Effective planning in the face of changing goals

Tim Caudill

Rohan Kapil

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Featured Presenters

Tim Caudill
Director Solution Advisory
Jedox

Rohan Kapil
Director of Customer Success
Jedox

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Agenda

- The Challenge

- Leveraging Data

- Planning Cadence

- Tools and tips

- Key take aways
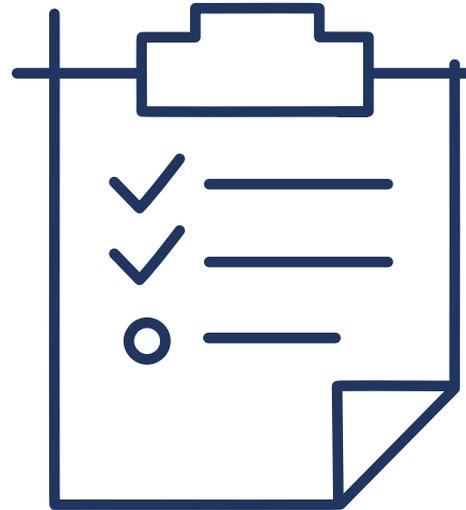
Poll Question 1:

Did your organization implement or experience significant changes in the past year?

a. No, business as usual.
b. A few adjustments, but nothing major is changing.
c. Yes, significant changes.

Poll Question 1 Results: (Placeholder)

The Current Challenge

In Uncertain Times, Flexibility is Key

- Global Conflict
- Inflation
- Recruiting / Layoffs
- Rising Rates / Cash Constraints

How should goals change in response?

Challenge	Old Goal	New / Modified Goal
Global Conflict	Supply Chain Cost	Supply Chain Resiliency
Inflation		Price Increase vs. Profit Decrease
People Planning	Recruitment / Attrition	Retention / Right Sizing
Rising Rates / Cash Constraints	Maximize Investments	Maximize Stability

What can the CFO organization do?

- Initiate Change

- Inform with Data and Analysis

- Identify new KPIs

- Update planning cadences

- Influence / Partner with the Business

- Provide Focus
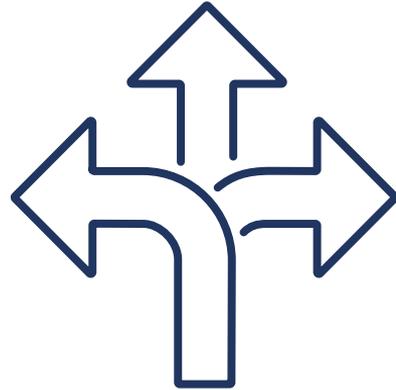
Poll Question 2:

Does your finance organization use data effectively to influence and shape organizational goals?

a. Finance is not consulted
b. It is hard to see a direct impact from the data provided by Finance.
c. Finance leads the charge on setting company goals

Poll Question 2 Results: (Placeholder)

# Leveraging Data Effectively

Our Role in the Data Ecosystem

- The office of the CFO is uniquely positioned to facilitate data creation and mobilization

- Ensure that data streams are relevant, concise, and aligned with desired business outcomes

- We can extend the work that IT does by helping with the data lifecycle to connect data with goals and expectations

- We are skilled at building business cases for goal changes and justifications

- Act as trusted advisors to connect the numbers to the activities for business partners.
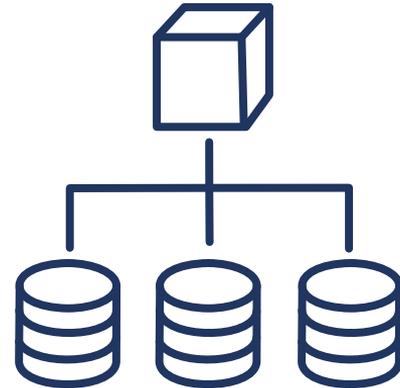
Data has Immense Value

Quantifying Data Value is Difficult

- The characteristics of data make its value difficult to quantify. Traditional intangible asset methods can be used, but often fall short of providing full visibility into the actual value.

- Determining consistency of the features that make data valuable offers a structure for measuring that value.

- In other words: it is sometimes better to focus on how data impacts the organization
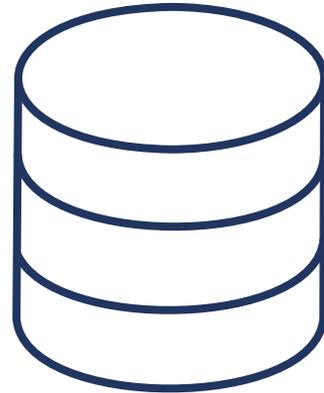
Important Data is Everywhere

- In Finance we typically get data from systems like ERP, HR, CRM, Etc.

- Some data needs to be created / sourced from people in the business.

- Many organizations are connecting more operational data
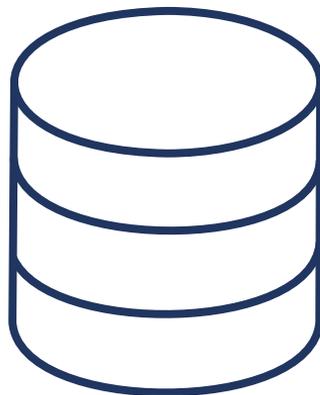
Data Life Cycle

Collect	Publish	Use	Impact
Data Strategy	Quality	Communication	Assessment
Data types	Accessibility	Accessibility	Identify Gaps
Granularity			Adjust
Data Creation			New Cycles

About 3rd Party Data

- Avoid the temptation to only use Internal data

- Identify and quantify external data that is relevant

- Integrate this into your data ecosystem and reevaluate often

- AI automation can help tremendously to connect and score 3rd party data's impact

Poll Question 3:

Do other departments contribute to the planning process?

a. No, Finance creates the plan
b. Yes, but at a high level
c. Fully collaborative across all departments

# Poll Question 3 Results: (Placeholder)

Planning Cadence

Continuous Planning

- Insights and granular information often reside outside of finance

- Stale data isn't very useful

- This is an expanded view of sending budget spreadsheets once a year

- Additional workload can create headwinds

Scenario Modeling

- Traditional FP&A only works in the Predictability Span

- The Predictability Span is Shrinking

- Outside the Predictability span is uncertainty/multiple possibilities

Scenario 1 (S1):
Change in government legislation

Scenario 2 (S2):
Excess demand on scarce raw materials

Scenario 3 (S3):
Social media influence changes market acceptance

Scenario 4 (S4):
Pandemic worsens

Source: Adapted from the 'Uncertainty cone to bound the future' by Paul Schoemaker
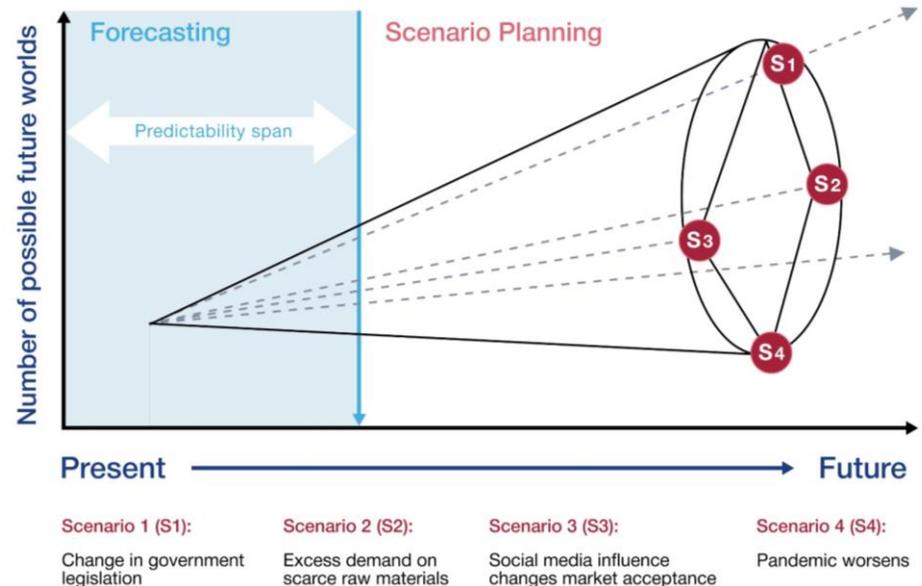
Scenario Modeling Today

- 6% can run scenarios in real-time, and 13% are able to run scenarios in less than one day.

- 55% Running scenarios is a long and challenging process

- 26% are unable to run scenarios.

Scenario Modeling – Characteristics

- Automated
- Fast
- Driver Based
- Multidimensional
- Continual Vigilance
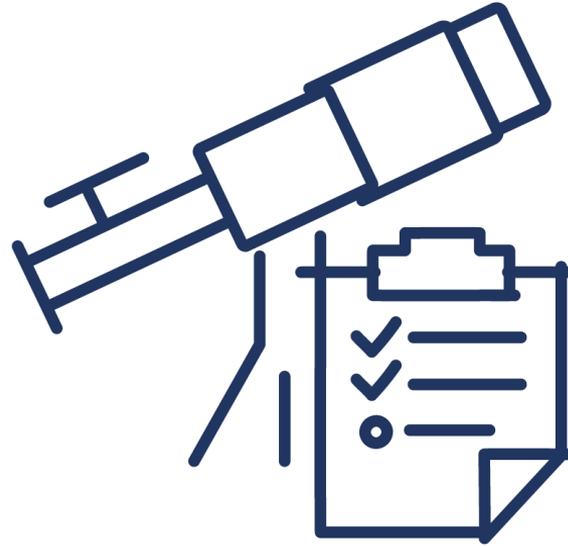
Quality Assurance

- Validations
- Data Governance (locking down data)
- Sign off
- Communication

Automation

- Integration
- Validations
- Alerts
- Template management
- Workflow

Freeing time for more value-add activities from Finance
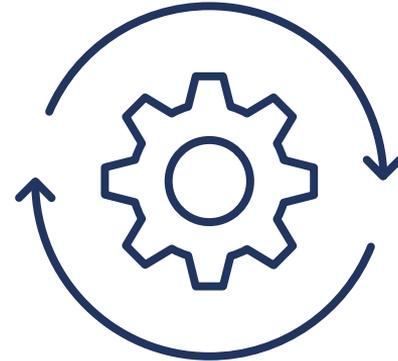
Providing Value

- Leveraging Finance to help operate the business better

- Old Traditional (non-operational) planning and reporting is no longer sufficient

Litmus test:

Do people come to you when they aren't required to do so
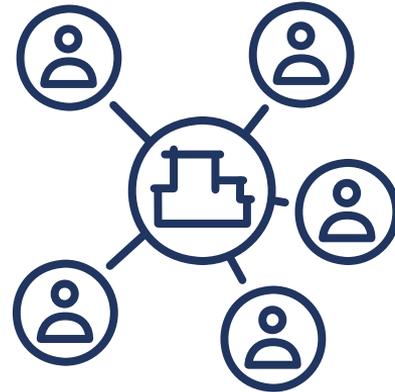
Poll Question 4:

What tools to you use for planning, reporting, and analytics?

a. We just use Excel.
b. Excel augmented by software tools.
c. We have a fully integrated software stack for these items.
d. Other.

Poll Question 4 Results: (Placeholder)

Tools and Tips

Create a Vision

- Help create a data strategy to fit organizational goals and KPIs

- Identifying data streams

- Benchmarking

- Creating relevant reporting

- Create a framework for change
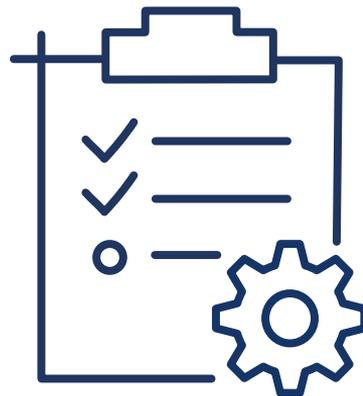
Consult with operations

- What activities need to improve
- What does value look like
- Optimal information timing
- Self service
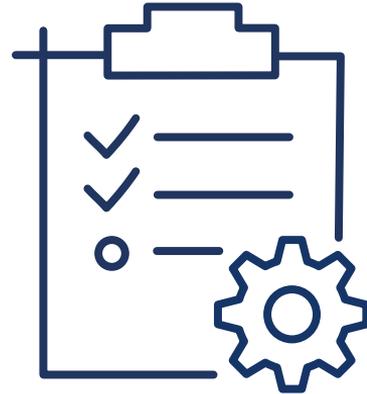
Data / Systems Integration

- Analyze data streams and identify gaps
- Continually update and analyze data strategy
- Strive for "one source of truth"
- Automation
- AI
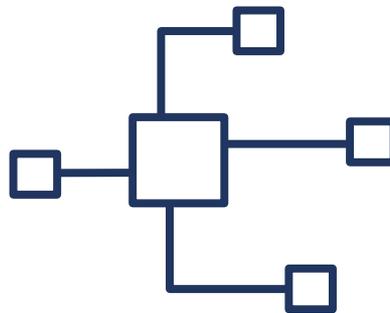
Leverage Modern Tools

- 58% use Excel as their main system for planning and forecasting

- 31% do not have a single source of data that everyone trusts

- 46% of C-suite teams have online access to real-time performance data

Source: FP&A Trends Survey 2022
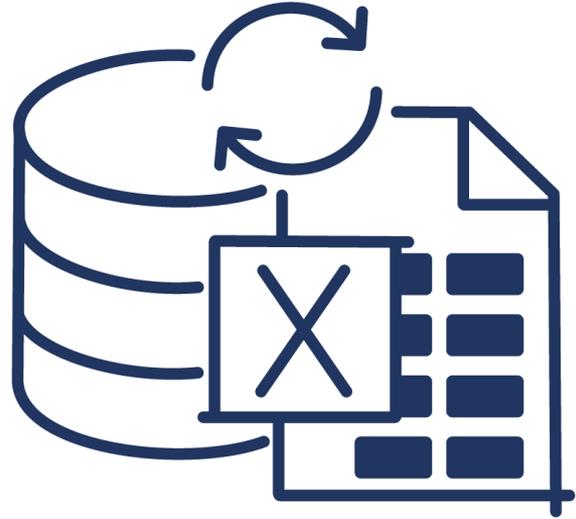
Focus on Adaptability

- Connectors to multiple source system
- Transformations, Mappings & Business Logic
- Multidimensional data models
- Master data & hierarchies
- AI algorithms
- Reporting capabilities
- Self Service / Ad hoc abilities
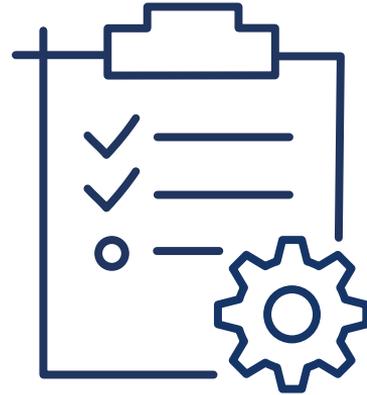
Communication

The Best Plan is worthless in a vacuum

Communication should:
- Impact behavior
- Be Relevant
- Have the right frequency
- Be as simple as possible
- Be and be perceived as trustworthy

Key Take Aways

1. Corporate goals are changing more rapidly than in the past
2. It is vital to use data to create and track goals and objectives
3. Collaboration unlocks better information and buy in
4. Tools enable more agile processes
5. Fostering Transparency with quick, accurate, and relevant communication
6. Unlocking the value of the business partner mindset

Questions and Answers

Tim Caudill
Director Solution Advisory
Jedox

Rohan Kapil
Director of Customer Success
Jedox

Thank you!

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