



WHITE PAPER

# Best Practices in Financial Reporting



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## ABSTRACT

The role of the FP&A team is meant to be strategic, forward-looking, and influential. However, the team is often relegated to manually generating and iterating on reports for individual business units, which takes up too much of their time. By applying a few key best practices, FP&A can improve the quality of the data they work with, as well as more effectively serve the needs of individual business units. Once business users are equipped with the tools to find or create the reports they need for themselves, FP&A will be able to focus on higher-impact work, such as managing company performance, reacting more quickly to changing conditions, and making better strategic decisions to optimize future results.

## TABLE OF CONTENTS

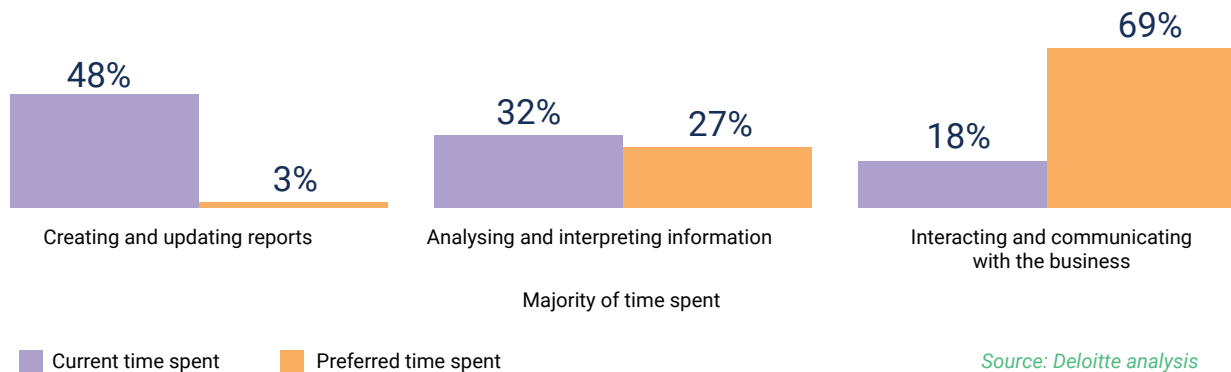
- 3 Introduction
- 3 Best Practice #1 - Leverage A "Single Source Of Truth"
- 4 Additional Resources On Data Integration
- 4 Best Practice #2: Group Audiences By Roles Or Report Types
- 5 Best Practice #3: Automate Standard Reports
- 6 Best Practice #4: Allow Business Users To Self-Serve Data And Reports
- 7 Conclusion

## INTRODUCTION

Financial Planning and Analysis (FP&A) serves a critical purpose in the future success of a company. It manages the financial status of the company, gathers insight and analysis on how the company is performing, forecasts its financial future, and helps to empower and enable both short-term strategic decisions and long-term success.

However, studies have shown that finance organizations typically spend almost half of their time just creating and updating reports (Fig 1)<sup>1</sup>. Rather than providing the kind of strategic insights it can and should to the organization, the FP&A team is wasting valuable time on menial work. This is time that should be spent equipping and empowering all business functions with the information they need to make better decisions.

Current and future time spent of Finance Business Partners, percentage of respondents



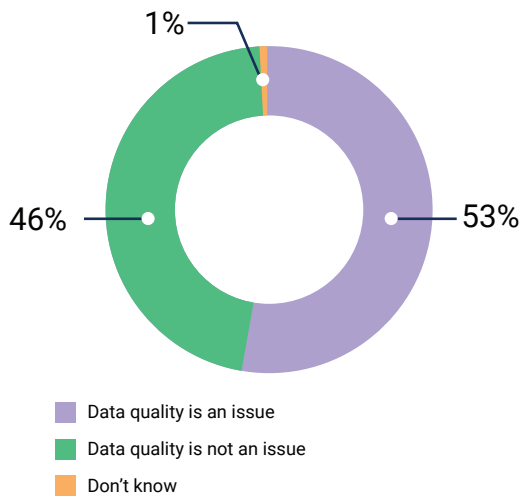
The ultimate intent of the FP&A role, then, is not to just serve up data when requested. It's to provide context, meaning, and insight that is informed by finance's unique perspective of the entire company.

So how can finance teams meet the existing demands from all of their business stakeholders, and still find more time to focus on analysis and insight? In this paper, we will discuss how companies can transition FP&A from a reactive role to a more proactive business partner through some best practices and technologies.

### BEST PRACTICE #1 - LEVERAGE A "SINGLE SOURCE OF TRUTH"

As businesses grow, so do the number of systems that contain relevant financial information, such as expense systems, procurement systems, payroll systems, CRM systems, etc. An important part of being able to analyze financial data is being able to see all of the financial data together. If parts of the data are trapped in disparate systems, checking for accuracy and completeness becomes exceedingly difficult, and it opens up the possibility of data omissions or errors.

<sup>1</sup> <https://www2.deloitte.com/uk/en/pages/finance/articles/delivering-insightful-management-information.html>



Source: Deloitte analysis

Many companies utilize an Enterprise Resource Planning (ERP) system to capture and track their primary financial transactions. However, they also utilize many external applications for task-specific purposes, such as expense reporting, payroll, purchasing, etc. Often times, the detail captured in these external applications is difficult or impossible to capture within the ERP system because they are designed to serve different purposes, and therefore the underlying architecture and data models are different. This makes using the ERP system as a single source of truth for all data near impossible, and creates all kinds of problems for business users who need to use that data.

Fortunately, there are systems that exist to serve exactly this purpose. FP&A platforms are specifically designed to be the ultimate single source of truth for all of the financial and operational data of a company, and provide the holistic insights that only a single source of truth can provide.

When considering an FP&A platform, make sure it provides a robust data integration platform. You've already done the due diligence to find the best task-specific applications for your company. Make sure that data can be incorporated easily so that it can be analyzed in context with the entire financial picture of the business.



## Additional Resources on Data Integration

Why Robust Data Integration is Critical to Effective Planning Processes

Data Integration and Analysis: The Foundation of Quality Planning Software

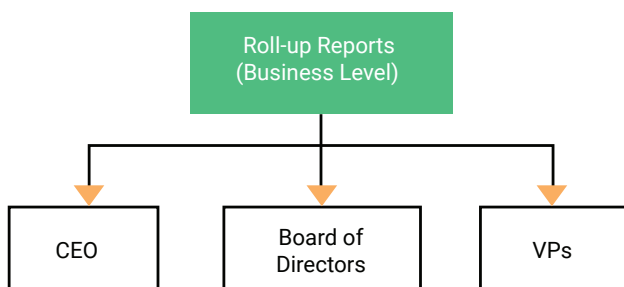
### BEST PRACTICE #2: GROUP AUDIENCES BY ROLES OR REPORT TYPES

FP&A serves as a central subject matter expert on the financial status and outlook of the company. As a result, they are the team which every other team goes to for their financial insights. In order for FP&A to truly serve as a partner to the different parts of the business,

they need to understand the reporting needs of those users. However, addressing the needs of every business manager or executive individually is simply not scalable.

Rather than tackling every stakeholder as an individual with different and specific needs, consider grouping stakeholders by either user type or by report type.

For instance, a user type group might include Executive (CEO, Board), Financial (CFO, VP Finance, Accounting), Business (LOB managers, Department Heads). etc. If you group by report type, you might have Summary Reports (CEO, Board), Financial Reports (CFO, VP Finance, Accounting), Budget Reports (LOB managers, Department Heads), Operational Reports (LOB managers, Department Heads), etc.



Grouping by these categories can help you address different sets of needs more efficiently. Understanding what type of information, how frequently they need this information, what level of detail is required, and what formats users prefer to use can help you find scalable solutions for different groups that can be applied to all users within that group.

### BEST PRACTICE #3: AUTOMATE STANDARD REPORTS

As much as possible, set up automation to generate commonly used reports. These will typically be reports that go out regularly, e.g. weekly, monthly, quarterly, etc. Sending these automatically can reduce the manual labor that might otherwise be required.

Consider developing and regularly sending “flag” reports that will bring to light any outliers that business users need to know. For instance, a department that has crossed their budget limit, or a purchase order that required extra approvals. Another advantage of using “flag” reports is that they empower business users to take responsibility for identifying and following up with anything that seems out of place. Those users can reach out to finance to get it looked into, rather than the other way around. This ensures investigations can happen quickly by the people who know the business the best, rather than long after the fact when analyzing reports at the end of the period.

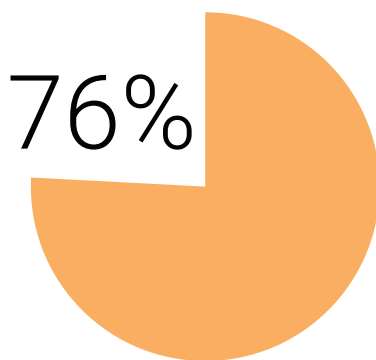
## BEST PRACTICE #4: ALLOW BUSINESS USERS TO SELF-SERVE DATA AND REPORTS

If automated reports are not enough, another way to take the burden off of the FP&A team is to give business users the ability to build and run reports for themselves. Leveraging your single source of truth can help with this because you know all of the data is located in one place.

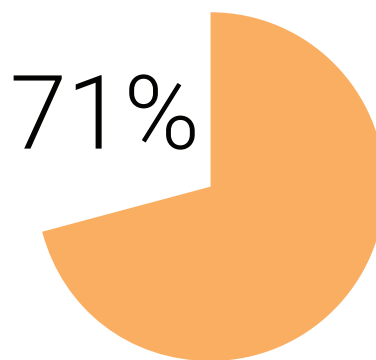
As much as possible, provide filtered data from your single system of truth to meet the needs of different business users, and give them the tools to slice and dice, graph, and export those results as necessary. While some users may want to see their data in pie charts, others may want to see it in tabular form. Some may only want to measure their progress against a defined goal and see how far they've come towards achieving that goal. Allowing users to control how their data is displayed is another way to more successfully meet the needs of business users while reducing the manual burden of finance. Finance can train users on how to get their data and understand it, emphasizing their value in interpreting and making recommendations, rather than manually creating charts, one-by-one.

### MORE WINNING FP&A BENEFITS

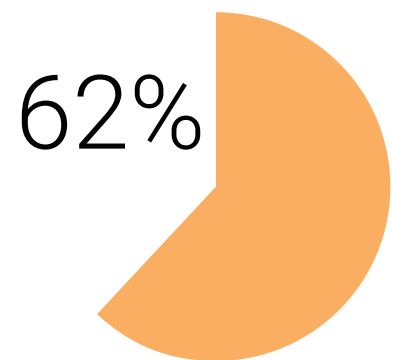
SOURCE: GET INTO PEAK SHAPE WITH PLANNING



say they're doing better analysis with enhanced reporting tools.



say they have easier access to information



say they've reduced errors

## CONCLUSION

The theme here is simple: empower your people to get the data they need in a way they can understand so they can make better business decisions, faster. Equipping business managers with powerful reporting tools and data that is accurate and complete, allows your company to collaborate more smoothly and strategically. It also allows the FP&A team to reduce distractions and focus on higher value activities like analyzing and managing company performance, and making better strategic decisions to optimize future results.

For information about financial solutions provided by Planful and how Planful can help your finance team work more efficiently and be more supportive of other teams through data consolidation and self-service features, visit <https://planful.com/product/reporting/>.