

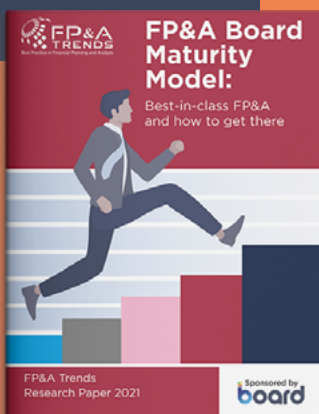


FP&A Board Maturity Model Mini-Guide

Process



Key insights from:



In this mini-guide, we've extracted the top tips and best practices for finance processes 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 finance processes: what you're aiming for

You'll reach a leading state when:



The organization has achieved maturity in the definition and execution of its management processes. It has implemented integrated processes both horizontal (business units, divisions, and geographies) and vertical (top-down and bottom-up) while planning activity is coordinated across operations, business, and strategy. It has fully implemented extended planning and analysis (xP&A), where the planning and analysis function embraces the entire organization and is enhanced by advanced analytics.



It has moved on from annual budget cycles to support product or service lifecycles.



It relies upon an on-demand agile approach to providing immediate results, where forecasts and scenarios are integrated into management decision-making.

Practical steps for increasing the maturity of your finance processes

- 1 Identify the manually intensive and time-consuming processes within FP&A. Pick the one with the most impact. Work with the team to map and re-design it. Use agile methods where appropriate.
- 2 Apply this approach to the next most laborious process and re-design that also, using the time saved to carry out more quick wins.
- 3 Involve the wider businesses by setting up a process improvement group, with a brief to identify broken or failing processes across functions or business units.
- 4 Use modern technology like workflow or collaboration tools to automate processes.
- 5 Create links from the planning model to create three-way modeling with links to the P&L, balance sheet, and cash flow.
- 6 Once there is a sound and tested planning model in Excel or other toolsets, apply this logic in the implementation of a modern planning platform.
- 7 Create support for a move away from traditional budgeting cycles and towards an agile planning and forecasting approach.
- 8 Implement a rolling forecast process to support this move.

Peer advice

Best-in-class FP&A processes may be summarized in one word – agile.

“Broken processes are 10 times more difficult to fix once migrated to a system.”

Patrick Jung, Senior Manager at Horvath & Partner

Our research shows that this category is key to moving forwards toward levels 4 and 5 (Advanced and Leading stages) right across the Maturity Model. Efficient and automated FP&A processes release the team's valuable time for higher-value activities like analysis, interpretation, and communication. In these recent times, the situation for many has worsened, with broken processes having come to light.

We see many cases where broken or old legacy processes form the basis of transformation projects or system updates. However, implementing a new system without fixing the bad old processes ends up with an automated but bad system, according to Patrick Jung, Senior Manager at Horvath & Partner:

“Some organizations are using advanced technologies including RPA, but they are taking shortcuts, and again, RPA does not fix a bad process, it actually perpetuates it.”

Further clarification of where process definition fits into the optimal sequence comes from Vignesh Dumonceau, CFO at Flex:

“Process definition must precede data, otherwise you get too much data. The optimized process allows you to channel the type of data you want to collect.”

Even the most advanced technologies are not a substitute for refining your processes.

Looking at leading processes in this category, a key goal is the adoption of 3-way modeling. According to our polls, only around 17% of organizations currently do this. Typically, driver developments only impact the P&L, with updates to the balance sheet and cash flow being made manually. Most modeling in Excel is only on the P&L.

Traditional processes focus on accounting timetables rather than when planning is required. The move away from traditional budgeting towards on-demand modeling, including the ultimate goal of near real-time scenario planning, is underway in many organizations.

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.



