

# Strategic Finance and the Evolution of FP&A

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The Association of Accountants and Financial Professionals in Business

### Featured Presenter

SVP
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Discover Financial Services





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## Agenda

- 1. Introduction
- 2. Strategic versus Traditional FP&A
- 3. Planning Cycle at Discover Financial Services
- 4. Strategic Plan (Long-Term Plan)
- 5. Leveraging Technology
- 6. Key Take-Aways
- 7. Q&A

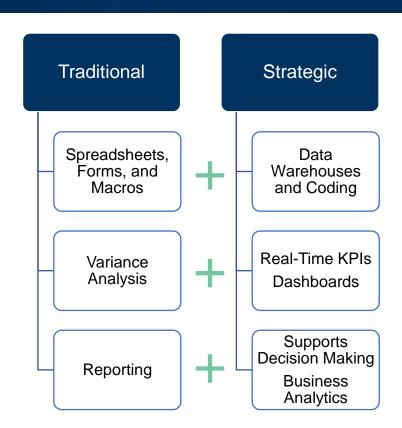
## Strategic versus Traditional FP&A

## Engaged partners utilizing advanced techniques

# A strategic finance partner has a seat at the table; that seat must be earned

#### A strategic finance partner:

- Understands the business
- Shares perspectives and insights
- Facilitates cross-functional collaboration
- Engages in decision making
- Ensures effective resourcing



## Poll Question 1:

How would you describe Finance / FP&A in your organization?

- a. Strategic
- b. Traditional
- c. In-between
- d. In don't know

## Poll Question 1 Results: (Placeholder)

## Discover Financial Services Planning Process

# Designed to monitor short-term commitments and advance long-term strategy

Annual Planning process designed to achieve three objectives:

**Annual Plan** 

1. Forecast current year to track progress against Plan commitments											Quarterly	
<ol> <li>Develop Strategic (5-Year) Plan that advances strategy, sets financial aspirations, and identifies initiatives to reach them</li> </ol>												
3. Prepare Annual Plan for <b>goal setting and incentive targets</b>											Fall	
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>
Forecast												
5-Year Plan												

### Poll Question 2:

How influential do you feel your Finance / FP&A team is in setting long-term organizational strategy?

- a. Very influential
- b. Somewhat influential
- c. Not very influential
- d. I don't know

## Poll Question 2 Results: (Placeholder)

## Long-Term Strategic Planning

## Effective Plans optimize stakeholder objectives

#### Shareholders

- Drive long-term value
- Increase share price & dividends
- Minimize earnings volatility

#### **Employees**

- Create job growth and opportunities
- Offer competitive pay
- Provide stability

#### Customers

- Exceed customer expectations
- Provide great products
- Enhance brand affinity

## Analytical process driving strategic direction

C-Suite
Alignment
(strengths,
capabilities &
vision)

Market (today and future)

Key Levers & Capabilities (identify and quantify)

**Identify Gaps** 

Initiatives & Investments (specific with timelines)

Organizational Communication (below C-suite)

### Business led Finance facilitated

#### **Facilitation**

- Business led
- Streamlined, efficient process
- Ensure cross-functional collaboration

#### **Analytical Support**

- Develop / quantify roadmap
- Effective challenge and sensitivities
- Ensure components fit together (cohesiveness)

#### **Decision Making**

- Seat at the table
- Active participant
- Investment decisioning support and governance

## Links financial aspirations to measurable actions

Grow # of Sales

Higher Price

#### **Levers / Capabilities**

- Increase customer retention
- Increase # transactions per customer
- Deliver updated product
- Increase cross-sell

#### **Initiatives**

- Enhance loyalty program
- Targeted marketing campaigns
- Product development
- Expand affiliate relationships

## Poll Question 3:

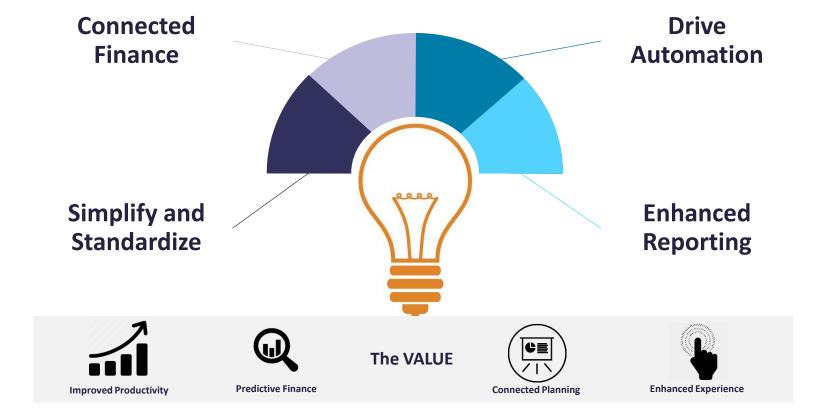
What is the forecast horizon of your organizations Long-Term Strategic Plan?

- a. 1 year
- b. 2 years
- c. 3 4 years
- d. 5+ years
- e. I don't know

## Poll Question 3 Results: (Placeholder)

## Leveraging Technology

## Technology is improving capabilities...



## ...and changing the way we work

**Traditional** Strategic Large Excel Models Coded Models (Python, R) Automated, dynamic data Static Reporting visualization using Tableau Data warehouses, single source of Disparate data sources truth EPM-based consolidations (i.e. **Excel-based consolidations** Oracle, SAP, Cognos) Finance processes numbers and Finance creates analysis and actionable information generates reports

### Poll Question 4:

Have you observed the deployment of new technology in Finance / FP&A?

- a. Yes
- b. No
- c. I don't know

## Poll Question 4 Results: (Placeholder)

## Key Take-Aways

## **Key Take-Aways**

 A strategic finance partner understands the business and is actively engaged in decision making

Finance plays a critical role facilitating a Business led Long-Range Strategic
 Planning process linking aspiration to action

Technology is enhancing FP&A capabilities and changing the way we work

## Questions and Answers



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William Duchan, CMA, CFM
Director, Credentials & New
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# Thank you!



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