

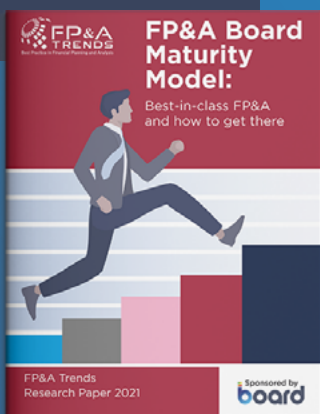


FP&A Board Maturity Model Mini-Guide

Data & Analytics



Key insights from:



In this mini-guide, we've extracted the top tips and best practices for finance data & analytics from the [FP&A Board Maturity Model](#) research report. Use it to focus your transformation efforts and increase your overall FP&A maturity.

Best-practice data & analytics: what you're aiming for

You'll reach a leading state when:



The organization has invested in this category to achieve near real-time automated and transformed data exchange, with a three-way model (profit and loss (P&L), balance sheet, and cash flow). Scenario planning and storytelling are outcomes.



The organization knows its leading analytical drivers. Both internal and external business drivers have been identified and used for the mathematical (driver-based) model. Those are not only the traditional drivers that have been always known and used in the business model for many years, but also a number of previously hidden drivers.



The organization has harnessed the technologies of predictive and prescriptive analytics and AI/ML to provide meaningful forward projections.



The organization can run multidimensional scenario analysis and has implemented an integrated three-way model with drivers.

Practical steps for increasing the maturity of your data & analytics

1. Build a business case and a plan to improve data access and exchange in and out of FP&A.
2. In the meantime, establish data links from key internal and external systems into your planning systems and models.
3. Work with the business to define key business drivers, helping them understand the impact on financial statements and bottom line.
4. Implement a driver-based planning tool where, with minimal effort of inputting key drivers, you can very easily get to a new forecast. Use simple modeling to start, with the ultimate goal of moving to integrated planning.
5. Set up an initiative in conjunction with other functions such as IT to study data sources, data frequency, data accuracy, and data formatting, with the mantra of one source of data as a foundation for a larger data architecture project.
6. Develop a matrix of key data elements that are required for driver-based models and scenario forecasting.
7. Use the Pareto principle of 20% explaining 80% of the result. Work with a few drivers which the team has identified as the most important. This will achieve effective results in a shorter timescale.
8. Build simple scenarios to gain experience in scenario planning, and share these with the business.

Peer advice

Data is the basis for excellence in analytics, which in turn is the basis for informed executive decision-making. Leading organizations invest in data exchange, architecture, timeliness, and quality.

This category is another potential pitfall for FP&A leaders. Data is the building block for analytics and then for the whole Maturity Model. But starting with data is hard because the fruits of this labor may only be enjoyed much later.

Paulo de Souza, Head of School of ICT at Griffith University, is one of the world's leaders in the field of data and analytics, so his advice is worth reading. He exhorts us to:

“Spend time with the data, asking lots of questions until you understand it and get it correct. You need to love data and make it your friend. The best models will fail if these aspects are not addressed because the underlying data used in the modeling is not accurate, timely, or relevant.”

He tells us that an understanding of the frequency and source of the collection of data is critical.

After getting to grips with the data, the next challenge is building a driver-based model. Paul Barnhurst, Director of FP&A at Solera, shares his hard-won experience:

“When developing a driver-based model, take time out to think through the design, ensure you have really nailed the leading indicators, and then allow time to plan.”

Rex Gu, CFO at Maersk Far East, invested in skills and technology to drive his organization's data and analytical maturity:

“We have a dedicated data scientist, plus a wide data structure in our ERP and a data lake for analysis. This affords us data integrity and in turn brings confidence in the analytical results. We then add unstructured data to absorb into this melting pot. Our data scientist has created a predictive analytics platform, which has helped us forecast demand, in aspects like seasonalities, demand curves, and weather forecast impacts, and this has been very useful in periods with rapid changes in demand.”

His whole organization has reaped the rewards of these investments:

“Techniques like this and other FP&A developments have made a huge difference in our business, with record multi-billion profits. FP&A is seen as an intrinsic part of this success.”

Predictive modeling has other benefits too, as Svenja Amrhein, Country CFO and Licence to Operate Lead at Roche, explains:

“We use predictive modeling to enhance business planning. We found that its use reduces the political aspect of forecasting; some individuals may be prone to sandbagging (keeping orders back to over-perform in future periods) or lowballing (keeping forecasts low to perform strongly and look good).”

Need further guidance?

The text above was extracted from the FP&A Board Maturity Model research report. If you'd like to expand your knowledge by reading the full report, you can download a copy [here](#).

If you'd like to discuss any of the advice above or discover how the Board Intelligent Planning Platform can help increase your financial maturity, our team would love to help. Get in touch via [board.com](#) today.



About the FP&A Maturity Model

For many years, the [International FP&A Board](#) has been developing an [FP&A Maturity Model](#). The aim is to highlight the attributes of an FP&A department that is best able to support management in achieving organizational objectives. We based our FP&A Maturity Assessment Tool on this research, and the content in this guide is taken from the final report.

The model was conceived by the London FP&A Board in 2016 and further developed by hundreds of practitioners in all 27 chapters in 16 countries across 4 continents. It reflects extensive research, current realities, and the latest developments in FP&A best practices. As the result, it is a collective, balanced view of thousands of professionals from different organizations around the globe.