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WHITE PAPER

Why Leading Organizations Go All-In on Continuous Planning and How to Build the Business Case

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CONTINUOUS PLANNING BASICS

Continuous Planning is a process designed to help organizations link their strategies to their plans and execution. Ultimately, the goal is to improve overall business performance and decision-making. Continuous Planning encompasses several areas of business management, including:

- Budgeting, planning, forecasting, and modeling.
- Consolidating results and closing the books on a periodic basis.
- Reporting results to internal and external stakeholders.
- Analyzing performance against benchmarks such as plan, prior years, or across divisions or products.

Organizations execute these business processes in a "management cycle" that typically follows a flow of modeling, planning, closing, reporting, and analyzing, which is then repeated every period. This cycle runs at least annually, but usually quarterly.

Continuous Planning helps to ensure strategic goals and objectives are clearly communicated and understood by managers, and are reflected in their budgets and plans. Getting all of the various departments of an organization aligned around goals and objectives is a critical starting point.

Effective Continuous Planning also requires periodic reviews to ensure the organization remains aligned over time, especially as organizations grow, change, enter new markets, respond to outside influences, and adjust to market forces. Periodic reporting and reviewing of results by internal managers and external directors or investors is typically how these reviews take place, usually occurring monthly, quarterly, and annually. Some organizations do this more frequently, such as weekly in retail or CPG manufacturing. It's even run daily in fast-paced industries, such as financial services and transportation.

The Continuous Planning process also typically includes the monitoring and managing of key performance indicators (KPIs) so managers across the organization can understand key market and business trends on a regular basis. With diligent monitoring of KPIs, managers can respond quickly when the business or department is not performing to plan and make adjustments to ensure business objectives are met.

LEADING ORGANIZATIONS GO ALL-IN ON CONTINUOUS PLANNING

High performing companies are those that identify opportunities to optimize strategic and financial planning processes, such as budgeting and reporting, and then integrate those processes with the rest of their business. Continuous Planning allows these organizations to proactively improve and accelerate the decision-making process, which means finance can focus on being a strategic business influencer rather than just spending all their time crunching the numbers.

However, Continuous Planning must be a core part of the organization in order to improve analytical decision-making. Companies that leverage a comprehensive Continuous Planning framework, and utilize a platform to make it happen, have superior process efficiency and effectiveness across a number of aspects. These organizations are better at fulfilling ad hoc requests, take less time to create plans and budgets, and have a more efficient and accurate forecasting process.

There's also empirical evidence that backs up the claim that Continuous Planning technology helps accelerate business. Robert Kugel, an analyst at **Ventana Research found that**

"Most (71%) companies that apply a high degree of automation in their close process complete the process within six business days while just 23 percent that use little or no automation can close in this period."

In other words, technology-driven financial organizations can close faster every period, which keeps information timely and supports faster action by executives.

In short, Continuous Planning reduces costs and increases productivity while increasing your ability to make better decisions.

MODERN BUSINESS HAS EVOLVED BEYOND SPREADSHEETS

Spreadsheets have been used by organizations since the 1980s, and they've been largely unchanged. These cell-based sheets are powerful when in their element, but quickly lose their luster when measured against connected, cloud-based, purpose-built solutions that can easily and automatically incorporate data from an organization's back office systems.

Those traditional business processes once facilitated by spreadsheets are being replaced by software solutions that can streamline those processes while providing additional levels of insight, and FP&A platforms are a prime example. The differences between spreadsheets and FP&A platforms are many, but they can be boiled down to two major categories that typically push spreadsheets to the side: automation and integration.

Organizations are undergoing major shifts in automation and technology as a new wave of digital transformation moves more functions into the cloud and away from email and disconnected files. Businesses have traditionally leveraged technology to support existing processes. Today, a paradigm shift is occurring where technology drives processes that are supported by people. While legacy applications and spreadsheets "get the job done," it is becoming more difficult for finance to respond fast enough via spreadsheets to satisfy the ever-changing demands of the business.

Today, the market has advanced to cloud-first as digital transformation continues to broaden into all aspects of business. And, while it may seem like a simple, desktop spreadsheet solution would be more secure and reliable, users continue to face the version control and security headaches they've faced for decades. Cloud applications may have been seen as security risks in the past, but as cloud vendors have made great strides in that area, traditionally risk-averse industries, such as banking, finance, government, retail, and others, have embraced the speed, low cost, and efficiency of the cloud.

In other words, spreadsheets are yesterday's technology. Ventana Research found that

"65 percent of organizations still use spreadsheets for budgeting and "just 5 percent of finance departments are innovative in their use of technology."

They further found that 79 percent lag behind in their use of technology.

As businesses modernize and cloud-based technologies change how business is facilitated, it's imperative that CFOs consider an FP&A platform. Very recently, financial processes such as planning, budgeting, account reconciliation, core business intelligence, probability and cost management, and tax revisioning were all fairly immature in the cloud. Today, solutions exist and are easily implemented to streamline, accelerate, and provide greater insights into financial processes.

FP&A PLATFORMS GIVE FINANCE BETTER INTELLIGENCE

Before launching an FP&A platform, businesses must determine what they're trying to achieve in the first place. At the most basic level, organizations must both measure and predict success with increasing accuracy. Leveraging existing data can make business more predictable, and decades of software and systems roll-outs mean that every company has mountains of data waiting to be leveraged.

But more and more data continues to become available, both from existing and new channels. For example, a consumer products company could take social media data (which typically lives with marketing) and use it to understand product demand. Then, based on that leading indicator, they can determine a more accurate sales forecast. That's a simple example, with external data that every company can easily and inexpensively capture. Social media is now common, but new data sources will undoubtedly pop up soon.

Many finance teams are starting to use a combination of internal and external information to build assumptive-based modeling to create more extensive "what-if" scenarios and thus better predict business outcomes. Data and analytics are obviously essential in answering important business questions, such as "What's our optimal product mix?" or "Are we receiving the return we expected on this marketing campaign?"

CFOs should be driving the development of tools necessary to harness that data and decide what constitutes success and how to measure it. As Ventana Research analyst Robert Kugel says, "Putting the A back into FP&A is a good first step." Continuous Planning provides finance the ability to take data from outside the traditional confines of the business and incorporate it into a decision.

As IT and finance continue to advance in how they talk to each other, they're now also further developing how they work together to aggregate data and use it for research and analysis. This data integration and sharing serves as the foundation for how IT and finance can work together to drive success in broader organizational goals.

As an example, a public utility organization took a standardized approach to IT costing, and then worked with finance to build a very comprehensive aggregated five-year business case to understand their top priorities. They found that creating a better, more digital field worker experience would not only increase worker productivity, but they could then pass cost savings down to the end consumer. In the end, their customers had a better experience and a more competitive price due to the organization's approach to analyzing IT services costs.

Leveraging Continuous Planning and a data-first way of thinking allows finance teams to connect the dots between operational activities (such as planning) and financial considerations (such as investments), which leads organizations to make better, more cohesive decisions.

BUILDING YOUR BUSINESS CASE FOR CONTINUOUS PLANNING

CFOs should take a prominent role in determining how an organization will grow and evolve over time. And while typical finance processes like planning, budgeting, and reporting have historically been owned by finance, Continuous Planning elevates finance by allowing CFOs to truly lead those processes and influence how a company grows. Aligning with the CIO on the positive business benefits resulting from Continuous Planning can help both teams drive this modernization initiative forward.

Building the business case for Continuous Planning can be based simply on time to value. A growth forecast could be very accurate, but it might not be worth much if it takes a month to develop. Or, budgets might be marginally acceptable today, but not if they take weeks of time and effort for every team to develop. That's not terribly efficient and seemingly negates the accuracy in your forecast, especially in a fast-moving market.

Continuous Planning not only results in better insights, but also in faster insights. Here are some of the benefits realized by companies using FP&A platforms:

- PS Logistics trimmed monthly close times by 80% and found $2.4 million in cost savings.
- JCC SF reduced their time to budget by 60%, from five months to two months.
- Boston Red Sox accelerated and centralized their budgeting, planning, and reporting processes.
- Acciona has reduced costs, improved profitability, and made smarter investments.
- LT Apparel achieved a 98% reduction in reporting time.

FP&A platforms eliminate the slow, burdensome, disconnected financial planning processes used today by most organizations and replace it with a streamlined, integrated, easy to use solution for business success.

NEXT STEPS TO FINDING THE RIGHT FP&A PLATFORM FOR YOU

Getting your CIO involved is the first step in transforming into a modern, Continuous Planning-driven business that can make better decisions faster than ever before. To start the conversation, here are a few questions both CFOs and CIOs can start to think about.

- What is the subscription model based on?
- How long will it take to implement?
- What resource requirements will I need to provide (human, financial, or otherwise)?
- Do I need to consider any legal requirements?
- What other systems do I need to integrate with?
- How agile is this application? Will it evolve as my business grows?
- Is there a community of users I can leverage when I need help?

Organizations should also keep several points in mind in order to avoid some common pitfalls so as to avoid delayed system implementations due to lack of appropriate planning:

- Consider the people and processes required to support the implementation.
- Consider how much organizational change will be required in order to transition from basic manual processes to something more automated.
- Consider what parts of the company culture must change to make this transition.
- Get internal project sponsorship from people outside of the finance function to streamline adoption.
- Consider the skillset of the current team and how it might need to change, if at all.

CONTINUOUS PLANNING IS THE BEST STRATEGY

Continuous Planning helps organizations build better strategies, make better decisions, and execute more effectively. When executives can identify opportunities faster and understand how to capitalize on them, those organizations can easily outperform competitors. But when those decisions rely on stale or suspect data built on unreliable spreadsheets, it can derail even the most promising strategies.

Giving finance the tools and technology they need to modernize how they budget, plan, and forecast provides the foundation for more effective strategic decision-making. This requires a closer relationship between finance and IT, and also a willingness to jettison the tools and methods of the past for a more modern, easier to use, more trustworthy business performance platform.

Organizations that use a modern, integrated FP&A platform are more efficient, take less time to create plans and budgets, financially outperform their peers, and are able to create more accurate forecasts. What more could you ask for?