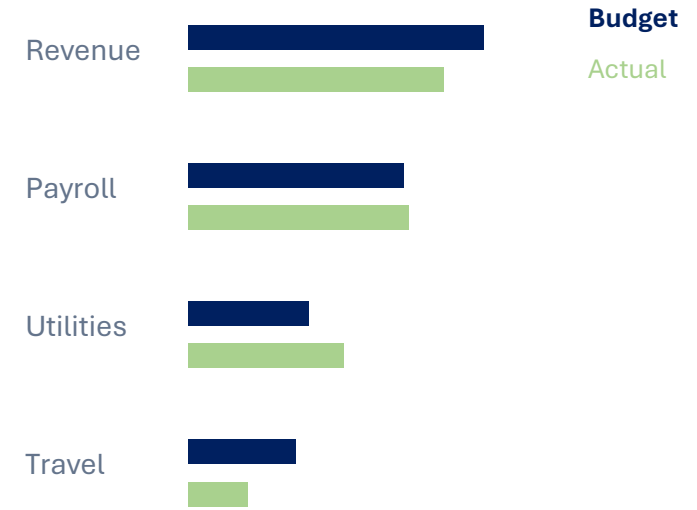
Build a base case, downside case, and upside case.

Downside	Revenue ↓ 8%; costs ↑ 5%
Base	Expected assumptions
Upside	Revenue ↑ 4%; costs stable

Teams can pre-agree what actions follow each scenario.

Variance monitoring

Compare actual vs budget — then reforecast if assumptions have changed.



Variance signals when the budget model needs updating.

Contingency reserve = planned room for credible surprises.

Mini case: a student-led research center

A fictional example of how resilience changes budget decisions

Original budget

Grant income	€300k
Project fees	€140k
Donations	€60k
Payroll	**€240k**
Facilities	**€80k**
Events & outreach	**€100k**
Travel	**€30k**
IT & compliance	**€25k**
Reserve	**€25k**

Shock in Q2

1. **Grant tranche delayed by 2 months**
2. **Energy + €12k and compliance software + €10k**

Question

Does the organization cut core activity, or adjust the budget intelligently?

Resilient response

- Protect payroll and essential costs
- Defer part of travel/events for one quarter
- Use reserve for temporary cash pressure
- Reforecast monthly until revenue timing normalizes

Core lesson

Resilience is not avoiding all pressure. It is managing pressure without losing priority control.

Principles organizations should follow

A resilient budget is disciplined before, during, and after change

1

Plan from realistic income

Build budgets on credible inflow assumptions, not hoped-for revenue.

2

Avoid structural overcommitment

Do not lock the organization into spending that only works in the best case.

3

Keep liquidity or reserve capacity

Buffers buy time when cash timing or costs move against plan.

4

Protect mission-critical spend first

Cutting everything equally is easy; protecting priorities is better.

5

Review, reforecast, communicate

Resilience is dynamic: actuals, variances, and assumptions must stay visible.

A resilient budget is not the most optimistic budget. It is the budget that remains usable when conditions change.

Key takeaway

If reality changes, the budget should guide adaptation — not become irrelevant

- A resilient budget starts with **realistic income assumptions** and clear cash timing.
- **Protect mission-critical spending** before lower-priority or discretionary costs.
- **Use estimating tools** to replace rough guesses with supported assumptions.
- Always **include contingency for delays**, cost changes, and uncertainty.
- **Monitor variances and reforecast** so the budget stays relevant when conditions change.

A good budget is not only accurate at the start — it stays useful under pressure.