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**7 signs** your organisation needs  
to switch to 'Connected Planning'

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# INTRODUCTION

If you are a finance leader you will know that both your Financial Director and your colleagues expect you to do more than monitor current performance and report on the past. In today's non-stop, frantic and volatile business climate, they expect you to take a leading role in developing strategy, and get actively involved in execution to ensure stakeholders receive sustainable returns.

Put simply that gives the three priorities set out in the diagram below.



Figure 1: Three priorities for finance leaders today

Although there has long been a consensus that the role of the CFO is becoming even more important, there is a way to go to close the gap between what finance leaders currently do, and what their CFO and their peers expect of them, which can be summarised in three simple words - **“better decision support”**. Providing this will require investments in new systems, particularly those that support the core processes involved in financial planning and analysis (FP&A). But while the majority of CFO's recognise the importance of leveraging cloud-based systems and other emerging technologies to deliver better decision support, few have implemented the newer technologies.

Delaying this investment may not be a good option for many finance leaders, who are currently struggling with financial systems that are no longer fit-for-purpose. Some may be deterred at the thought of having to replace a major system, but the easy deployment of today's cloud based solutions means implementations can be rapid, and there is no upfront capital expenditure to justify.

So where to start? No matter whether your core FP&A processes are currently supported by spreadsheets or a legacy system, this paper is designed to help you assess whether your organisation needs to make this important investment. It will probably be the biggest decision you make this year – and it won't take long.



## 3 FUNDAMENTALS OF CONNECTED PLANNING

- 1** **Connect your users and processes on a single planning platform to create an entire ecosystem of interconnected plans.**  
  
**Connect financial and non-financial data to deliver decision support and actionable insight**, so people can better understand the root cause of variances, and what the future might look like if current trends continue.
- 2** **Connect strategic objectives with day-to-day execution**, to ensure that business drivers underpinning the strategy, are embedded in financial and operational planning models used elsewhere in the business.
- 3**

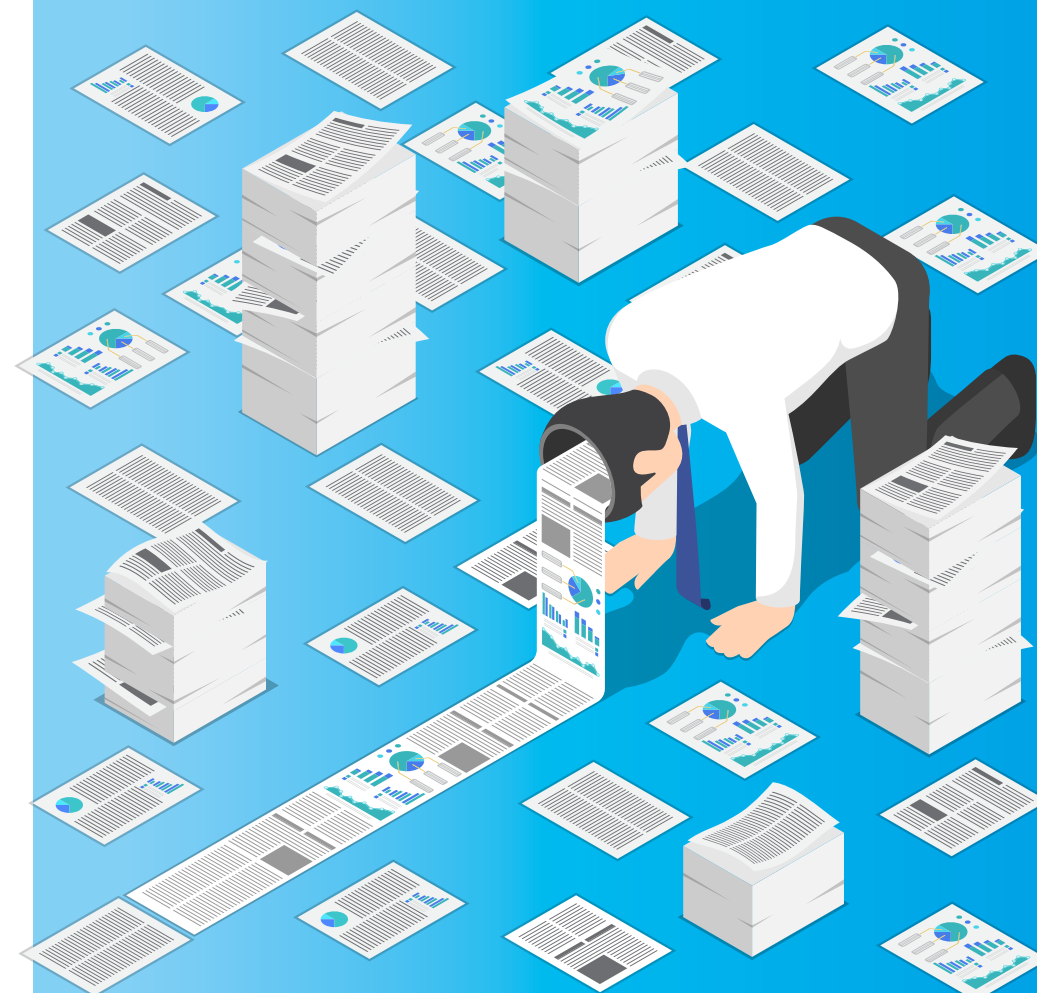
## SIGN 1 YOUR TEAM IS SPENDING TOO MUCH TIME MANIPULATING DATA

You will recognise this issue if you and your team end up frustrated and embarrassed every time a colleague asks for a different cut of the data. You will know why it happens too; your team are wasting too much time doing work-arounds in spreadsheets or inflexible legacy planning solutions.

The issues of using spreadsheets for anything other than personal productivity are well-documented elsewhere. They are fast and easy to set up, but when they are used in collaborative, repetitive enterprise processes, such as planning and budgeting, they impact how long it takes to get work done.

Legacy planning systems and newer versions of legacy systems that have been repackaged as cloud-based solutions are also laborious to work with. This is because their inflexible, and often ageing architecture, means it takes time and expert skills to do frustrating simple tasks, such as adding a new dimension or generating a new report. As a consequence many companies find that they're still buried in spreadsheets even when they've deployed a new planning and budgeting solution.

- ☐ Yes that's us
- ☐ No, that's not us
- ☐ Don't know



<sup>72</sup> State of Cloud Security Report 2012 by Alert Logic quoted in "Clouds are more secure than traditional IT systems and here's why", David Lithicum, SearchTechData, January 2014

## SIGN 2 YOUR SYSTEM LACKS ENTERPRISE LEVEL SECURITY

Plans are becoming increasingly granular, with many incorporating the details of the compensation and benefits package of every employee in the organisation, or the anticipated sales with every customer. While including this level of detail improves the accuracy of budgets and forecasts, it does increase the importance of security and access control in financial systems.

Although passwords can be applied to spreadsheets and cells may be protected, spreadsheets were never intended to be shared among users where access rights and authorisation are imperative. Enterprise-level planning solutions address this issue with easy-to-manage access controls that allow anyone, from the corporate level to front-line users, to safely participate in planning processes. But even legacy on premise solutions protected by a corporate firewall, may be liable to hacking. Today it is widely recognised that cloud vendors adhere to security

and encryption standards, way beyond the level that the vast majority of organisations can afford themselves.

You may feel you have less control, but there is clear evidence that your data is more secure when it is being stored in the cloud, by a vendor that adheres to exacting security and encryption standards, that they will happily share with you.

- ☐ Yes that's us
- ☐ No, that's not us
- ☐ Don't know





## SIGN 3 YOU CANNOT PLAN AND FORECAST QUICKLY AND ACCURATELY

- ☐ Yes that's us
- ☐ No, that's not us
- ☐ Don't know

Reducing the time taken to plan and forecast, whilst improving accuracy, are top priorities for many organisations. Sometimes they are hampered by the slow processing of their current planning solution, or because it cannot cope with the increase in line item detail needed to improve accuracy.

Improving accuracy means adding detail that could easily result in an already laborious process becoming longer still. Using workflow to expedite the submission and approval process undoubtedly helps, but while

there may be incremental gains by implementing new technology to automate planning and budgeting, the transformational benefits come from unifying operational planning and budgeting into a single process, and integrating non-financial data, about such things as demand and headcount, alongside the more traditional financial data held in planning models. Both are core aspects of 'Connected Planning'.

**"Our experience working with Profit& was very good. They understood our business need. We are very pleased with the solution and the efficient and structured process along the way."**

OLAV NISTAD, ORKLA FOODS NORGE



## SIGN 4 YOU LACK REAL TIME VISIBILITY

- ☐ Yes that's us
- ☐ No, that's not us
- ☐ Don't know

Legacy financial systems for both planning and financial consolidation were typically built upon batch processing, which meant a considerable delay in recalculating a model and being able to view the results. Not only does that compromise productivity and lengthen cycle times, it also precludes using these solutions for 'what-if?' analysis, where users expect and need the almost instantaneous response times they enjoy when working with smaller spreadsheet models.

Many business systems struggle to cope with large amounts of data. For instance, planning systems designed with a sole focus on financial budgeting, struggle to cope with the larger models that result when organisations increase the level of granularity to improve accuracy. Or when they try to build driver-based models that transform sales and operational planning and financial budgeting into a unified, light-touch process. This is because the architecture and calculation engines that

underpin many business systems were not designed for planning at the level of individual customer, stock keeping unit and employee, let alone modeling complex business rules that span multiple dimensions to drive dependent variables in a sales plan, or the latest corporate forecast. Anyone who has tried will know that results can take many hours to calculate, and considerable patience is required waiting for responses to queries.

Clearly, having a planning solution built around an in-memory calculation engine is essential for gaining real time insight that businesses need today, but other factors are important too. Data structures commonly found in business solutions, such as multi-dimensional cubes and relational tables that have served so well for analysis and reporting, are ill-suited to the dynamic modeling of the large amounts of data that are increasingly common in plans today. More innovative solutions are needed.





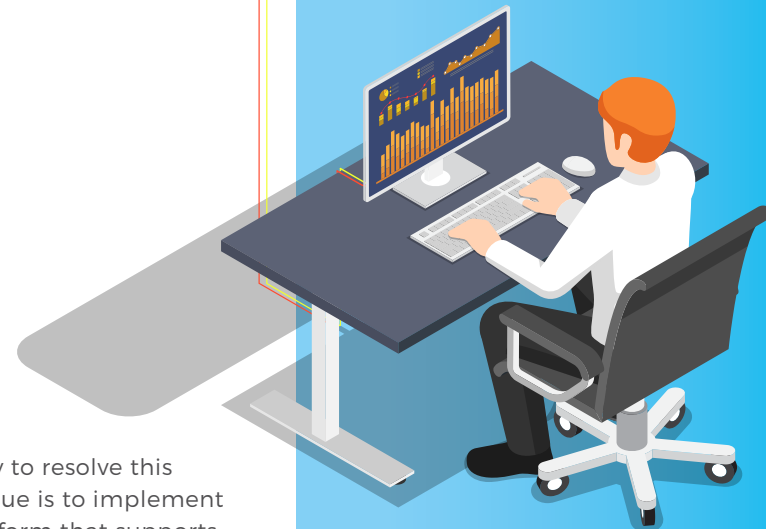
## SIGN 5 YOU LACK A SINGLE UNIFIED SOURCE FOR DATA

"Duelling spreadsheets" is a phrase frequently used to describe the all too familiar phenomenon of having two or more mismatched spreadsheets containing inconsistent data. Although the original data may have come from a common source in the enterprise resource planning system or business warehouse, it may have been extracted at different times using differing criteria and users will have undoubtedly made subsequent changes, resulting in the inconsistencies.

Poor data governance is clearly problematic whenever spreadsheets are used for planning, but it persists even when spreadsheets have been replaced and a number of different enterprise solutions are used for sales and operations planning, demand and supply chain planning and any of the other different types of planning undertaken in any large business.

The only way to resolve this perennial issue is to implement a single platform that supports all the different types of business. That way there is a single source of shared data and authorised users can connect their planning models across departments and lines of business. Having all planning data securely contained in a single repository is an important prerequisite to unify disparate plans to deliver integrated business planning, so that the organisation can benefit from the light-touch reforecasting needed to be responsive and agile in today's rapidly changing markets.

- ☐ Yes that's us
- ☐ No, that's not us
- ☐ Don't know



## SIGN 6 YOU HAVE NIGHTMARES THAT AN ERROR WILL GET YOU OR YOUR CEO FIRED

Back in 1998, research by Professor Ray Panko<sup>2</sup> of the University of Hawaii established that virtually all large spreadsheets contain some errors. Over the years, his findings have been repeatedly reconfirmed. Some will be inconsequential, but it is not unknown for companies to issue earnings warnings due to errors in forecasts that were built using spreadsheets<sup>3</sup>. A little-mentioned aspect of the notorious "London Whale" debacle<sup>4</sup> at JPMorgan in 2012, was how errors made while copying and pasting data from one spreadsheet to another were partly to blame for a single \$6 billion trading loss. Thankfully the bank is well diversified and still earned a record profit of \$21.3 billion the same year.

The only way to mitigate this risk is to centralise all model building on an enterprise planning platform, where rules are written in natural syntax and stored in a master repository where they can be easily audited.

- ☐ Yes that's us
- ☐ No, that's not us
- ☐ Don't know

<sup>2</sup> Source: [www.panko.shidler.hawaii.edu](http://www.panko.shidler.hawaii.edu)

<sup>3</sup> Source: [www.accountingweb.co.uk/article/accounting-error-leads-mouchel-meltdown/519682](http://www.accountingweb.co.uk/article/accounting-error-leads-mouchel-meltdown/519682)

<sup>4</sup> Source: [www.bloomberg.com/quicktake/the-london-whale/](http://www.bloomberg.com/quicktake/the-london-whale/)

## SIGN 7 YOUR TEAM IS ALWAYS WAITING ON SPECIALIST EXPERTISE TO MODIFY YOUR PLANNING MODELS

No matter how attractive and intuitive the interface of a solution may be, if the underlying data architecture is complex and inflexible, then expert skills will always be needed to build and amend planning models. As a consequence, your team are always going to be waiting on internal or external IT specialists whenever models need to be altered, to keep them aligned with changing organisational structures and new business initiatives. This results in constant delays and a high cost of ownership.

Another consequence is that a business solution that needs to be configured by expert users or outside consultants, will only be used for tightly defined business processes, such as financial budgeting or cash flow forecasting. So whenever a user wants to do ad-hoc "what-if?" analysis, they typically resort to spreadsheets, which immediately generate issues of data integrity and impair the easy integration and alignment of plans in other lines of business.

- ☐ Yes that's us
- ☐ No, that's not us
- ☐ Don't know

## CONCLUSION

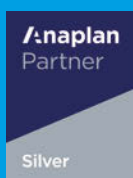
If you answered "Yes" to three or more of these signs then most likely your company has already outgrown its current planning processes. Unless you do something about it in these uncertain times, the one certainty is that your FP&A is going to get increasingly difficult in the future. You responses suggest that your current planning does not meet your changing needs, particularly the fact that core elements of your business planning are being driven outside the system. This is a red flag suggesting the time has come to re-evaluate your business needs.

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## ABOUT PROFIT&

Profit& is a consultancy that implements Anaplan technology to create innovative models and processes that transform business decision making. Founded in 2015 by finance professionals and consultants, our team have deep knowledge and experience that spans several decades delivering enterprise performance management solutions, in a variety of industry sectors.

We understand business objectives, technology, best practice methodology and project management. We provide challenge and lateral thinking to resolve complex business challenges and bring a fresh perspective to our client's team. Operating across Europe, we provide multi-lingual support and appreciation of cultural differences to our global clients.



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