

# EV LUTION 20

## Navigating to the NEXT Normal

Virtual Conference Series July 7 – July 28, 2020

# NAVIGATE YOUR BUSINESS TO ITS NEW NORMAL



## TRIAGE

*STOP THE FREE FALL TO STABILIZE YOUR BUSINESS FOR THE SHORT TERM*

- Create models to get a clear financial picture
- Shore up cash by reviewing all expenditures, including staff
- Increase communication to maximize client retention
- Assess infrastructure to minimize risk

**TIMING:**  
2-4 WEEKS



## FORMATIVE ASSESSMENT

*CREATE ACTION PLANS FOR VIABILITY BASED ON LEARNINGS*

- Analyze products and services to attain best market potential
- Navigate regulations to determine best applications
- Communicate pivots to your stakeholders and gain alignment from your board
- Create or adjust delivery models

**TIMING:**  
1 MONTH



## TRANSITION

*IMPLEMENT YOUR PLANS AND MEASURE RESULTS*

- Roll out new or reposition existing products and services and test pricing models
- Formalize human capital infrastructure and policies
- Reevaluate forecasts and models
- Ensure compliance with applicable regulations

**TIMING:**  
1-2 MONTHS



## OPTIMIZATION

*INVEST IN WHAT'S WORKING AND DIVEST OF WHAT'S NOT*

- Measure business performance to ensure benchmarks are being met
- Invest in modernized technology to meet new customer expectations
- Secure funding for strategic investments
- Re-benchmark key cost centers

**TIMING:**  
3 MONTHS



## GROWTH

*ADAPT TO THE NEW NORMAL AND OPERATE AT A HIGH CAPACITY*

- Form task forces to look for new opportunities
- Add leadership to execute innovative initiatives
- Leverage the latest technology such as AI, bots and mobile platforms to increase business functionality
- Capitalize on expansion strategies and directives such as M&A, geographic growth and new product development

**TIMING:**  
3-6 MONTHS

# Why Building an FP&A Infrastructure is Critical for Growth and Navigating Disruption

Live Webinar | Monday, July 20, 2:00 PM PST





## Amy Morgan

*Director, Consulting*

Amy holds an MBA in Finance, Accounting and Strategy which she uses to lead projects from pre-sales through implementation through support in Armanino's technology solutions. Her Fortune 100 FP&A experience coupled with 15 years of implementing and training make her one of the foremost experts in Financial Planning.



## John Kogan

*Director, Consulting*

John leads the Finance Performance Improvement practice, where he helps clients with strategic finance outsourcing, executive search & finance technology solutions. As a many-time CFO and CEO he is passionate about helping CFOs become strategic leaders and make the finance organization a genuine weapon for their organizations.



# Agenda

Financial Planning & Analysis (FP&A) Overview

Identify the **People**

Outline the **Process**

Determine the **Technology**

Q&A



# Why FP&A

Why Building an FP&A Infrastructure is Critical for Growth and Navigating Disruption



- Understand (and learn from) the past
  - Reporting
  - Analysis
- Know the future
  - Forecasting is kind of magical
- Why do any of this?
- ***To make better decisions***
- This should be one of your highest ROI investments



- Infrastructure ≠ Technology only
- Infrastructure: *the basic organizational structures needed for the operation of an enterprise*
- People, Process and Technology need to move in lockstep
  - Or, more likely, in a bit of a zig zag
- Technology may = Excel
- Technology is an enabler, it doesn't run the show





# People

Why Building an FP&A Infrastructure is Critical for Growth and Navigating Disruption



- Curiosity
- Analytical skill
- Two-way communication
- A nose for customer service
- And all that stuff to the right → → → → →
- This person is custom made for navigating growth and disruption



# 10 TOP TRAITS OF A GREAT EMPLOYEE

- 1. Being a Team Player**  
Organizations need strong team players working together to reach everyone's collective goals.
- 2. Discipline**  
Disciplined employees have the ability to control and motivate themselves, plus stay on track and do what is right.
- 3. Honest**  
The perfect employee always speaks the truth. It's the best policy.
- 4. Reliable**  
Being someone that can be counted on is a trait of a true professional.
- 5. Hard Working**  
Hard working employees get the job done no matter how big or small the task is.
- 6. Positive Attitude**  
A positive outlook is important in life, and the workplace is no exception.
- 7. Good Cultural Fit**  
Employees are an extension of the company, and should embody the company culture.
- 8. Detail Orientated**  
Model employees understand their responsibilities, tasks, and what is expected of them at the workplace.
- 9. Productive**  
Great employees not only get job done, they do it efficiently.
- 10. Dedicated**  
Be passionate about your role no matter how big or small it is. Dedication is a key to success.



- Are you clear on the mission?
- Build a plan. Get agreement.
- Align talent with their clients
- Let them run
  - Encourage new ideas
  - Clear, straight (and dotted) lines of communication
  - Enable with process and technology
- Communicate frequently with the team and their clients



- Stability and Scalability comes from great people, learning and delivering
- Innovation comes from supported risk taking
- Don't get comfortable - Force rotations
- Build flexible 'capability'
- The biggest single issue I see is leaders being complacent with their staff





- Ever heard this one: “I hire qualified people; they don’t need training.”
- Do you hire for existing knowledge or the ability to learn?
- Never stop training
  - Remember external training
  - Set hard goals for learning
- Always set minimum learning goals and make the time available

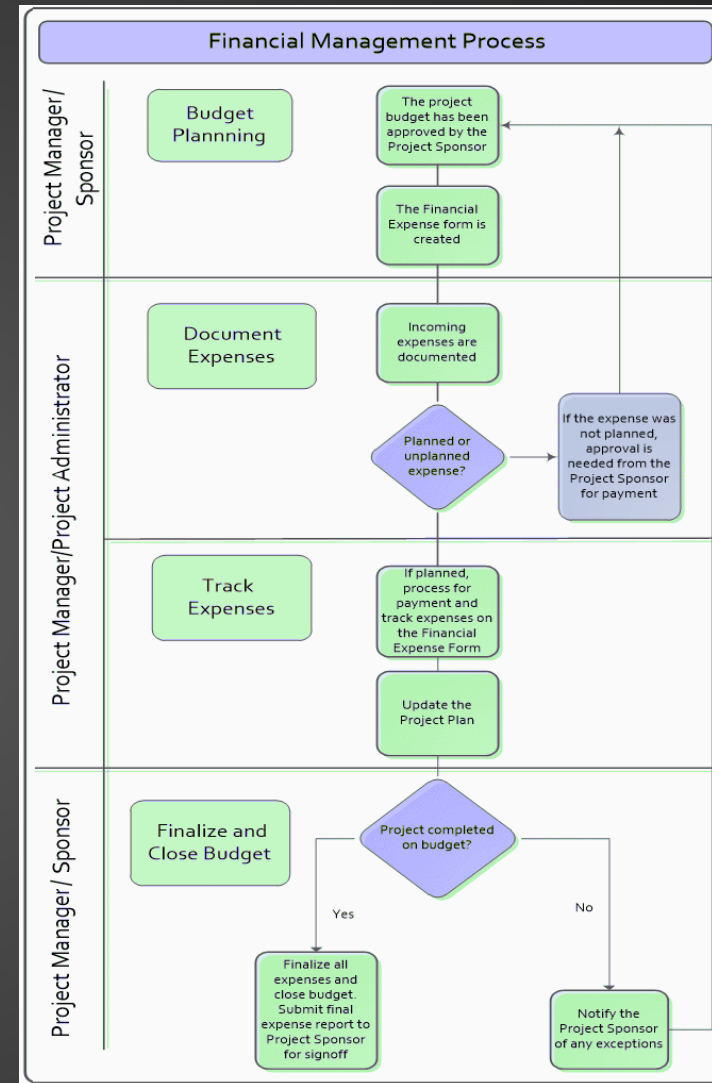


# Process

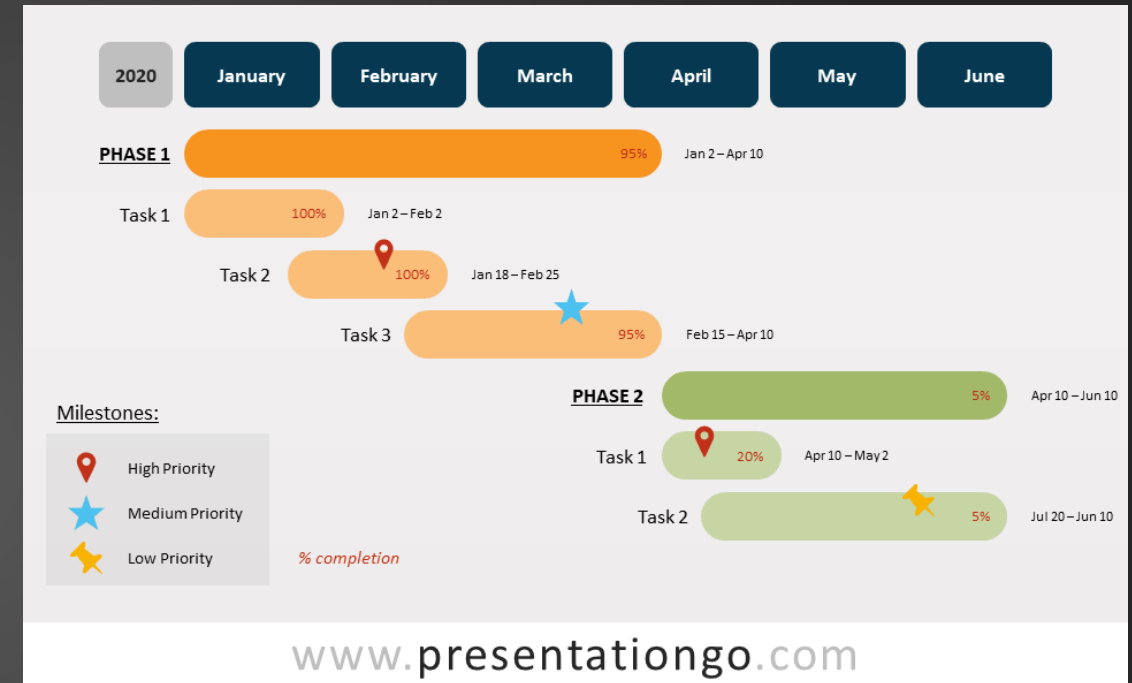
Why Building an FP&A Infrastructure is Critical for Growth and Navigating Disruption



- The biggest single problem I see is organizations sticking with process that doesn't work well
- They lack either the knowledge or the desire to change
- Successful companies eat their young
  - Google, Apple, Amazon
- FP&A must do the same

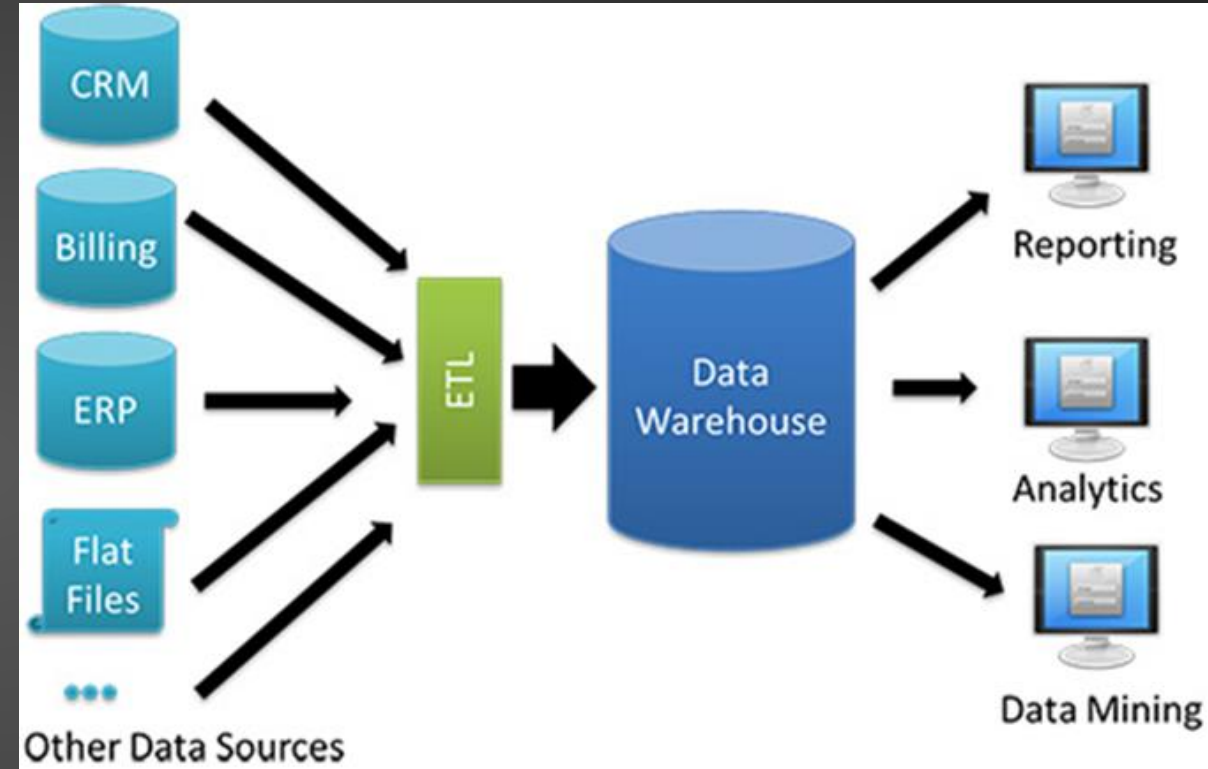


- Find your needs, your desired outcomes
- Do a gap analysis – then prioritize for ROI and speed
- Build a plan of attack
- Put together tiger teams with the right skills mix
- Each project revolves around narrow deliverables and fixed dates with highly visible reporting





- Data collection
  - Sources – financial *and* non-financial
  - Automation
  - Accessibility
- Involve all product and functional groups
- Design data and data collection for analysis
  - Architect in collectability
  - Hooking in afterwards is slow, costly, and frequently just not done.
- Why are you doing this?

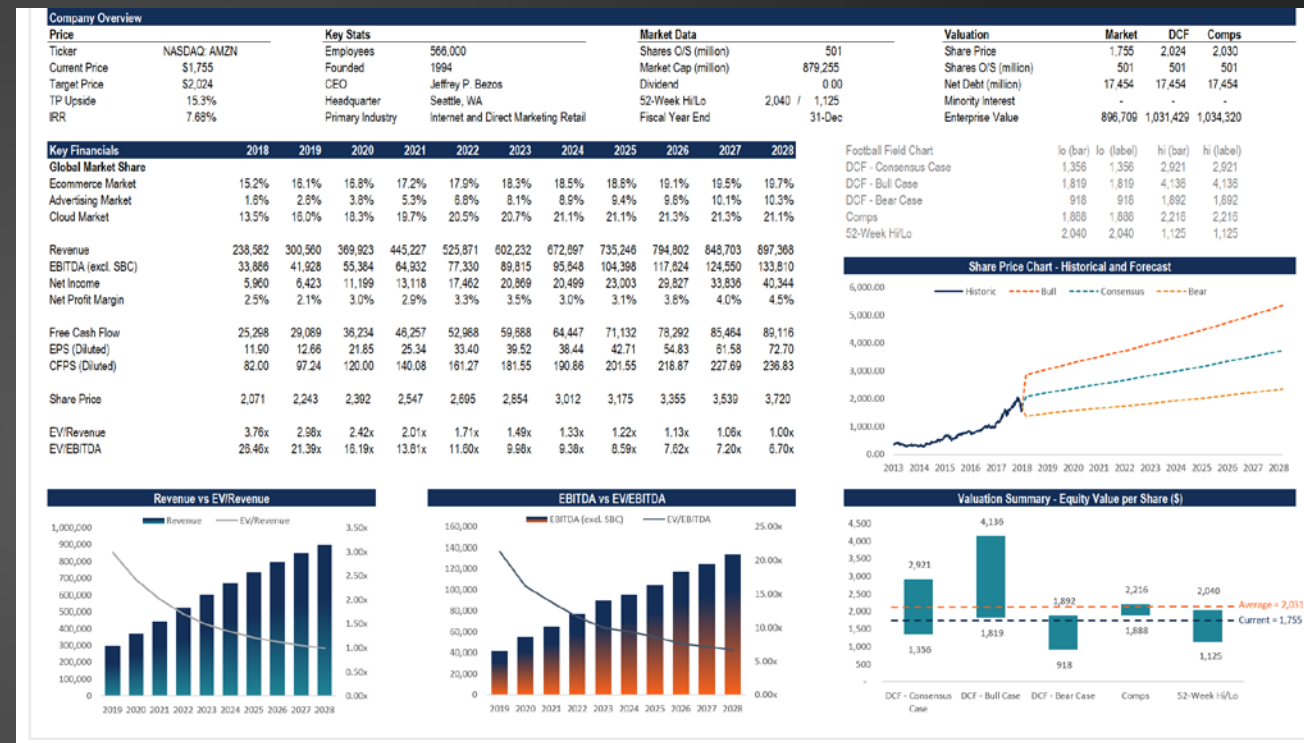


- Reporting
  - KPIs
  - Delivery methods
  - Frequency
  - Push, pull, or both
- Focus on reporting that makes a difference
  - What if you stopped sending out reports?
- Why are you doing this?



## ■ Forecasting

- Who is involved?
- Top down or bottom up?
- Centralized or decentralized?
- What is the process beyond the technology?
- How many iterations?
- When is it done
- How do you make it muscle memory?  
By doing it frequently
- Why are you doing this?



- Analysis
  - How often
  - Who chooses
  - How long does it take?
  - Can you break it down?
  - Who learns? Do you spread new knowledge?
- Why are you doing this?

Income Statement	Year 5
Revenue	14,953,224
<b>Total Revenue</b>	<b>14,953,224</b>
Cost of Revenue, Total	8,368,961
<b>Gross Profit</b>	<b>6,584,263</b>
Selling/General/Administrative Expenses, Total	1,849,000
Research & Development	964,842
Depreciation/Amortization	310,357
Unusual Expenses (Income)	163,800
Other Operating Expenses, Total	0
<b>Operating Income</b>	<b>3,296,264</b>
Interest Expense	100
<b>Income Before Tax</b>	<b>3,296,164</b>
Income Tax - Total	809,366
<b>Income After Tax</b>	<b>2,486,798</b>
Total Extraordinary Items	0
<b>Net Income</b>	<b>2,486,798</b>

Vertical Analysis	Year 5
Gross Profit Ratio	44.0%
Operating Profit Ratio	22.0%
Net Profit Ratio	16.6%
Tax Ratio	24.6%
Interest Coverage Ratio	32,962.6



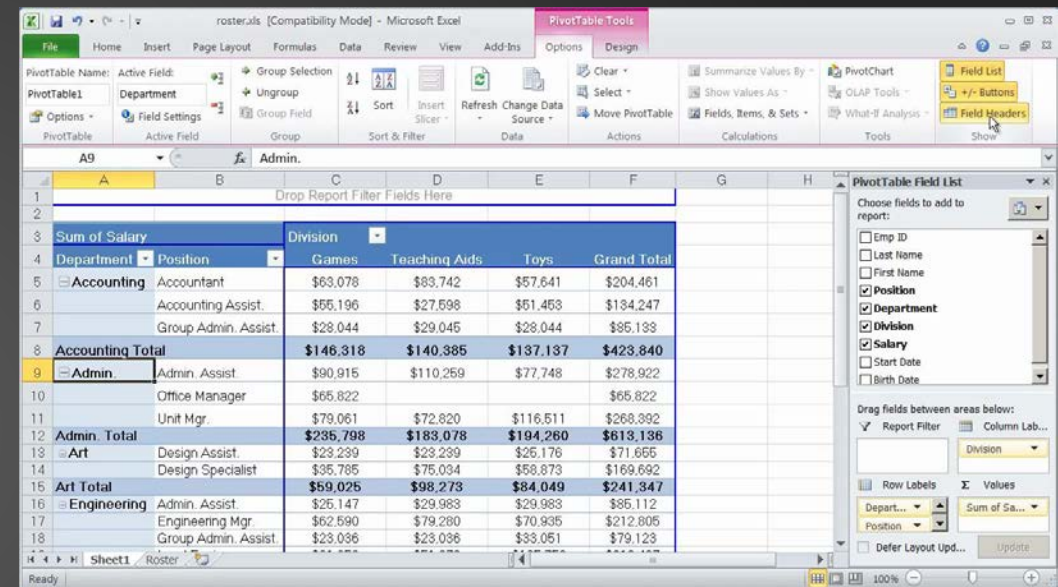
# A Solid Start - Excel

Why Building an FP&A Infrastructure is Critical for Growth and Navigating Disruption





- It's both. But if it works well, who cares?
- Incredibly powerful and flexible
- Perfect tool for ad hoc analysis
- You already have it and it's (virtually) free
- It typically falls short on scalability and controls
- Don't fear it, but always be looking for better



The screenshot shows an Excel spreadsheet with a PivotTable. The PivotTable is set to show 'Sum of Salary' by 'Department' and 'Position'. The PivotTable Field List task pane is open on the right, showing the following fields:

- Report Filter: Division
- Row Labels: Department, Position
- Column Labels: Games, Teaching Aids, Toys, Grand Total
- Values: Sum of Salary

Department	Position	Games	Teaching Aids	Toys	Grand Total
Accounting	Accountant	\$63,078	\$83,742	\$57,641	\$204,461
	Accounting Assist.	\$55,196	\$27,598	\$51,463	\$134,247
	Group Admin. Assist.	\$28,044	\$29,045	\$28,044	\$85,133
<b>Accounting Total</b>		<b>\$146,318</b>	<b>\$140,385</b>	<b>\$137,137</b>	<b>\$423,840</b>
Admin	Admin. Assist.	\$90,915	\$110,259	\$77,748	\$278,922
	Office Manager	\$65,822			\$65,822
	Unit Mgr.	\$79,061	\$72,820	\$116,511	\$268,392
<b>Admin. Total</b>		<b>\$235,798</b>	<b>\$183,078</b>	<b>\$194,260</b>	<b>\$613,136</b>
Art	Design Assist.	\$23,239	\$23,239	\$25,176	\$71,656
	Design Specialist	\$35,785	\$75,034	\$58,873	\$169,692
<b>Art Total</b>		<b>\$59,025</b>	<b>\$98,273</b>	<b>\$84,049</b>	<b>\$241,347</b>
Engineering	Admin. Assist.	\$25,147	\$29,983	\$29,983	\$85,112
	Engineering Mgr.	\$62,590	\$79,280	\$70,935	\$212,805
	Group Admin. Assist.	\$23,036	\$23,036	\$33,051	\$79,123



# Technology Beyond Excel

Why Building an FP&A Infrastructure is Critical for Growth and Navigating Disruption



- More
  - Budgeters
  - KPIs
  - Complexity
  - Frequent Forecasting
  - Analysis
  - What-if Scenarios
- Excel Files Breaking
- Many Versions of the Truth





- One Version of the Truth
  - Fast, Validated Actuals
  - Single Version of a Scenario/Forecast
  - All Using Latest Formulas
- Decentralization
  - Instant Distribution & Consolidation
  - Self-Serve Variance Research
  - Budget Owner Collaboration
- Controls
  - Single Version of the Truth
  - Versions
  - Broken Formulas
  - Variance Reports
  - Managing What-if Scenarios



- Users
  - Administrators
  - Contributors
- Readiness
  - Understand Desired State
  - Bandwidth
  - Executive Support
- Product Selection
  - Gartner
  - Demos
  - Trusted Partner
- Integrations



- Join us for More Sessions in the Transition Stage
- July 16<sup>th</sup> – 22<sup>nd</sup>
- Live and On-Demand
- To learn more and register go to [armaninollp.com](http://armaninollp.com) or Reach out at [experts@armaninollp.com](mailto:experts@armaninollp.com)



Contact Us – [experts@armaninollp.com](mailto:experts@armaninollp.com)

Thank you!