6 REASONS CFO'S SHOULD PRIORITISE INVESTMENT IN PLANNING & REPORTING

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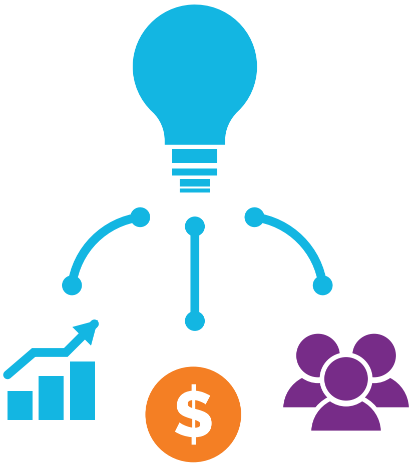
INTRODUCTION

Running an enterprise involves a huge amount of pressing day-to-day concerns, but what makes successful organisations stand out from the pack is the ability to read the business landscape and move with agility. Planning and reporting are huge elements of strategy and operations, but they have long been both time-consuming and resource-heavy.

Modern analytics and enterprise performance management (EPM) tools have evolved to streamline these systems, taking much of the burden off manual processes and deriving insight from business data to improve accuracy. Having effective solutions in place has become essential for enterprises seeking growth, cost reductions and access to the best talent available.

There are a number of ways in which optimising planning and reporting processes can benefit an organisation, but the six outlined below are among the most critical.



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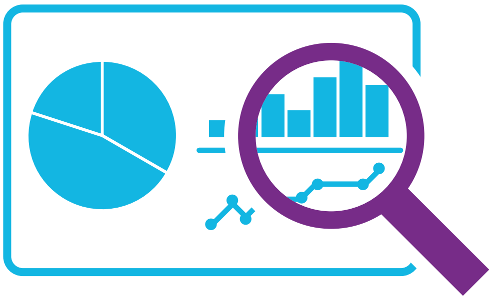
1. Meeting continuous disclosure obligations

Boards and investors are increasingly making disclosure demands of their organisations, asking more operational questions and pressing for more detail around opportunities and risks. This is not an unreasonable request - it's their responsibility and reputation on the line, after all.

Precisely what details are relevant may be up for debate. Analysts and institutional shareholders want detail on customers, the market, expenses and strategy, presenting a complete and proper picture of current and likely future performance of the organisation.

Meanwhile, senior executives - especially those new to the organisation or coming from other roles - need information and detail to help them quickly build a picture of the key drivers of performance. Investors in particular are seeking more detail on organisational hierarchies, leadership teams are increasingly scrutinised on a number of variables - including subject-matter experience relevant to strategy and risk.

All of these demands from various parts of the organisation stress the importance of one factor - an effective planning and reporting solution with adequate systems and skills to support adhoc requests quickly, delivering visibility and transparency across the enterprise.



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2. Improving market confidence

There's no doubt that digital transformation is having an impact in every industry. Media and entertainment have moved online, IT solutions and software are increasingly coming from the cloud, people are even receiving education virtually without setting foot inside a traditional classroom or lecture theatre.

To keep pace with such rapid change, the annual budget process is no longer adequate. Budgets can be out of date the moment they are complete, making it difficult to achieve your strategic goals. Enterprises are rapidly catching on to the need for improved and more regular forecasting - The Hackett Group has observed that 71 per cent of surveyed organisations have intentions to transform their planning and performance management in 2016.

Stakeholders in the market - shareholders and analysts, for example - need to have confidence in management on two fronts. Firstly, in the knowledge of exactly what is going on within an organisation now and in the future, and secondly that there is a strategy and plan in place, in both the short and medium-term.

Expectation management is key - again, it's confidence that management knows what is happening. Missing a critical number and failing to see variables coming can indicate that leaders are not as close to operations as they should be. If confidence is allowed to dip, before long the share price of an organisation will follow suit. The ability to forecast accurately and predict future performance is vital to ensure the continued support of the market.

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3. Better preparation for pending corporate activity

Maturity in planning and reporting is an organisational capability and skill that is developed over time, ultimately becoming a core competence. It can't be developed overnight or bought off the shelf, but is nurtured and infused into the operational culture.

Once an organisation has built up strength in this area, it is then well placed to apply these capabilities if and when they acquire new entities. This can allow better visibility into the performance of the new entity quickly, making it much easier to model different business scenarios to understand how to run effectively or integrate into the existing business.

It is important to have your financial house in order if you are thinking about an IPO or raising capital, with finance and accounting processes in place two years before an impending IPO. Investors will want clean financials and evidence that there is a strong process in place for generating financial statements and business outlook.

Manual accounting and budgeting processes hold too much risk for a public company and will not stand up to an audit, Purpose-built financial consolidation, planning and reporting applications, such as those provided within EPM suites, are a much better solution. They enable you to collect and consolidate financial results from multiple systems, handle all of the required adjustments, and can generate financial statements with a clean audit trail back to the source figures.

While having a powerful tool with full documentation of the assumptions behind your plans and forecasts will give potential investors a higher level of confidence. Host Analytics has a number of customers who have used its cloud-based EPM suite to prepare for an IPO or other liquidity events, including Splunk, Tesla and Marketo. In the business plan revenue will need to be projected 3-5 years out, leadership will need to truly understand the business before forecasts and performance are placed under public scrutiny.

4. Attract and retain the best talent

Talented people within an enterprise demand access to information that will support and assist them in doing their job effectively. High-value employees expect the organisation they work for to have systems in place that will measure performance, offering rewards and incentives for achievement. They have high expectations when it comes to systems and processes that support them to be their best.

However, a large percentage of finance professionals find their jobs consist primarily of time-consuming, repetitive, manual tasks rather than providing the analysis and guidance they have been trained to deliver and that the organisation needs. According to a recent survey by Robert Half of 300 CFO's in Australia, talent management is a major business concern with 42% of Australian CFO's saying that retaining finance employees is the greatest pressure they face, another 34% point to sourcing and recruiting skilled financial talent. Managing workloads is also cited by 41% as being one of the main challenges followed by delivering efficiencies and growth (40%).

We've been used to finance succeeding despite the inability for tools to support them. It is always the finance team who pull the all-nighters and work the extra hours to get the numbers together. EPM systems that eliminate data wrangling and utilise finance team skills fully are worth evaluating. Consider though EPM platforms that provide a single source of financial data that can easily be shared across the organisation, features that automate manual tasks such as user-based security, audit trails, prebuilt templates and workflows, a robust reporting capability, and an intuitive user experience that makes it easy for anyone to learn and use.

The real value-add for talented people in finance is the analysis and insight derived from using data to improve business performance, especially for members of the younger generation that are tech savvy and expect information on demand. Organisations need to show they are progressive to attract the best people - being effective at reporting and planning with proper systems, including mobile solutions.

5. Preparing for growth

Organisations in growth mode need to generate economies of scale as they grow - headcount should not increase at the same rate as revenue. In fact, The Hackett Group estimates staffing for enterprises is set to fall by 2.7 per cent in 2016, while overall revenues rise by 3.7 per cent.

Periods of rapid expansion put strain on financial departments, which must maintain day-to-day operations while managing difficult team, strategy and business integration issues. Often legacy systems may be difficult to adapt or limitations become more apparent in the face of new complexities. If you rely on spreadsheet-based processes for planning and forecasting, they will become increasingly time consuming and unwieldy. Having appropriate platforms to automate tasks is one way to achieve growth cost effectively. Performance management tools, especially cloud-based platforms, can provide integrated planning for financial consolidation and reporting across different systems, speeding up and automating elements of these processes.

Cloud-based platforms require less user input so growth can proceed without the need for additional personnel resources, long deployment timelines and costly infrastructure. The larger the business becomes, the more opportunities and risks begin to reveal themselves. Stronger reporting and analysis is therefore required to uncover these areas.

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6. Better information will drive better decisions

When there is better, more timely information available, we are best placed to use this information, together with our experience and gut feel, to make better decisions that drives performance. That's why for the last three years Gartner research has shown that business analytics has been the number one technology-enabled capability to improve performance. And research by Hackett Group has shown that organisations that invest heavily in Planning, Reporting & Business Intelligence are more likely to outperform their industry peers on company financial metrics and business agility.

Advanced embedded analytics such as data discovery provide finance teams with a new dimension to enhance their performance management capability. They have the potential to help finance teams identify what is driving performance against targets and advise business leaders how changes in business operations may impact future financial performance. This may include:

- Creating more detailed, timely insights into product, customer and service-level profitability
- Drilling down into variance analysis to discover outlier transactional activity
- Informing budgetary or planning baselines by examining historical data patterns and modeling different future business scenarios

CONCLUSION

Nurturing the capabilities necessary for more accurate, agile planning and reporting can inform the performance of every department in an enterprise, from the responsibilities of customer-facing workers right to the top level of executives. Foresight is essential to continue moving forward, so prioritising investment in planning and reporting performance management platforms that deliver the right data when it's required results in a much better-equipped organisation.

Sources

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